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Policy Brief I January 2020

Sambandh as Strategy

India's New Approach to
Regional Connectivity

Constantino Xavier



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Chanakyapuri, New Delhi - 110021

Recommended citation:

Xavier, Constantino. “Sambandh as Strategy: India’s New Approach to Regional Connectivity,” Brookings India Policy Brief 012020-01, January 2020. Brookings Institution India Center.

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*The author thanks Shivshankar Menon, Dhruva Jaishankar, Riya Sinha and Nidhi Varma for their comments on this paper and the Sambandh Initiative.



Abstract

This policy brief examines the geostrategic, economic, and cultural factors that drive India's new approach to South Asia. Under the "Neighbourhood First" policy, mainly in response to the rise of China, New Delhi has made regional connectivity a top priority. While India is now doing everything possible to reconnect with the region, significant challenges remain with regard to financial capacity, bureaucratic coordination, and project implementation. In addition, this brief introduces "Sambandh", Brookings India's regional connectivity initiative, which relies on collaborative inputs from scholars and practitioners of integration across the subcontinent. The initiative includes empirical insights and recommendations for policymakers and other stakeholders invested in reconnecting India with South Asia and the Indo-Pacific.

Introduction

Marked by a history of political divisions, economic differences, and geostrategic divergences, the Indian subcontinent remains deeply divided, with exceptionally low levels of integration. No other regional power is as disconnected from its immediate neighbourhood as India. Recognising this disconnect as a challenge to India's economic and security interests, Prime Minister Narendra Modi made both intra- and inter-regional connectivity a policy priority in 2014. Speaking on the importance of the Indo-Pacific region at the 2018 Shangri-La Dialogue in Singapore, he emphasised the country's new strategic imperative:

"Connectivity is vital. It does more than [just] enhance trade and prosperity. It unites a region. India has been at the crossroads for centuries. We understand the benefits of connectivity. There are many connectivity initiatives in the region. If these have to succeed, we must not only build infrastructure, we must also build bridges of trust."¹

Within South Asia, Modi's government framed a Neighbourhood First policy to signal India's commitment to regional connectivity. From a policy of strategic insulation and neglect during much of the Cold War, and a reluctant embrace of regionalism thereafter, India's regional policy has now shifted irreversibly towards strengthening cross-border relations. Progress has been significant (reviewed ahead), and even unprecedented, including the laying of new pipelines, building electricity networks, upgrading port, rail, and airport infrastructure, and reinvigorating people-to-people exchanges. However, despite such extraordinary progress on various fronts, Delhi's regional activism and ambition has also been a victim of its own success, exposing implementation deficits. After decades of regional introversion and policy stagnation, new government and private stakeholders struggle to flesh out connectivity on the ground, revealing

challenges in coordination and execution.

Most importantly, the impulse for connectivity requires quality data, inputs from different Indian government branches (both at the centre and the states), as well as engagement from the private sector, different domestic constituencies, and even neighbouring countries.

Following an examination of the key drivers of India's new approach to regional connectivity, the progress made thus far and the challenges faced, the last section of this brief introduces the research agenda for Sambandh. A new initiative at Brookings India, the programme conducts data-driven research to map India's links with neighbouring countries, including Afghanistan, Bangladesh, Bhutan, the Maldives, Myanmar, Nepal, Pakistan, and Sri Lanka. Driven by a holistic understanding of connectivity, Sambandh surveys India's regional integration across economic, environmental, political, security, and sociocultural indicators. The initiative contributes with empirical insights and recommendations for policymakers and other stakeholders invested in reconnecting India with South Asia and the Indo-Pacific.



State of dis-connectivity

India today is arguably situated in the world's least integrated region. Compared to the civilizational and colonial periods of integration, the Indian subcontinent is now a fragmented space, undermined by a history of partitions. While national borders are always the result of political engineering—even between Europe's historical nation states—political lines of division are particularly problematic in South Asia, cutting across natural ecosystems, economic spaces, and ethnolinguistic groups.

On the other hand, regions are also flexible constructs, based on changing cultural, economic and political ties over time. The European Union is probably the most advanced regional construct—

1 Ministry of External Affairs (2018, June 1). Prime Minister's keynote address at Shangri La Dialogue. Retrieved from <https://www.mea.gov.in/Speeches-Statements.htm?dtl/29943/Prime+Ministers+Keynote+Address+at+Shangri+La+Dialogue+June+01+2018>

its political and institutional organisation reflects European traditions based on geographic proximity, shared values, and a common market and currency. The Association of Southeast Asian Nations (ASEAN) is another example of a regional construct. In the 1950s, it was unthinkable that the 10 ASEAN countries would one day share values based on a common sense of geographic and organisational identity. Yet today we speak of “Southeast Asia,” as well as common economic and even diplomatic positions referred to as the “ASEAN way.”

Compared with these and other examples of strong regionalism since the 1960s, does it still make sense to speak of South Asia as a region? Given the history of political, economic, and cultural fragmentation for more than half a century, since the 1950s, what sense of “regionness” still prevails and holds together Afghanistan, Bangladesh, Bhutan, India, Nepal, the Maldives, Myanmar, Pakistan, and Sri Lanka? Reflecting on this challenge, India’s External Affairs Minister S. Jaishankar in 2019 conceded that while “regionalism has taken root in every corner of the world [if] we have lagged behind, it is because South Asia does not have the normal trade and connectivity that other regions do.”²

Indeed, “dis-connectivity” remains the default state of affairs between India and its neighbours. The share of intra-regional trade in South Asia was abysmally low at 5% in 2014, according to a World Bank report, compared to 30% in the ASEAN region.³ India’s land-based trade with Myanmar, across a 1,500 km-long border in the Northeast region, is about the same as India’s total trade with

distant Nicaragua in Central America.⁴ It is also three times cheaper and takes about the same time to ship a container from Delhi to Singapore than to neighbouring Dhaka in Bangladesh.⁵

This sorry state of connectivity today reflects decades of geostrategic divergence, political nationalism, and economic protectionism.

