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INDIA STRATEGIC REVIEW

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Cover Image:

A Pakistan delegation led by Defence Minister Khawaja Asif meets Taliban’s Deputy Prime Minister Abdul Ghani Baradar in Kabul, Afghanistan, February 22, 2023. Source: Dawn

26th Meeting of the Working Mechanism for Consultation & Coordination on India-China Border Affairs, Beijing, February 22, 2023. Source: Embassy of PRC in India

Indian Foreign secretary Vinay Kwatra called on the Nepal Prime Minister Pushpa Kamal Dahal ‘Prachanda’ in Kathmandu, Nepal, February 13, 2023. Source: Twitter/@IndiaInNepal

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India’s Strategic Neighbourhood

by

Lt. Gen. Deependra Singh Hooda (Retd.)

AFGHANISTAN

Impact of Crackdown on Women

In December 2022, the Taliban announced two edicts – the first suspending female education at private and public universities and the second banning Afghan women from working at local and international NGOs. This decision has exacerbated the humanitarian crisis in Afghanistan, where two-thirds of the population faces severe hunger and six million face the risk of famine. An assessment by UN Women shows 93% of surveyed organisations working in Afghanistan said the ban is impacting their ability to access women with humanitarian assistance.

On February 23, the International Crisis Group released a report on how the Taliban’s restrictions on women are turning away donors from Afghanistan. Humanitarian officials have predicted “hundreds of thousands” of deaths as vital assistance slows down. The slowdown in aid delivery is also expected to reduce the amount of cash coming in on UN airlifts. This cash flow amounted to about $2 billion in 2022.

The report notes that the effects of an aid slowdown could be crippling. In one scenario, in which cash shipments are reduced 75 per cent in 2023, but Afghanistan continues to receive donations of food and other in-kind assistance, economic growth would fall to 1 or even 0 per cent annually. That would spell deepening poverty for a growing population with 500,000 new job seekers each year.

Although the Taliban appear to pay little heed to international calls to restore women's freedoms, there seem to be some internal dissensions. On February 11, the Taliban interior minister, Sirajuddin Haqqani, lashed out at the leadership, stating, “Monopolizing power and hurting the reputation of the entire system are not to our benefit” and that “the situation cannot be tolerated.”

Haqqani said now that the Taliban have taken power, "more responsibility has been placed on our shoulders, and it requires patience and good behavior and
engagement with the people." He said the Taliban must "soothe the wounds of the people" and act in a way that the people do not come to hate them and their religion.

Haqqani’s remarks were seen as being directed at the Taliban supreme leader or emir, Hibatullah Akhundzada. Haqqani did not mention the issue of women’s education, but he has publicly stated in the past that women and girls should be allowed to go to schools and universities.

Zabihullah Mujahed, the top spokesman for the Kabul government, pushed back at Haqqani’s criticism. In a speech aired by Taliban-run official television, Mujahid told a gathering in Kabul, “Our Islamic ethics bind us to not publicly criticize or vilify the emir, minister or a government official. You must approach him and convey your criticism privately and safely, so no one else will hear it.”

The emir wields enormous authority, but some discontent with his decisions is now visible. However, it is not yet clear whether this will result in a rollback of the restrictions on women.

**Internal Security Situation**

The thirty-first report of the United Nations Analytical Support and Sanctions Monitoring Team and sixteenth report of the Secretary-General on the threat posed by the Islamic State to international peace and security were released in February.

The reports note that Afghanistan remains the primary source of terrorist threats in Central and South Asia. The threat originates from groups including the Islamic State, Al-Qaida, Tehrik-e Taliban Pakistan (TTP), as well Turkistan Islamic Party (TIP), Islamic Movement of Uzbekistan (IMU), Islamic Jihad Group, Jamaat Ansarullah, and others. These groups enjoy greater freedom of movement in Afghanistan owing to the absence of an effective Taliban security strategy.

