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INDIA STRATEGIC REVIEW

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World map

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**India’s Strategic Neighbourhood**

by

Lt. Gen. Deependra Singh Hooda (Retd.)

**AFGHANISTAN**

**Deepening Humanitarian Crisis**

Afghanistan faces a grim situation in 2023. 28.3 million people (two thirds of Afghanistan’s population) will need urgent humanitarian assistance to survive as the country enters its third consecutive year of drought-like conditions and the second year of economic decline. While in previous years, humanitarian needs have been largely driven by conflict, the key drivers of humanitarian need in 2023 are multidimensional: drought, climate change, protection threats, particularly for women and girls, and the economic crisis.¹

An extremely harsh winter has added to the woes with temperatures in parts of the country dropping to -34 degrees Celsius. At least 150 people have died in the last two weeks in the freezing weather. According to the International Federation of Red Cross and Red Crescent Societies, large sections of the population lack the means to buy heating systems. The greatest impact is on the most fragile: women, children, the sick, and the elderly.²

On December 24, the Taliban ordered foreign and local non-governmental organizations to suspend female staff, claiming that some workers have failed to adhere to the regime’s dress code. In response, many organizations suspended their humanitarian operations citing a difficulty in reaching out to women, children and families.

The United Nations and the aid agencies are in negotiations with the Taliban to review their ban on women working in NGOs. While on a visit to Kabul on Jan 25, U.N. aid chief Martin Griffiths said that his message during meetings with Taliban officials had been: "If you can't help us rescind the ban, give us the exemptions to allow women to operate."³
Some exemptions have been granted to female aid workers in health and education and three leading aid agencies - CARE, Save the Children and International Rescue Committee – have partially resumed work in the health sector. However, with the overarching ban still in place, delivery of humanitarian support is adversely impacted.

It is unlikely that the Taliban would reverse its stance on the restrictions on women. Responding to United Nations Security Council concerns about women's rights in Afghanistan, Taliban chief spokesman Zabihullah Mujahid said in a statement, “The Islamic Emirate tries to regulate all matters in the light of Islamic Sharia” and cannot “allow acts against Sharia in the country.”

In part, the Taliban’s position could be a result of the lack of explicit messaging from the international community on the effect of Taliban actions. Even after the NGO ban was announced, the United Nations said that it would not stop providing aid to Afghanistan. The humanitarian dilemma facing the global donors is being fully exploited by the Taliban.

Security Issues

The Islamic State Khorasan Province (ISKP) has intensified its attacks in the capital Kabul. Last month, ISKP gunmen had fired at Pakistani Chargé d’Affaires Ubaid-ur-Rehman Nizamani in Kabul, injuring his security guard and attacked a hotel in downtown Kabul that was frequented mainly by Chinese nationals.

On January 1, an explosion outside the military airport in the capital Kabul, claimed by the ISKP, caused multiple casualties. Three days later, multiple blasts were heard across Kabul, but no explanation was given by the Taliban. On
January 11, a suicide bomber attacked the main entrance of the Ministry of Foreign Affairs just as employees were leaving for the day. The ministry is located in the diplomatic district of Kabul, which houses several foreign embassies. At least 13 people were killed in the attack.7

Meanwhile, Taliban’s relations with Pakistan remain strained over border clashes and the presence of Tehrik-e Taliban Pakistan (TTP) fighters in Afghanistan. On January 5, Afghan newspaper Hasht-e-Subh Daily quoted sources as saying that Pakistan bombed targets in Salala neighborhood in the vicinity of Gushta district in the Nangarhar province. The Pakistani Foreign Office rejected the reports of airstrikes in Afghanistan, terming them to be “utterly baseless and malicious.”8

These developments come after the Pakistan National Security Committee met on January 2 and issued a strongly worded statement that “No country will be allowed to provide sanctuaries and facilitation to terrorists and Pakistan reserves all rights in that respect to safeguard her people.”9 Afghanistan-Pakistan ties are likely to tested further after a horrific bomb blast in a Peshawar mosque, claimed by the TTP, killed 100 and injured more than 200 people.10

PAKISTAN

A Deteriorating Economic and Political Situation

Pakistan’s economy continues to be under tremendous pressure. During the week ending on January 27, foreign exchange reserves held by the State Bank of Pakistan fell to around $3.09 billion. With limited access to dollars, Pakistani banks are unable to guarantee payments to foreign shipping lines, resulting in a hold on import shipments. Pakistani customs figures indicate that more than 8,000 import containers are currently stuck awaiting clearance.11