In terms of transportation connectivity, there is no passenger rail link between India and Nepal or Myanmar.⁶ India-Bangladesh rail links decreased from around a dozen in the 1960s to just one in the mid-2000s.⁷ Besides flights into Sri Lanka’s capital Colombo, India discontinued all other passenger air, rail, and ship links to other parts of the island back in the 1980s. It is often easier to fly to other regions, for example, to Dubai or Bangkok, than within the region: there is no direct flight between Nepal and Pakistan, and till 2017 there was only one non-stop link between Delhi and Dhaka.

This sorry state of connectivity today reflects decades of geostrategic divergence, political nationalism and economic protectionism. With the end of the British Raj and the rise of newly-independent states in South Asia, the region disintegrated after the 1950s. India played an important role in this partition: it embraced a strictly territorial definition of sovereignty and citizenship, a protectionist economic model based on autarchy, and a non-aligned foreign policy that insulated the neighbourhood from global developments.

2 Ministry of External Affairs (2019, September 27). Statement by external affairs minister at the informal meeting of SAARC Council of Ministers (CoM) on the sidelines of 74th UNGA.

3 Sanjay Kathuria (2018). A glass half full: The promise of regional trade in South Asia. Washington, D.C.: International Bank for Reconstruction and Development/World Bank. Retrieved from <https://openknowledge.worldbank.org/bitstream/handle/10986/30246/9781464812941.pdf?sequence=8&isAllowed=y>

4 Export-Import Bank of India (2017, February). India’s engagements with CLMV: Gateway to ASEAN markets, Occasional paper no. 180. Retrieved from <https://www.eximbankindia.in/Assets/Dynamic/PDF/Publication-Resources/ResearchPapers/Hindi/69file.pdf>. Also, data for Nicaragua from India’s Ministry of Commerce from <http://commerce.nic.in/eidb/default.asp>.

5 Shipping a full container 20’ST- 1 m from Delhi to Other BIMSTEC Capital Cities (Yangon in the Case of Myanmar), based on Sea Rates (2017, August). Retrieved from <https://www.searates.com/>

6 Karishma Singh (2017, June 15). Nepal revamps colonial-era railway line. Reuters. Retrieved from <https://www.aol.com/article/news/2017/06/15/nepal-revamps-colonial-era-railway-line/22287945/>

7 Shohel Mamun (2017, April 5). Government to restore rail links to India, Nepal, Bhutan. Dhaka Tribune. Retrieved from <http://www.dhakatribune.com/bangladesh/foreign-affairs/2017/04/05/govt-restore-rail-links-india-nepal-bhutan/>

As the region's hegemon, India severed most economic ties with its neighbours, at the same time also opposing their attempts to connect beyond the region, whether with China (Nepal) or Southeast Asia (Sri Lanka). So, even while the world witnessed an unprecedented period of regionalism after the 1960s based on economic interdependence, India adopted a paradoxically divergent approach of disconnecting itself from the neighbourhood. During much of the Cold War, Delhi's policy was one of erecting barriers to insulate itself and its neighbours from outside influences, cutting ties rather than forging new ones.



Geostrategic, economic and cultural drivers

The term “connectivity” has recently emerged as India's newest geostrategic buzzword, used in a variety of regional and global contexts by the government, including initiatives in trade, air and data with several strategic partners, including Japan, ASEAN, or the European Union. However, the concept is most frequently used in the context of India's immediate region. Commenting on India's diplomatic agenda, S. Jaishankar placed South Asia in “the first circle of priority” and emphasised that “Neighbourhood First is about connectivity, is about commerce, is about contacts.”⁸ While highlighted as an unprecedented priority now, the strategic logic for regional connectivity dates back to the 1980s, including the creation of the South Asian Association for Regional Cooperation (SAARC) in 1985, and especially after 1991, when India embraced market reforms and successive governments pursued economic interdependence with neighbouring countries.

However, even in the mid-2000s, more than a decade into economic liberalisation reforms, the old isolationist approach persisted in parts of the

government. Serving as foreign secretary in 2006, Shyam Saran thus appealed for an urgent “mindset change” to “stop looking at our border areas as being on the periphery or serving as ‘buffer zones’ preventing ingress into the heartland.”⁹

Instead of this “outpost mentality,” which viewed boundaries as “impenetrable walls, which somehow protect us from the outside world,” Saran emphasised that Indian interests would best be achieved by “building a web of ‘dense interdependencies’ with our neighbours ... [who must be given] a stake in our own economic prosperity.”¹⁰

“You have a [neighbourhood] policy, which puts in place multiple series of interests which are binding the countries together. So, even if there are political changes, there is a certain stability which is given to the relationship, because there are those kind of very strong interdependencies, whether they are on the economic side, whether it is in terms of the sharing of river waters, whether it is in terms of our energy interdependence.”¹¹

Saran's prescient articulation of connectivity as a strategic imperative slowly gained ground in policymaking circles, but his views were hobbled by India's economic slowdown in the late 2000s and persistent Pakistani obstructionism against Delhi's initiatives through SAARC.