The Islamic State remains the most potent threat. It portrays itself as the primary rival to the Taliban de facto administration, with its strategic focus on Afghanistan and beyond in the historical Khorasan region. Its main goal is to portray the Taliban as incapable of providing security in the country. In addition, by targeting diplomatic missions, the Islamic State seeks to undermine the relationship between the Taliban and neighbouring countries.
Besides high-profile attacks, Islamic State conducts low-level attacks nearly daily, causing fear in local communities, targeting Shia minorities to undermine Taliban Pashtun authority, and challenging nascent security agencies. Regional Member States estimated current Islamic State strength at between 1,000 and 3,000 fighters, of whom approximately 200 are of Central Asian origin, but other Member States believed that number could be as much as 6,000.

The Islamic State has threatened to launch terrorist attacks against Chinese, Indian, and Iranian embassies in Afghanistan. The report notes the cooperation between the TIP and the Islamic State even though historically, the former had aligned itself with Al-Qaida. The two groups had exchanged personnel and planned joint operations. TIP provided military instructors to Islamic State and sent members to join its operational unit responsible for conducting terrorist attacks against Chinese targets in Afghanistan.

Amidst heightened risks of attacks on foreign targets, Saudi Arabia and the Czech Republic have shut their embassies in Afghanistan. Pakistan’s charge d’affaires in Afghanistan, Ubaidur Rehman Nizamani, who survived an assassination attempt on Dec 2, had left Kabul and is yet to return to his post. Earlier, China had advised its citizens in Afghanistan to leave the country following an attack by Islamic State on a Chinese-owned hotel in Kabul in December 2022.

The Islamic State appears to have had some success in its strategy to undermine the Taliban’s relations with key foreign countries and scuttle efforts to attract international investment.

India has reiterated its concerns about the security situation in Afghanistan. During his participation at the 5th Multilateral Meeting of Secretaries of Security Councils/National Security Advisers on Afghanistan on February 3 in Moscow, Mr. Ajit Doval stressed the need to ensure that the territory of Afghanistan does not become a source of radicalization and terrorism, regionally or globally, and called to intensify intelligence and security cooperation to deal with terror outfits, including those designated under the UNSCR 1267. He also pointed out that the well-being and humanitarian needs of the Afghan people are India’s foremost priority.  

**Tensions in Pakistan-Afghanistan Ties**

Pakistan-Afghanistan ties remain strained over Kabul’s unwillingness to rein in the TTP that has intensified terrorist attacks across Pakistan. On February 22, a high-level delegation led by the Pakistan defence minister, Khawaja Asif,
visited Kabul to "discuss security-related matters including counter-terrorism measures." Khawaja was accompanied by Director General Inter-Services Intelligence (ISI) Lt General Nadeem Anjum, Foreign Secretary Asad Majid, and Special envoy on Afghanistan Muhammad Sadiq.11

Differing reports have emerged on the outcome of the visit. The Pakistan Foreign Office, in its statement, said, “Matters relating to the growing threat of terrorism in the region, particularly by TTP and ISKP came under discussion. The two sides agreed to collaborate to effectively address the threat of terrorism posed by various entities and organisations.”

The statement issued by the Afghan government did not mention the TTP but focused on trade and economic issues. The official Afghan statement said, “The two parties discussed economic cooperation, regional connectivity, trade, and bilateral relations.” Some reports indicate that the Taliban accused Islamabad of allowing US drones to fly over its territory and into Afghanistan.12

The Pakistani visit to Kabul came amidst a standoff at Torkham, the busiest border crossing between the two countries. On February 19, The Taliban closed the Torkham point of transit, accusing Pakistani immigration officials of "misbehaving" with Afghan visitors, particularly those seeking medical care in Pakistan.13 A day later, an exchange of fire left a Pakistani soldier injured.

On February 23, Torkham was reopened by Afghanistan but shut down a few hours later by the Pakistan authorities. The crossing was finally opened on February 25, but tensions remain. Since the Taliban takeover of Afghanistan, there have been at least a dozen incidents of border clashes between the two sides.