Foreign inflows have also slowed down. Data compiled by the Ministry of Economic Affairs showed that foreign loan disbursements from July to December 2022 stood at a mere $ 5.6 billion. These disbursements were not enough to finance the maturing foreign debt, making a severe dent in the foreign exchange reserves held by the central bank. The key reason for the low disbursements was the government’s failure to ensure the timely completion of the ninth review of the IMF programme.12

The programme has been in suspension since last November, mainly because of the stringent conditions set by the IMF for a resumption of the loan. Due to the impasse between the Ministry of Finance and the IMF, friendly countries had been holding back their promised additional support – about $2bn by Saudi
Arabia, $1bn the UAE and about $2bn China. Under pressure, Pakistan formally conveyed to the IMF its willingness on Jan 19 to accept all major conditions and requested for the mission to visit Islamabad.13

On January 25, Pakistan removed the exchange rate cap, which resulted in a more that nine percent depreciation of the rupee to Rs255 to a dollar. On January 29, the prices of petrol and diesel were increased by Rs35. The government has also prepared two draft ordinances to impose Rs200 billion in new taxes and is mulling discontinuing the power sector subsidy and unleashing sales tax on raw materials for the export sector, especially textile industrialists.14

The IMF mission will be in Islamabad from January 31 to February 9 February 9 to continue discussions under the 9th Extended Fund Facility Review. The country is in desperate need of the IMF loan, but the steps to secure it could have political costs in an election year. But this is a bullet that Pakistan would have to bite.

Foreign Minister Bilawal Bhutto-Zardari arrived in Moscow on January 30 for a two-day official visit. One of the focus areas of the talks was the supply of oil and gas to Pakistan at discounted rates. In view of the foreign exchange crisis, Pakistan is also keen to pay for energy purchases from Russia in the currencies of friendly countries.15
The economic crisis is exacerbated by the ongoing political instability in the country. In December, Imran Khan had declared that he would dissolve the Punjab and Khyber-Pakhtunkhwa assemblies, where his party holds power. On January 12, the Punjab Chief Minister Chaudhry Parvez Elahi advised Governor Balighur Rehman to dissolve the provincial assembly. On Jan 18, Khyber Pakhtunkhwa Governor Haji Ghulam Ali dissolved the provincial assembly on the advice of the Khyber Pakhtunkhwa Chief Minister Mahmood Khan.16

Imran Khan took this step to pressurise the government to hold early general elections. However, the ruling coalition is aware of its current unpopularity and is unlikely to succumb to Imran. Pakistan’s Election Commission has written to the governors of Punjab and Khyber Pakhtunkhwa provinces, telling them elections should be held no later than April 13 and April 17, respectively.17 This means roughly some 70 percent of voters would participate in the assembly polls months before the general election, scheduled for October 2023.

The government is also mounting pressure on Imran Khan. The Election Commission is proceeding against Imran in cases related to the contempt of the electoral body.18 Imran is also facing criminal proceedings for allegedly selling gifts, that he received as the Prime Minister of Pakistan. The verdict in this case is due on February 7.

Worsening Internal Security Situation

On January 30, a massive explosion inside a mosque shook Peshawar’s Police Lines area. The blast, triggered by a suicide bomber, killed 100 people, mostly policemen, and injured more than 200.19 The TTP claimed responsibility for the attack. It later distanced itself from it, but sources indicated that the blast might have been the handiwork of some local faction of the outlawed group.

In recent months, the TTP has intensified its attacks on Pakistani security forces. Pakistan’s National Security Committee had vowed to respond to the resurgent terrorist threat with “full force” and safeguard national interest, but there is little impact on the ground. Much of the problem lies in Pakistan’s confused policy on dealing with the TTP.

Imran Khan has apportioned blame for the recent resurgence of terrorism in the country on the unwillingness of the current government to abide by the commitments made by the previous regime. He recently stated that despite an agreement among all political parties, no resources were provided for the rehabilitation of TTP fighters and their families.20 He also accused the government of issuing “dangerously irresponsible” statements against the
Afghan Taliban and causing strains in bilateral ties rather than seeking cooperation in combating the TTP-led terror threat.21

On the other hand, the ruling coalition blames the Imran Khan government for emboldening the TTP. PPP Senator Raza Rabbani has demanded a parliamentary inquiry into the previous government’s “rehabilitation policy” for the proscribed TTP, stating that the rise in terrorism is due to policies of the previous government.22 Interior Minister Rana Sanaullah also stated that previous government's plan to rehabilitate the Pakistani Taliban has proven to be wrong.

After the Peshawar attack, Prime Minister Shehbaz Sharif called on all political forces to unite against anti-state elements in the aftermath of the attack. He tweeted, “Through their despicable actions, terrorists want to spread fear and paranoia among the masses and reverse our hard-earned gains against terrorism and militancy. My message to all political forces is one of unity against anti-Pakistan elements. We can fight our political fights later.”23

Unfortunately, in Pakistan’s sharply divided politics, Sharif’s message will find little acceptance.