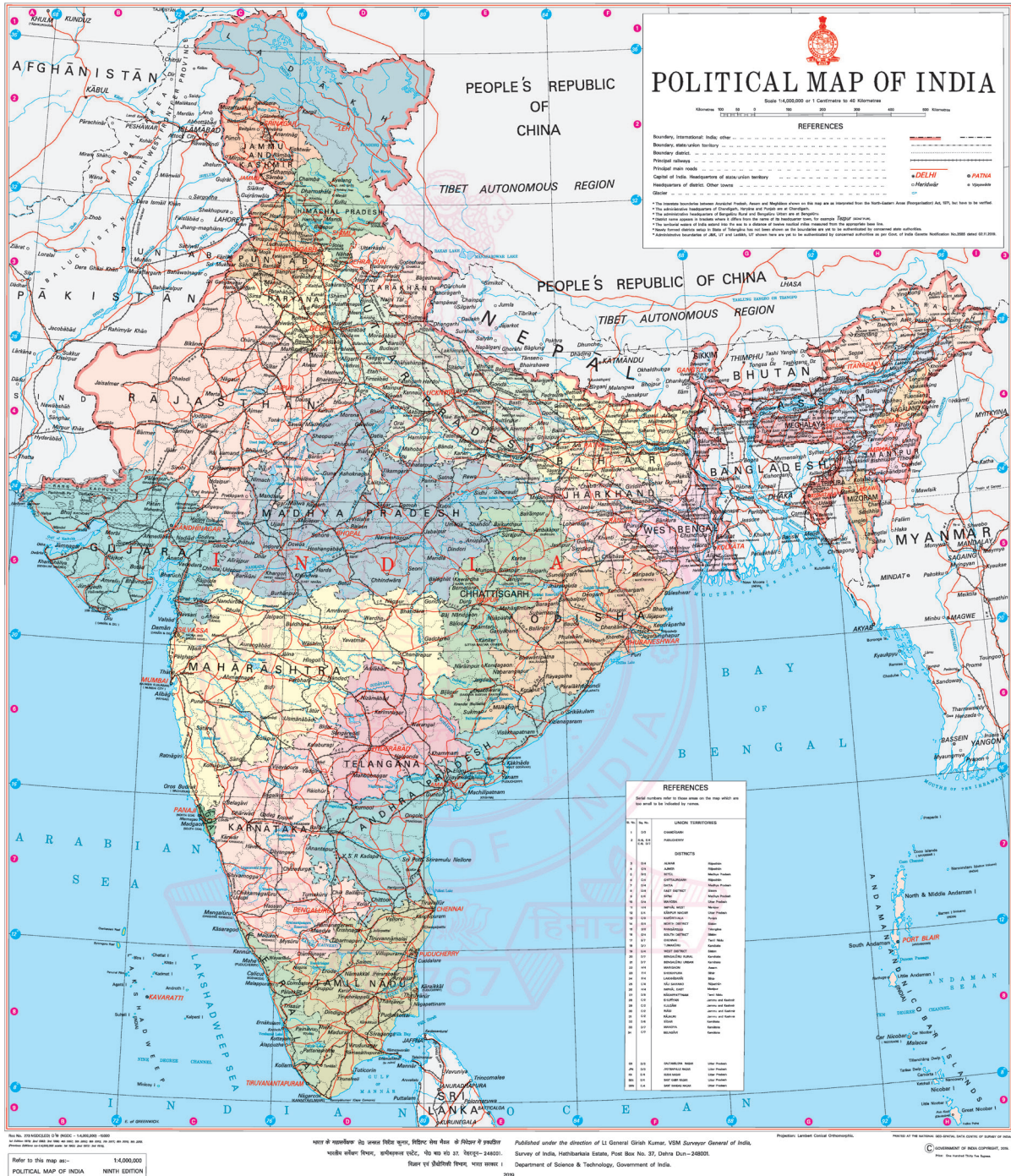
The Neighbourhood First policy, announced in 2014, recovered but also prioritised this approach, which for the first time is now widely shared and defined as a cardinal interest across government: connectivity is the new consensus. Discussed ahead are three factors that shape this new Indian impetus and the mantra for connectivity.

8 Ministry of External Affairs (2019, September 17). Transcript of press conference by external affairs minister on 100 days of government.

9 Ministry of External Affairs (2006, September 9). Does India have a neighbourhood policy? – Talk by foreign secretary at ICWA. Retrieved from <https://www.mea.gov.in/Speeches-Statements.htm?dtl/2342/Does+India+have+a+Neighbourhood+Policy++Talk+by+Foreign+Secretary+at+ICWA+September+9+2006>

10 Ibid.

11 Ibid.



Source: Survey of India, Government of India

1. The first and most important driver of the new connectivity policy is a **geostrategic response to China** and its unprecedented linkages across the subcontinent. Breaking into what was India's sphere of influence, Beijing has massively expanded its diplomatic, economic, and political footprint across South Asia.

Beijing has taken a particular interest in infrastructure finance and development. With the sole exception of Bhutan, all of India's other neighbours have joined the Belt and Road Initiative (BRI).

China's economic penetration has surged in the last few years, contesting India's traditional predominance in several sectors. In 2018, Chinese trade in the region peaked at US\$1.5 trillion, five times more than India's commercial exchanges with its neighbours.¹² In Sri Lanka, China now accounts for 35% of foreign direct investment, well above India's share (16%).¹³ A Chinese consortium also outbid an Indian proposal to acquire 25% of the Dhaka Stock Exchange in Bangladesh.¹⁴

Beijing has taken a particular interest in infrastructure finance and development. With the sole exception of Bhutan, all of India's other neighbours have joined the Belt and Road Initiative (BRI). The Hambantota port in Sri Lanka was formally signed over to a Chinese state-run company for a 99-year lease in return for US\$1.1 billion.¹⁵ With Nepal, on the other hand, Beijing has begun to operationalise the first optic fibre link,

and is planning new roads and railways across the Himalayas.