PAKISTAN

Growing Economic Crisis

Pakistan is facing an unprecedented economic crisis. Under pressure from the International Monetary Fund (IMF), Finance Minister Ishaq Dar formally unveiled a PKR170 billion mini-budget to generate additional revenues over the next four months. In his budget speech, Dar said, “Pakistan has reached an understanding with the IMF during January 31-February 9th staff-level visit, and the most important element of it was to introduce PKR170 billion worth additional taxes.”14 In addition, petrol prices were raised again and have touched PKR272 per litre, while gas prices were increased by up to 113 per cent.15
While it could be argued that these measures were necessary to secure the next tranche of the IMF loan, it has spurred inflation that is at 41.54% on a year-on-year basis for the week ending on February 23. In a telling reminder about how serious the problem is, the country’s most powerful institution, the Pakistan Army, is reportedly facing food shortage in messes due to a cut in supply.

As Pakistan awaits the IMF loan, China has thrown a $700 million lifeline. The $700 million credit facility, made through the state-owned China Development Bank, will boost Pakistan’s forex reserves by about 20 per cent. The loan comes on top of the $30 billion that Pakistan already owes China and Chinese commercial banks.

Atif Mian, a noted Pakistani-American economist and currently a professor of Economics at Princeton University, has stated that Pakistan's economy is facing three major challenges, i.e., falling growth/output, continued balance of payment pressures, and stronger inflation. Combined with import-curbing measures, this creates a “perfect doom loop.” Atif warned that “there is yet more pain to come.”

Internal Security

On February 17, three terrorists belonging to the TTP stormed the Karachi police chief’s office. The terrorists were neutralised after a four-hour operation that left four people dead and 14 injured. The TTP claimed responsibility for the attack that comes two weeks after a bombing in Pakistan’s Peshawar killed over 100 and wounded 200.

After the attack, Prime Minister Shehbaz Sharif tweeted, "Pakistan will not only uproot terrorism but will kill the terrorists by bringing them to justice." A Central Apex Committee (CAC) meeting was held on February 14, and the press release of the meeting reads, “Pakistan cannot afford internal instability. National unity and collective struggle are the need of the hour. In order to achieve these goals, a national consensus should be created, and obstacles should be removed.” However, this consensus is far from visible.

In the sharply divided politics of Pakistan, Imran Khan and the ruling coalition are blaming each other for the rise of the TTP. Pakistan's Foreign Minister Bilawal Bhutto-Zardari termed the former Imran Khan government’s policy of asking the Afghan Taliban to facilitate talks with the TTP as a “policy of appeasement.” The negotiation resulted in thousands of TTP militants in Afghanistan returning to Pakistan and ramping up levels of violence.
On the other hand, Imran Khan has blamed the security and intelligence agencies for being negligent in dealing with the TTP. Shireen Mazari, a close aide of Imran Khan, has alleged that the former Army chief Qamar Javed Bajwa wished to resettle families of the banned Tehreek-i-Taliban Pakistan (TTP) in the country after the Afghan Taliban captured Kabul in August 2021.

Even as the political bickering continues, violence levels continue to rise. According to statistics released by the Pakistan Institute for Conflict and Security Studies, January 2023 was one of the deadliest months since July 2018, as 134 people lost their lives in terror-related incidents.

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

**Situation at the LAC**

There is no change in the situation at the LAC in Eastern Ladakh. The 26th meeting of the Working Mechanism for Consultation and Coordination on India-China Border Affairs (WMCC) was held on 22 February in Beijing. This was the first WMCC meeting since the 14th meeting held in July 2019 to be held in person. Unfortunately, there was no indication of any breakthrough as both sides put out separate statements.

The Indian Ministry of External Affairs (MEA) statement said, "The two sides reviewed the situation along the Line of Actual Control (LAC) in the Western Sector of India-China border areas and discussed proposals for disengagement in the remaining areas in an open and constructive manner, which would help in the restoration of peace and tranquillity along the LAC in Western Sector and create conditions for the restoration of normalcy in bilateral relations. To achieve this objective in accordance with the existing bilateral agreements and protocols, they agreed to hold the next (18th) round of the Senior Commanders meeting at an early date."

In Beijing, the Chinese Foreign Ministry issued a separate statement, saying the two sides reviewed the positive progress made in the early stage of China-India border control and affirmed the results of the disengagement of the two border troops in the Galwan Valley and four other locations. They had a candid and in-depth exchange of views on the approach for the next stage of consultation. The statement added that the two sides discussed other measures to further ease the border situation and agreed to work further to push the border situation into a stage of normalised management.
While China would like a normalised management of the border, India has clearly stated that this cannot happen unless China pulls back its troops from the remaining face-off points at Depsang and Demchok.