**India-Pakistan Ties**

In an interview with Dubai-based Al Arabiya TV on January 16, Prime Minister Sharif said that Pakistan has learned its lesson after three wars with India and stressed that now it wants peace with its neighbour. Sharif said, "My message to the Indian leadership and Prime Minister Modi is that let’s sit down on the table and have serious and sincere talks to resolve our burning points like Kashmir. It is up to us to live peacefully and make progress or quarrel with each other and waste time and resources.”24

In what has become a familiar scenario, Sharif had to backtrack on his comments. A day after the interview, the Prime Minister’s Office issued a statement that “talks can only take place after India has reversed its illegal action of August 5, 2019. Without India’s revocation of this step, negotiations are not possible.”25

Interior Minister Rana Sanaullah put out a tweet, saying the main prerequisite for negotiations with India is the “revocation of its illegal step taken on August 5, 2019, which stripped the valley of its legitimate status. Until the reversal of that unilateral step, there could be no discussions between the two states.”
In response, Ministry of External Affairs (MEA) spokesperson Arindam Bagchi clarified the Indian position, "We have said that we have always wanted normal neighbourly relations with Pakistan. But there should be a conducive atmosphere which does not have terror, hostility, or violence."²⁶

It is quite clear that there is no consensus in the Pakistani establishment on how to proceed with the normalization of ties with India. With the political uncertainty in Pakistan, and elections due later this year, it is also unlikely that India would initiate any substantive steps at this stage to improve relations.

**STANDOFF AT THE INDIA-CHINA LINE OF ACTUAL CONTROL (LAC)**

**Situation at the LAC**

On January 12, the Army Chief, General Manoj Pande, addressed the annual Army Day press meet. Speaking on the situation at the LAC, he said, "Though unpredictable, the situation at the northern borders is stable and under control. We have been able to resolve five of the seven issues on the table in the talk as our preparedness is of very high level and we have enough reserves to deal with any contingency."²⁷ He also stated that there is a slight increase in the number of Chinese troops opposite the Eastern Command.

Talking about the infrastructure development, Gen Pande said that the Border Roads Organisation has built roads spanning 2,100 km along our northern borders and 7,450-metre bridges in the last five years. Habitat for 55,000 troops and for 500 tanks and 400 guns has been created in the Eastern Ladakh. He also informed that "strategic rebalancing" of the troops that was undertaken some time ago has been completed.

On December 26, 2022, Qin Gang, Ambassador of China to the United States and now the new foreign minister, published an opinion article entitled "How China Sees the World" on The National Interest. Qin wrote, "As to the border issues between China and India, the status quo is that both sides are willing to ease the situation and jointly protect peace along their borders."²⁸

In his reaction, spokesperson Arindam Bagchi said, “You are aware of India’s long-standing position - that ensuring peace and tranquillity in the border areas is essential for the development of our relationship. So too is the observance of bilateral agreements and refraining from unilateral attempts to change the status quo of the boundary."²⁹
While India certainly desires an easing of the situation, the initiative has to come from the Chinese side as it was their unilateral actions that have led to the current state. Foreign Minister Dr. S. Jaishankar stated this clearly in an interview with Austrian public broadcaster ORF, “The concern is that we had agreements with China not to amass forces in our border areas and they have not observed those agreements, which is why we have the currently tense situation that we do.”

**BHUTAN**

**China-Bhutan Boundary Talks**

The 11th Expert Group Meeting (EGM) on the China-Bhutan Boundary Issues was held in Kunming city, China from January 10 to 13, 2023. The official Chinese handout reads, “The two sides, in a frank, cordial and constructive atmosphere, had an in-depth exchange of views on implementing the MOU on the Three-Step Roadmap for Expediting the China-Bhutan Boundary Negotiations, and reached positive consensus. The two sides agreed to simultaneously push forward the implementation of all the steps of the Three-Step Roadmap.”

Negotiations between China and Bhutan have focused broadly on two areas of dispute – Doklam and areas along the western borders of Bhutan and near the India-China-Bhutan trijunction, and the Jakarlung and Pasamlung valleys.
along Bhutan’s northern borders. The western areas have a strategic significance for India as any final settlement could shift the location of the trijunction and bring more areas in the Chumbi Valley under Chinese control.

In October 2021, China and Bhutan had signed a MOU on a Three-Step Roadmap to help speed up boundary talks. The details of this Roadmap are not publicly known, but it has been apparent that China has been increasing pressure on Bhutan to accept Beijing’s claims in the Chumbi Valley. At least six villages have been constructed in territory disputed by China and Bhutan, including a contested tract of roughly 110 square kilometres.32

Days after the China-Bhutan boundary talks, India’s Foreign Secretary Vinay Mohan Kwatra visited Bhutan to review the bilateral cooperation, including defence ties. Although not officially stated, India would have conveyed its strategic viewpoint on the boundary settlement in Bhutan’s western sector.