Finally, China has also begun to use its military and diplomacy to increase influence in India's neighbourhood. In 2017, Nepal held the first-ever joint military exercise with China, even while the People's Liberation Army Navy submarines have docked in Sri Lanka and made more frequent incursions into the Indian Ocean, allegedly for anti-piracy missions. Across South Asia, Chinese embassies are now using sharp power instruments to cultivate new constituencies among government officials, political parties, universities, and the media.

2. The second driver of India's connectivity policy is **economic growth** and the disproportionate size and centrality of its market in the region. Rising consumption levels and infrastructure modernisation are rapidly shrinking South Asia's geography. Conversely, with decreasing time and cost to trade, there are also increasing incentives to deepen cross-border economic relations. South Asia remains the fastest growing region in the world, with an expected growth average of 9% in 2019.¹⁶ Bangladesh's economy is now three times larger than just 10 years ago, and most of India's other neighbours have doubled their GDP since 2008.¹⁷

India's border states have been spearheading this economic driver of India's connectivity policy. For example, in the Northeast, Bhutan opened its first consulate in Assam's capital Guwahati,¹⁸ and the Chief Ministers of Meghalaya and Mizoram are now actively invested in stronger trade, investment and infrastructure with Bangladesh and Myanmar, respectively.

12 World Bank, WITS Database <https://wits.worldbank.org/countrysnapshot/en/CHN>.

13 P. K. Balachandran (2017, December 14). China overtakes India as Sri Lanka's largest trading partner. *The Citizen*.. Retrieved from <https://www.thecitizen.in/index.php/en/NewsDetail/index/5/12511/China-Overtakes-India-as-Sri-Lanka-Largest-Trading-Partner>. Also see, <https://en.portal.santandertrade.com/establish-overseas/sri-lanka/investing-3>.

14 Dhaka Stock Exchange sells 25 pct stake to Chinese Consortium (2018, May 15). *Reuters*. Retrieved from <https://www.reuters.com/article/bangladesh-dhaka-stock/dhaka-stock-exchange-sells-25-pct-stake-to-chinese-consortium-idUSL3N1SM3ZX>

15 Sri Lanka leased Hambantota port to China for 99 years. Now it wants it back (2019, November 30) *Business Standard*. Retrieved from https://www.business-standard.com/article/international/sri-lanka-leased-hambantota-port-to-china-for-99-yrs-now-it-wants-it-back-119112900206_1.html

16 World Bank (2018). *South Asia Economic Focus, Spring 2018: Jobless growth?*. Washington, D.C.: World Bank. Retrieved from <https://openknowledge.worldbank.org/handle/10986/29650?locale-attribute=en>

17 Data for Nepal, Bangladesh, Sri Lanka, Myanmar, Bhutan, Maldives (2019). Retrieved from <https://data.worldbank.org/?locations=NP-BD-LK-MM-BT-MV>

18 Bhutan opens consulate in Guwahati (2018, February, 2). *The Hindu*. Retrieved from <https://www.thehindu.com/news/national/other-states/bhutan-becomes-second-country-to-open-consulate-in-guwahati/article22632607.ece>

South Asia's economic growth story and rising interdependence have increasingly put the onus on India to deliver more, better and faster connectivity. For many decades during the Cold War period, India's neighbours like Sri Lanka sought to escape India's overbearing role in the region; today, however, they want India to strengthen linkages and reduce barriers to mobility. Reflecting on this new dynamic, S. Jaishankar said in 2018:

"...every one of our neighbours today is pressuring us to invest in power, power transmission, supply diesel, build roads, getting railways in, [so] there is a connectivity demand [for India] in the neighbourhood ... They expect us to do it. It is in our interest to do it. ... We should not look for reciprocity, I think neighbours need to be handled generously in order to create a larger region which is in our interest. When I invest in a neighbour I am also investing in myself."¹⁹

3. The third and last driver of the post-2014 connectivity approach is shaped by a **cultural vision** that claims to reactivate India's past centrality as a civilisational power. In his visits to Nepal, for example, Prime Minister Modi repeatedly emphasised cultural links and the shared history and Hindu heritage between both countries.²⁰ In 2017, he travelled especially to Sri Lanka to attend the Buddhist Vesak celebrations, where he referred

to the relationship between both countries as being based on "our interconnected values of Buddhism."²¹

By hosting initiatives such as an international conference on soft power, the Indian Council for Cultural Relations (ICCR) has also pursued a proactive public diplomacy which focuses on shared cultural and religious values in South Asia and beyond.²² Complementing the geostrategic and economic factors examined above, this "Indic" approach to connectivity has strived to activate new people-to-people contacts across the region.

The Bharatiya Janata Party-led government's focus on connectivity is thus also shaped by an overall quest for cultural reunion in the region, based on the idea that India's civilisation transcends its political borders.²³ One of the advocates of this idea, Ram Madhav of the India Foundation, has thus defined *Sanskriti* ("culture and civilization" in his words) as one of the five pillars (*Panchamrit*) guiding India's foreign policy under Prime Minister Modi, and argues that this marks a departure from the past:

"Earlier, culture and civilisation had no place in our foreign policy. But India's strong point is its culture and civilisation. We are increasing our engagement with other countries and the global community based on our cultural thinking and civilisational ethos."²⁴

19 Doing foreign policy differently (2018, August 3). 24th Lalit Doshi Memorial Lecture by S. Jaishankar, Lalit Doshi Memorial Foundation, p. 21. Retrieved from <http://ldmf.org.in/pdfs/LDMF%20Booklet%202018%20PDF%20File%20-%20Speech%20-%20Final.pdf>

20 Nepal on top of India's Neighbourhood First policy: Modi (2019, May 11). *Hindu BusinessLine*. Retrieved from <https://www.thehindubusinessline.com/news/world/nepal-at-top-in-indias-neighbourhood-first-policy-modi/article23854228.ece>

21 Press Information Bureau (2017, May 12). PM addresses opening ceremony of the International Vesak Day celebrations. Retrieved from <https://pib.gov.in/newsite/PrintRelease.aspx?relid=161734>

22 See <https://www.uscpubdiplomacy.org/event/conference-indias-soft-power>.

23 Ian Hall (2019). *Modi and the reinvention of Indian foreign policy*, Policy Press.

24 Jaideep Mazumdar (2017, September 2). Ram Madhav on Kashmir, North East, foreign policy and going back to the roots. Retrieved from <https://swarajyamag.com/politics/swarajya-exclusive-ram-madhav-on-kashmir-north-east-foreign-policy-and-going-back-to-the-roots>.