**Infrastructure Development**

Infrastructure development continues on both sides. According to a document circulated by the Indian government, the length of roads constructed in the “China-border areas” during the last eight years (6806 km between 2014-2022) was nearly double the length of roads constructed in the preceding six years (3610 km between 2008-2014). The document also cites the completion of the 9.02 km-long Atal tunnel, the world’s longest tunnel above 10,000 feet, as well as the highest motorable road over the Umlingla Pass at 19,024 feet in southern Ladakh’s Demchok area, as important achievements.

Briefing reporters, External Affairs Minister Dr. S. Jaishankar underscored how security at the borders, including at the India-China border, is closely linked with the infrastructure developed in the area. He said, “We have focused on the rapid development of infrastructure along Northern Borders with China for obvious strategic reasons. We have focused on rapidly developing border connectivity with our friendly neighbours to enhance trade, energy and other people-to-people exchanges.”

Meanwhile, the Tibet Autonomous Region (TAR) government has unveiled a ‘medium to long-term railway plan’ that will help expand the TAR rail network to 4,000 km by 2025 from the current 1,400 km. Among these new routes is a railway line connecting Xinjiang and Tibet. This is expected to broadly run along the course of the G219 national highway through Aksai Chin. The line will start in the Shigatse region of Tibet, run northwest along Tibet’s border with Nepal, and pass through Aksai Chin before ending at Hotan in China’s Xinjiang province.

**BANGLADESH**

**Economic Situation**

On January 30, The IMF Executive Board approved Bangladesh’s request for $3.3 billion under the Extended Credit Facility (ECF) and the Extended Fund Facility (EFF) arrangements. In addition, the Board also approved $1.4 billion under the newly created Resilience and Sustainability Facility (RSF). The IMF-supported program under the ECF/EFF arrangements will help preserve macroeconomic stability and prevent disruptive adjustments, while the RSF arrangement will supplement the resources made available under the ECF/EFF arrangements.
to finance climate investment priorities and build resilience against long-term climate risks.31

Bangladesh has been a fine example of development, with one of the fastest-growing economies in the last decade. The country has been a model of poverty reduction, with poverty declining from 43.5 percent in 1991 to 14.3 percent in 2016. Last year, the International Monetary Fund had predicted that Bangladesh’s gross domestic product (GDP) would soon exceed that of Denmark or Singapore. Per capita, its GDP is already bigger than neighboring India’s.32

However, Bangladesh’s growth is threatened by the global economic slowdown that has already impacted the economies of Pakistan and Sri Lanka. Bangladesh’s economic health rests on its exports, remittances, and fuel prices, all of which have been adversely hit in recent months. Bangladesh’s garment industry accounts for about 9.3% of the GDP and 82% of total exports. Therefore, global growth slows could mean growth in apparel shipments could decelerate from 27.6% in 2022 to 24.4% in 2023.33

However, the economic situation in Bangladesh should not be seen in the same light as Pakistan and Sri Lanka. The World Bank estimates GDP growth forecast for Bangladesh as 6.1 per cent in 2022-2023 and 6.2 per cent next fiscal.34 The country’s foreign exchange reserves stood at $32.22 billion on January 31, enough to cover its import expenses for four months.

Economists, therefore, see the IMF loan as a stabilization package. This is an early, prudent step to help the country weather the global slowdown.35 However, it will mean that Bangladesh would have to implement some fiscal and monetary reforms as recommended by the IMF.

NEPAL

Political Instability

Nepal has slipped into another round of political instability. The seven-party alliance that took power after last year’s elections has unravelled. Differences over the choice of Nepal’s next president have led to a parting of ways between Prime Minister Prachanda and KPS Oli, who heads the CPN-UML.