NEPAL

An Uneasy Political Coalition

On January 10, the seven-party alliance announced a 21-point common minimum programme (CMP) to run the government. The 13-page document focuses on good governance, corruption control, implementation of the constitution, and amendment of old acts and laws. Speaking on the occasion, Prime Minister Pushpa Kamal Dahal said the CMP would be the basis of unity among the alliance partners.33

However, unity is proving elusive and Dahal, with only 32 seats in the 275-member House of Representatives, has little wriggle room. Dahal and CPN-UML chief KP Sharma Oli, though allies on paper, harbour suspicion of each other and are unable to come to a consensus on the post of the President.34

On January 27, the Nepal Supreme Court removed Rabi Lamichhane, the deputy prime minister and the minister, from office for violating citizenship laws. Lamichane heads the Rastriya Swatantra Party (RSP), which has 20 seats the ruling coalition. After resigning from the posts, Lamichane reacquired a Nepali citizenship certificate and is now demanding his reappointment as the home minister. In case he does not get the ministry, the RSP has threatened to quit the coalition.35
India-Nepal Ties

Dahal has said that his government would maintain a balance in relations with India and Pakistan. However, there could be some wariness in India, particularly as government is dependent on the CPN-UML, whose leader Oli had a difficult relationship with India in the 2018-21 period when he was Prime Minister.

The ruling coalition's CMP mentions that the government will try to bring back the territories of Limpiyadhura, Kalapani and Lipulek that are currently occupied by India. Sources at the Prime Minister’s Office have stated that the issue of boundary dispute and its amicable solution will be the top priority during the upcoming visit of Prime Minister Pushpa Kamal Dahal to India.36

Nepal also needs to firm up its decision on the Agnipath scheme. The newly adopted Agnipath scheme, which provides for short-term recruitment into the Indian military, has not yet been accepted by the Nepal government. This has led to a suspension of recruitment of Gorkhas from Nepal, an important aspect of India-Nepal relations.

Hosting an event to celebrate the 74th Republic Day, India’s Ambassador to Nepal, Naveen Srivastava, said that India’s political leadership is committed to working closely with the Prachanda-led government in Nepal for giving further impetus to bilateral ties.37 Much will depend on how both countries can leverage the strong cultural, historical, religious, and economic linkages between them.

SRI LANKA

A Dire Economic Situation

Sri Lanka is facing its worst economic crisis in 70 years. The country had defaulted on its $51 billion foreign debt, headline inflation was at 70 percent, lending rates were above 15 percent, and economic growth for the third quarter of the calendar year was at a negative 11.8 percent.38

Sri Lanka has begun a fresh austerity, banning non-essential capital expenditure, freezing Government recruitment and imposing new taxes and higher electricity prices.39 The government has also decided to cut the allocated budget of each ministry by five percent in an attempt to keep expenditure in check.40
State Minister Premitha Bandara Tennakoon said that approved cadre of the Sri Lanka Army, which now stands at 200,783 will be reduced to 135,000 by 2024 and to 100,000 by 2030. He said, "The strength of the military and sustainable economic development are two sides of a coin, which stay together, but never talk to each other in open."41

In September, The IMF had reached a staff-level agreement with Sri Lanka on a $2.9 billion package, but its executive board has not yet approved the loan. The IMF has asked Sri Lanka to first restructure its debt by negotiating with the major creditors – China, Japan and India.

India’s Ministry of Finance has recently issued a letter to the IMF to confirm its support to Sri Lanka on the issue of debt restructuring. Dr. Jaishankar, during his visit to Colombo on January 19, also gave the required assurances to the Sri Lankan leadership for the IMF bailout package, becoming the first of Sri Lanka’s major creditors to agree to restructuring the country’s debt.42

In a statement, Dr. Jaishankar said, “India decided not to wait on others, but to do what we believe is right. We extended financing assurances to the IMF to clear the way for Sri Lanka to move forward.”43

As part of debt restructuring, the government of China has offered a two-year moratorium to Sri Lanka on loan repayments. According to media reports, these assurances from China are not sufficient to secure IMF board approval for the $2.9 billion bailout package for Sri Lanka.44 China also said that it wanted multilateral lenders to provide debt relief to Sri Lanka as part of a broader restructuring of loans, a demand at odds with other major creditors.45

While the IMF package is likely to ultimately go through, negotiations with China could delay the process.

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ENDNOTES


23 Ibid