Implementing connectivity: unprecedented progress

How has India's new regional connectivity policy been implemented and what has it achieved in recent years? Undoubtedly, progress has been incremental and extraordinary across a range of sectors, with energetic efforts (listed below) being made to reconnect with the immediate neighbourhood. Few other public policy areas have received as much government attention, including at the state level.

1. At the **political and diplomatic level**,

Prime Minister Modi's efforts to reach out to his neighbouring counterparts are unprecedented. He invited regional leaders to both his oath-taking ceremonies, in 2014 and 2019.²⁵ In 2015, Modi became the first Indian prime minister to undertake a bilateral state visit to Sri Lanka in almost 40 years (if one excludes the short visit by Rajiv Gandhi in 1987 to seal a military intervention). In 2014, he also became the first Indian prime minister to travel to Nepal in almost 20 years.²⁶ Such political outreach was emulated by his cabinet ministers too. In 2016, for example, Manohar Parrikar became the first Indian Defence Minister to visit Bangladesh since the country's independence in 1971.²⁷

2. In terms of **infrastructure**, over a dozen new Integrated Check Posts (ICPs) are being constructed or expanded to facilitate trade and mobility along the borders with Nepal, Bangladesh, Bhutan, and Myanmar.²⁸ Inland waterway agreements are being

operationalised with Nepal and Bangladesh. The number of railway connections with Bangladesh increased from just one in 2008 to the current four, with six more being planned.²⁹ In 2019, India and Nepal inaugurated South Asia's first cross-border oil pipeline.³⁰ And, for the first time, Bhutanese cargo from the Himalayas reached Bangladesh on an Indian river vessel.³¹

After many years of delays, India finally offered facilitated transit and clearance processes for Nepali cargo through its eastern seaports. Following upgradation with Indian aid, the airport at Jaffna, in Northern Sri Lanka, was reconnected with a direct flight from south India after more than four decades.³² The launch of the South Asian Satellite by the Indian Space Research Organisation in 2017 enhanced digital connectivity across the region. And, under a new shipping agreement, India and Bangladesh can now directly exchange freight, rather than connecting in Colombo or other even more distant seaports.

3. Neighbourhood First also led to significant **bureaucratic and organisational changes**. Many bilateral joint commissions with neighbouring countries were reactivated. With Nepal, for example, the biennial commission met again after 23 years, in 2016. To monitor bilateral project implementation, Delhi also instituted a bilateral oversight mechanism between its ambassador and Nepal's foreign secretary, which met seven times in just three years. In 2019, the Ministry of External Affairs (MEA) created a new Indo-Pacific division to facilitate various regional connectivity initiatives.

25 Bimstec leaders invited to PM Modi's oath-taking ceremony on May 30 (2019, 28 May). *Hindustan Times*. Retrieved from <https://www.hindustantimes.com/india-news/bimstec-leaders-to-attend-pm-modi-s-swearing-in-ceremony-on-may-30-sources/story-8mqVN7k3rSpJ8xluJ9sCUP.html>

26 PM Narendra Modi to be first Indian PM to visit Nepal in 17 years (2014, August 1). *India Today*. Retrieved from <https://www.indiatoday.in/india/story/narendra-modi-to-visit-nepal-after-17-years-first-prime-minister-202543-2014-08-01>

27 Dinakar Peri (2016, November 29). Parrikar in Dhaka to boost defence ties. *The Hindu*. Retrieved from <https://www.thehindu.com/news/national/Parrikar-in-Dhaka-to-boost-defence-ties/article16720185.ece>

28 Land Ports Authority of India (2018, July 18). Road map of ICP's. Retrieved from <http://www.lpai.gov.in/content/innerpage/next-phase.php>

29 India-Bangladesh rail links closed after 1965 war with Pakistan will reopen: Sheikh Hasina (2019, October 17). *DD News*. Retrieved from <http://ddnews.gov.in/national/india-bangladesh-rail-links-closed-after-1965-war-pakistan-will-reopen-sheikh-hasina>

30 Gopal Sharma (2019, September 10). India and Nepal open South Asia's first cross-border oil pipeline. *Reuters*. Retrieved from <https://in.reuters.com/article/nepal-india/india-and-nepal-open-south-asias-first-cross-border-oil-pipeline-idINKCN1V13P>

31 First Indian cargo ship from Bhutan arrives in Bangladesh via India (2019, July 18). *Times of India*. Retrieved from http://timesofindia.indiatimes.com/articleshow/70280710.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

32 Meera Srinivasan (2019, October 12). Reconnecting Jaffna to Southern India. *The Hindu*. Retrieved from <https://www.thehindu.com/news/international/reconnecting-jaffna-to-southern-india/article29667745.ece>

And, at the state level, the Assam government recently launched its own “Act East” division.³³

4. Connectivity is also being implemented with new **institutional and multilateral dimensions**. After putting SAARC on the backburner due to Pakistani obstructionism, Delhi moved on pragmatically to embrace alternative regional institutions, including the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and the Bangladesh-Bhutan-India-Nepal (BBIN) initiative. Such subregional cooperation initiatives have existed since the 1990s but have only become a top priority after 2016. After many years of multilateral negotiations, India also signed and ratified the Transports Internationaux Routiers (TIR) convention in 2017, facilitating international container movements in and across the region.