On February 24, Prachanda said he would support Ram Chandra Paudel from the opposition Nepali Congress party in next month’s presidential election instead of Subas Nembag, the candidate of his coalition partner, the CPN-UML.
This led to the resignation of 16 ministers from three major coalition parties—the CPN-UML, Rastriya Prajatantra Party, and Rastriya Swatantra Party.\(^{36}\)

Prachanda is now attempting to stitch together a new coalition with the support of the Nepali Congress led by Sher Bahadur Deuba and six other parties. This coalition has the numbers to defeat a no-confidence motion, but the power-sharing arrangement could lead to problems. New Delhi would not be displeased at the turn of events because Deuba is seen as being more supportive of India, while Oli is considered pro-China. There is word in Kathmandu that the Indian Foreign Secretary Vinay Kwatra’s recent visit to Nepal helped push the creation of the new coalition.\(^{37}\)

**INDIA’S OUTREACH IN THE NEIGHBOURHOOD**

**Foreign Secretary’s Visits**

Foreign Secretary Vinay Kwatra undertook visits to Nepal and Bangladesh from February 13 to 16. In Nepal, Kwatra held talks with the country's top leaders on the entire range of multifaceted cooperation between the two neighbouring countries, including connectivity, trade and transit, power sector cooperation, agriculture, education, culture, health sector, and people-to-people relations.

The press release issued by the Nepal Ministry of Foreign Affairs stated that the two sides discussed the early conclusion of the renewed transit treaty, review of the trade treaty, and convening of the Inter-governmental Committee on Trade (IGC) at an early date. There was a commitment to allow the export of power from Nepal to India on a long-term basis and the technical upgrading of cross-border transmission lines.

The two Foreign Secretaries also discussed boundary matters. In this regard, they exchanged views on completing the boundary works in the remaining segments through the established bilateral mechanisms. There are some contentious issues in India-Nepal relations, but, as reported by The Kathmandu Post, such issues were not broached. Foreign Minister Bimla Rai Paudyal told the Post, "We did not enter into contentious issues in these meetings. We mostly focused on development and economic cooperation, and issues of mutual interest."\(^{38}\)

In the meeting between the Foreign Secretaries in Bangladesh, both sides agreed to strengthen further their ongoing cooperation in diverse areas, including trade and investment, connectivity, power and energy, defence and security, and people-to-people ties. India has also assured Bangladesh of
extending its cooperation for importing hydropower from Nepal and Bhutan through India.³⁹

During the meeting with Bangladesh Prime Minister Sheikh Hasina, Kwatra conveyed Prime Minister Narendra Modi’s greetings to Sheikh Hasina and reaffirmed India’s support for deeper development and economic partnership with Bangladesh. Briefing the media after the meeting, Prime Minister’s Speechwriter Md Nazrul Islam said Kwatra told Hasina that his country would stand by Bangladesh in its development endeavours, including political and economic progress.⁴⁰

**Other Developments**

On the sidelines of the Aero India 2023, Indian Defence Minister Rajnath Singh interacted with Nepal and Sri Lanka Defence Ministers Hari Prasad Uprety and Premitha Bandara Tennakoon. He also held discussions with the Security Advisor to Bangladesh PM, Maj Gen Tarique Ahmed Siddique.⁴¹

On February 4, India delivered fifty more buses to Sri Lanka as the Island nation celebrated its 75th Independence Day. The order for supplying 500 buses is part of a Line of Credit extended by the Export-Import Bank of India, under the Economic Assistance Scheme of the Indian government.⁴²

On February 14, Minister of Commerce and Industry Piyush Goyal met Sri Lanka’s High Commissioner Milinda Moragoda and discussed support for economic recovery through bilateral trade expansion. Discussions were held on the mechanisms relating to the expansion of bilateral trade, the ways to establish and promote rupee trade between Sri Lanka and India as a means of economic recovery in Sri Lanka, and the possibility of further bilateral integration in the textiles and garment sector.⁴³

A three-day B-20 conference of the G20 dialogue forum for the global business community in northeast states was held in Imphal (Manipur) from February 17 to 19. Speaking at the event, Manipur Chief Minister N Biren Singh stated that the Northeastern state is the gateway of India for South East Asian countries, and on completion of the Asian Highway project in Myanmar, a person can reach from Imphal to Bangkok by road in 16-18 hours. Dr. Jaishankar has also stated that India is “focused on rapidly developing border connectivity with our friendly neighbours to enhance trade, energy, and other people-to-people exchanges.”⁴⁴
ENDNOTES


5 Ibid


27. Ibid