5. The Indian government has implemented **financial incentives** to enhance regional connectivity. To support Indian companies winning bids for strategic infrastructure projects in neighbouring countries, Delhi announced a new Concessional Finance Scheme (CFS) in 2015, which was renewed in 2018.³⁴ Under the Border Area Development Programme (BAPD) and the National Highways and Infrastructure Development Corporation Limited (NHIDCL), Delhi has massively expanded its financial allotments to develop critical infrastructure in 17 border states and raised incentives to foster cross-border economic relations.³⁵

6. Finally, moving away from its isolationist stance in South Asia, India has also pursued connectivity

through a new geostrategic approach, focusing on **coordination and cooperation with extra-regional actors**. With Japan and the United States, for example, India established a trilateral infrastructure financing group. Delhi and Tokyo are jointly building a new port terminal in Colombo, Sri Lanka.³⁶ Along with the Asian Development Bank (ADB), India is implementing one of Asia’s largest multimodal connectivity projects along the Eastern coast and as a part of the South Asia Subregional Economic Cooperation (SASEC) programme. In Bangladesh, India has tied up with Russia to develop nuclear energy plants.³⁷

While India remains reluctant to consider Chinese offers of collaboration in third countries around the region, it has been far more enthusiastic to work with “like-minded” partners to flesh out an alternative connectivity vision to the BRI. Speaking in 2018, India’s Foreign Secretary Vijay Gokhale thus referred to the interests of connectivity in the Bay of Bengal as a “subset of the growth region that we call the Indo-Pacific.”³⁸



Closing the implementation gap: Strategic challenges

The government’s unprecedented investment in various connectivity dimensions has resulted in India’s implementation gap growing. “More connectivity” is an attractive marching order across government, but its interpretation often remains ambiguous, facing organisational and coordination challenges, as well as different geostrategic, economic, and political pressures.

33 Government of Assam (2019, March 31). Act East policy. Retrieved from <https://assam.gov.in/en/main/ACT%20EAST%20POLICY1>

34 Press Information Bureau, Ministry of Home Affairs, Government of India, Cabinet approves extension of Concessional Financing Scheme (CFS) to support Indian entities bidding for strategically important infrastructure projects abroad. Retrieved from <https://pib.gov.in/PressReleaseframePage.aspx?PRID=1541088>

35 Press Information Bureau, Ministry of Home Affairs, Government of India (2019, July 16). Assistance under border area development programme. Retrieved from <https://pib.gov.in/newsite/PrintRelease.aspx?relid=191773>

36 Sri Lanka, Japan, India sign deal to develop East Container Terminal at Colombo Port (2019, May 28). *The Hindu*. Retrieved from <https://www.thehindu.com/news/international/sri-lanka-japan-india-sign-deal-to-develop-east-container-terminal-at-colombo-port/article27273794.ece>

37 India to help build nuclear plant in Bangladesh (2019, March 2). *The Hindu*. Retrieved from <https://www.thehindu.com/news/national/india-to-help-build-nuclear-plant-in-bangladesh/article22911756.ece>

38 Ministry of External Affairs (2018, August 30). Transcript of media briefing by foreign secretary on BIMSTEC summit in Nepal. Retrieved from <https://mea.gov.in/media-briefings.htm?dtl/30339/Transcript+of+Media+Briefing+by+Foreign+Secretary+on+BIMSTEC+Summit+in+Nepal+August+30+2018>

Table 1:
Reconnecting with the Region: Significant Initiatives

Year	Initiative
1985	The South Asian Association for Regional Cooperation (SAARC) is founded by Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka. Afghanistan joined SAARC as its eighth member in 2007.
1987	India inaugurates its first direct ISD telephone link with Sri Lanka.
1993	SAARC Preferential Trading Arrangement (SAPTA) signed in Dhaka. This was followed, in 2004, by a South Asian Free Trade Agreement (SAFTA) Agreement.
1993	Border Area Development Programme (BADP) introduced to develop critical infrastructure in 17 border states.
1996	New focus on sub-regional cooperation, including the Gujral doctrine's principle of non-reciprocity. Bangladesh, Bhutan, India and Nepal form the South Asia Growth Quadrangle (SAGQ).
1997	India is a founding member of the Indian-Ocean Rim Association (IORA) and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC).
1999	Launch of Bangladesh-China-India-Myanmar Economic Corridor (BCIM).
2001	India joins the ADB's South Asia Sub-Regional Economic Program (SASEC). The 2016-25 operational plan focuses on multi-modal transport linkages with Southeast Asia.
2001	The Department of Development of North Eastern Region (DoNER) is created, upgraded to a ministry in 2004. The North Eastern Region Vision 2020 prioritizes connectivity with neighbouring countries.
2002	Announcement of the India-Myanmar-Thailand Trilateral Highway (IMT), which remains under construction.
2007	SAARC Agreement to establish the South Asian University (SAU), which opens its doors in 2010, in New Delhi.
2009	India and Bangladesh announce a Framework Agreement on Cooperation for Development which focuses on connectivity and sub-regional cooperation.
2011	India, the Maldives and Sri Lanka initiate a trilateral dialogue between their national security advisers.
2013	Bangladesh, Bhutan, India and Nepal create BBIN working groups on Connectivity and Transit, Water Resources Management and Power/Hydropower. The BBIN Motor Vehicle Agreement (MVA) is signed in 2015.
2014	Modi announces Neighbourhood First policy, invites all SAARC country leaders to his swearing in ceremony and attends the 18th SAARC Summit in Kathmandu.
2015	India joins the Asia Infrastructure Investment Bank (AIIB), of which it becomes the largest borrower.
2015	India adopts the Concessional Financing Scheme (CFS) to support private and public companies bidding for strategically important infrastructure projects abroad.
2015	India and Japan adopt Vision 2025 focused on a "Free and Open Indo-Pacific", regional connectivity and joint projects in third countries.
2017	The United States' Millennium Challenge Corporation (MCC) approves USD \$500 million for its first South Asian compact in Nepal, including electricity connectivity with India and Bangladesh.
2017	India does not attend the 2017 Belt and Road Forum in China, expresses concerns over its transparency and sustainability. Despite normalization in India-China relations after 2018, Delhi remains reluctant about Beijing's proposals for "India China +1" trilateral projects.
2018	The fourth BIMSTEC Summit is held in Kathmandu, with a commitment to organizational reforms and a new charter to foster cooperation in the Bay of Bengal region.
2019	Bhutan inaugurates receiving station for the South Asian Satellite, launched by India in 2017 to enhance digital connectivity. South Asia's first cross-border oil pipeline inaugurated between India and Nepal. After more than four decades, flight connectivity reinstated between India and Jaffna, in Northern Sri Lanka. Bangladesh agrees to Indian transit access to Northeast states.

After decades of stagnation, the policymaking systems have been awakened from their slumber to flesh out regional connectivity with utmost urgency. Paradoxically, while India is now doing all it can to implement regional connectivity initiatives, the bar has been set higher, exposing several limitations and challenges. To achieve its objectives and enhance effectiveness, Neighbourhood First will have to address the seven challenges listed below.

1. An Indian connectivity strategy must be informed by **new research, knowledge, and data on neighbouring countries** and specific sectors. This will require investment in regional and cross-border studies, whether it is surveying ethnolinguistic border communities or the regulatory frameworks in neighbouring countries on land acquisition, data privacy, or inland waterway navigation.

2. An Indian connectivity strategy will have to be implemented in **coordination with new stakeholders**, including sectoral ministries (e.g. power or shipping), state governments, and political parties (e.g. in Uttar Pradesh for Nepal, or Mizoram for Myanmar), private sector interests (infrastructure companies and industrial lobbies), civil society representatives (e.g. universities or environmental activists), and also multilateral organisations (e.g. the Asian Infrastructure Investment Bank [AIIB] or ADB).

3. An Indian connectivity strategy will have to prioritise India's **unique selling points (USPs)** and implement small, actionable initiatives. Attempting to connect everything at the same time and pursue the big picture is a laudable ambition but it often risks missing the trees for the forest. India will have to focus on specific areas and projects that enhance its comparative advantage. Rather than blind competition with China on financing hard infrastructure projects, for example, Delhi should invest relatively more on the soft dimensions of connectivity, including capacity building. This will allow for better sequencing and effectiveness of catalytic projects that create long-term interdependency and synergies between India and its neighbours.

4. An Indian connectivity strategy will also require **economic openness**, beyond all the investment in

cross-border infrastructure. Ports, roads, railways, and airports will be useless unless barriers to trade and other forms of mobility persist. Economic interdependence towards a South Asian economic union (without Pakistan, if necessary) will be the litmus test to assess India's ability to achieve regional integration.

5. An Indian connectivity strategy will have to **deliver rather than deny**. Narrow policymaking horizons sometimes still reflect a security-focused approach to impede China's BRI connectivity initiatives in the neighbourhood. Delhi will have to stay focused, and be prepared to commit more, better and faster on connectivity initiatives that are sustainable. This means that India will also have to avoid becoming a convenient bank for neighbours requiring financial bailouts from Beijing's bad connectivity deals (the so-called debt traps).

Rather than blind competition with China on financing hard infrastructure projects, Delhi should invest relatively more on the soft dimensions of connectivity, including capacity building.

6. An Indian connectivity strategy will have to consider the political, economic and cultural **sensitivities of neighbouring countries**. This is one of the reasons why, for example, Bhutan delayed the implementation of the BBIN Motor Vehicle Agreement. Regional connectivity may seem like a consensual and logical proposition to Delhi, but this desirability is not always shared in other capitals that are worried about relying on India and thus keener to connect beyond the region, especially with China.

7. Finally, an Indian connectivity strategy should refrain from **excessive emphasis on cultural unity** or likeness in the region. In the cautionary observation of I. P. Khosla, a senior Indian diplomat who served across South Asia, "India's neighbours find it difficult to endorse proposals that could in any sense hint at the recreation of past unity."³⁹ Even for many domestic Indian constituencies, it may not always be beneficial to equate connectivity with greater mobility and migration across borders.

39 I.P. Khosla (2014). *How neighbours converge: The politics and economics of regionalism*. Konark Publishers, p. 109.



Sambandh: Regional Connectivity Initiative

Speaking at a SAARC ministerial conference in 2003, Prime Minister A.B. Vajpayee emphasised the importance of civil society and non-governmental actors in enhancing regional integration:

"[the] free flow of information, news, views and perspectives can do more for regional cooperation than any political exhortation. [there is] an overwhelming desire for friendship and cooperation at the level of the people of our region. We, as politicians, should respond to this demand."⁴⁰

Today, the demand for regional cooperation is higher than ever and the opportunities far more meaningful than they were 10 or 20 years ago. India will have to make informed choices to articulate why, where, and on what terms connectivity matters in the region.

Most importantly, an effective Indian connectivity strategy will hinge on expert knowledge, research and data on the region. Speaking to a new batch of Indian diplomatic trainees in 2008, Prime Minister Manmohan Singh confessed that "we don't know adequately enough of what goes on in our neighbourhood" and that "many a times our own thinking about these countries is influenced excessively by Western perceptions."⁴¹ More than ten years later, the state of affairs is a little better. Thanks to China there is now a growing interest in India's neighbouring countries and the neglected field of South Asian studies is experiencing a slow revival in universities, think tanks, and diplomatic and military training institutes. But far more is needed.

Sambandh, Brookings India's regional connectivity initiative, attempts to address these demands and challenges by supporting a more strategic Indian approach to enhancing regional connectivity. Sambandh's research strives to support policymakers and other stakeholders to sequence connectivity initiatives, identify priorities, monitor implementation, and increase effectiveness.

The focus is on India's regional neighbourhood, the first concentric ring of the strategic mandala theory. India's global priorities—whether in the wider Gulf region, the Indian Ocean, or Southeast Asia and the Indo-Pacific—are bound to falter unless the country connects first with its immediate periphery. Beyond this geographic delimitation, Sambandh is driven by the following five guiding principles:

1. Sambandh's scope adopts a holistic understanding of connectivity. If India wants to link-up sustainably with its neighbours, it must look beyond just trade or physical infrastructure and pursue the softer dimensions of connectivity. Bridges and data links are necessary but not sufficient for India to win hearts and minds across borders. Similarly, if India wants to pursue integration strategically, it cannot think of connectivity in silos. This is why Sambandh analyses over 40 different indicators of connectivity, across economic, environmental, political, security, and sociocultural categories (see Table 2). This allows for an index-like approach to assess India's performance in different sectors, across time (some of the time series date back to the 1980s), as well as in comparison to China and other actors/regions.

2. Sambandh's methodology is data-oriented. The focus is on empirical collection, visualisation, and analysis of a variety of flows across the region's political borders. Whether it is manufactured

40 PM's inaugural speech at the Third SAARC Information Ministers' Conference (2013, November 11). *PMO Archives*, Prime Minister's Office. Retrieved from <https://archivepmo.nic.in/abv/speech-details.php?nodeid=9261>

41 PM's address to IFS Probationary Officers (2018, June 11). *PMO Archives*, Prime Minister's Office. Retrieved from <https://archivepmo.nic.in/drmanmohansingh/speech-details.php?nodeid=666>

goods, language, arms sales, tourists, electricity or water, we empirically map connectivity across political borders. Despite new initiatives, including the MEA's dashboard, the Indian government still faces significant challenges in collecting, constructing and making data accessible, all of which are increasingly important for informed analysis and policymaking. Sambandh helps "clean up" existing data sets and, in other cases, constructs completely new data sets that will be made public.

3. Sambandh's medium is geared towards capacity-building, i.e training a new generation of scholars focused on South Asia. The region has changed dramatically in recent years, and India requires fresh perspectives to engage constructively with its neighbours. Rather than geostrategic generalists, Delhi requires domain specialists that are equipped to reshape India's traditional role as a hegemonic power in South Asia. Many of our policy briefs are co-authored by young scholars and interns who are trained and supported methodologically to conduct in-depth research on a specific connectivity indicator. We work closely with technical domain experts from different disciplines and retired practitioners who guide our authors and peer-review our work.

4. Sambandh's approach is collaborative and interdisciplinary, working in a network with established experts and other research

institutions in India and neighbouring countries. Our connectivity indicators span a wide range of areas, some of which have already been deeply researched by experts and other specialised programmes. On trade or electricity, for example, there exists a wide range of literature to which little can be added; in these cases, our policy briefs offer a summary and refer to such work, at best helping to translate complex issues for policy-makers. In other areas, our briefs draw attention to an unexplored connectivity indicator and lay the ground for a deeper research programme. We look forward to expanding Sambandh with support from peers and practitioners to build a collaborative Indian, regional, and international network of researchers on South Asia.

5. Finally, Sambandh's perspective is Indian and policy-oriented. While it also contributes to mapping the connectivity of neighbouring countries, and to a regional debate on cooperation and integration, our primary target is to contribute to an Indian connectivity strategy with inputs from governmental, private, and civil society stakeholders. This is why the first phase of the project uses policy briefs as our primary medium of communication: summarised and visualised in less than 3,000 words, each brief is accessible to a non-expert audience and contributes to the urgent "big picture" perspective that the Indian government is fleshing out for the region.

Table 2:
Mapping Connectivity: Sambandh Categories and Sample Indicators

Economic
Trade
Foreign investment
Monetary and financial
Flights and air routes
Sea and land ports (ICPs)
Shipping and inland waterways
Digital, satellite and telecom
Electricity
Environmental
Rivers and basins
Fisheries
Sea-beds
Air pollution
Natural sanctuaries
Political
Official visits (PMs, ministers, CMs etc.)
Capacity-building, training (ITEC etc.)
Development assistance
Diplomatic missions
Regional institutions
Technical conventions
UN voting patterns
Maritime boundaries
Security
Arms transfers
Military exercises
Defence exchanges and training
Military deployments and defence attaches
Border fencing and management
Humanitarian Assistance and Disaster Management
Sociocultural
Students
Tourists
Migration
Languages
Cultural centres, exchanges
Media coverage
Universities and research

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SAMBANDH

Regional Connectivity Initiative

Sambandh, India's Regional Connectivity Initiative, conducts data-driven research to map India's links with neighbouring countries, including Afghanistan, Bangladesh, Bhutan, Maldives, Myanmar, Nepal, Pakistan and Sri Lanka. Driven by a holistic understanding of connectivity, Sambandh surveys India's regional integration across cultural, economic, environmental, political and security indicators. Based on collaborative inputs from scholars and practitioners, this series of policy briefs offers empirical insights and recommendations for policymakers and other stakeholders invested in reconnecting India with South Asia and the Indo-Pacific.

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