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Cover Image:

India hosted the first India-Central Asia Joint Working Group meeting on Afghanistan in New Delhi on March 7, 2023. Source: Twitter/MEAIndia
Former Prime Minister of Pakistan Imran Khan’s supporters clashed with police outside Islamabad court on March 18, 2023. Source: Dawn
Indian Prime Minister Narendra Modi and Bangladesh Prime Minister Sheikh Hasina jointly inaugurated India-Bangladesh Friendship Pipeline on March 18, 2023 via video conference. Source: PM India

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India’s Strategic Neighbourhood

by

Lt. Gen. Deependra Singh Hooda (Retd.)

AFGHANISTAN

Humanitarian Crisis

On March 9, the UN Office for the Coordination of Humanitarian Affairs published a Humanitarian Response Plan for Afghanistan. The report notes that the number of people in need of urgent humanitarian assistance has risen from 9.4 million people in January 2020 to 14 million people in June 2020, 18.4 million people in January 2021, 24.4 million people in 2022, and now to 28.3 million people (two-thirds of Afghanistan’s population).

Twenty million people are facing acute food insecurity (IPC3+), with 6 million people in ‘emergency’ levels (one step away from famine) – one of the highest figures in the world. In 2023, 875,000 children are expected to suffer from severe acute malnutrition (SAM), and 2.3 million children and 840,000 women from moderate acute malnutrition (MAM). Deterioration is expected in the first quarter of 2023 due to the simultaneous effects of winter and the lean season, sustained high food prices, reduced income and unemployment, and continued economic decline.

The report predicts that there will be approximately 691,000 people displaced or moving in 2023 – of these, about 80,000 from conflict, 233,000 from natural disasters, including drought, and the remaining 379,000 as vulnerable internal migrants impacted by a combination of economic and environmental stress and protection challenges that cannot be correlated with a specific conflict or disaster.

The report observes that amid a growing set of restrictions curtailing their basic rights and freedoms, women humanitarian workers face increasingly restrictive challenges affecting their ability to travel to beneficiaries. The 24 December 2022 directive barring women from working for national or international non-governmental organizations (NGOs) will have a devastating humanitarian impact on millions of people across the country and will prevent millions – particularly vulnerable women and girls – from receiving life-saving assistance and services.
Afghanistan’s schools have reopened for the new academic year, but hundreds of thousands of teenage girls cannot attend classes as Taliban authorities have banned their attendance in secondary school. Education Minister Habibullah Agha confirmed in a statement that schools up to grade six "will currently be open for girls," effectively shutting high schools for female students.  

On a somewhat positive note, the UN and other agencies are still working in Afghanistan. The UN is sending regular shipments of USD40 million in cash to be able to operate in the country, given the restrictions on the Afghan banking sector. Most of this money goes to food assistance and the delivery of basic health services while indirectly stabilising the Afghan currency.

In the last year, there has been an increase in Afghanistan’s exports and revenue income, stabilisation of the Afghan currency against foreign currencies, and the start of some development projects. During this period, Afghanistan has received cash aid amounting to USD1.53 billion as a part of the global fraternity's humanitarian assistance. India has announced additional assistance of 20,000 MT of wheat for the people of Afghanistan through the Chabahar Port of Iran.

In an op-ed published in Al Jazeera on March 23, the interim foreign minister of Afghanistan, Amir Khan Muttaqi, has asked for the “lifting of sanctions and other commercial restrictions on the country” and for the US to “unfreeze Afghanistan’s frozen assets.” However, there is no mention of respecting human rights, lifting curbs on women’s access to education and work, and clamping down on terror outfits operating out of Afghanistan. Unless these issues are addressed, the Taliban government cannot hope to gain international recognition.

**Internal Security Situation**

The 2023 Global Terrorism Index (GTI) report, released by the Australia-based Institute for Economics and Peace (IEP), records Afghanistan as the country with the highest impact from terrorism for the fourth year. The Islamic State – Khorasan Province (IS-KP) was the most active terrorist group in Afghanistan. It was responsible for 115 incidents and 422 deaths in 2022, accounting for almost 67 per cent of total terrorism-related deaths in the country for the year.

Despite its high ranking, Afghanistan recorded 633 deaths in 2022, its lowest number of terror-related deaths since 2007. Terrorist incidents in Afghanistan fell by 75 per cent, and there were 58 per cent fewer deaths than the previous year. This shows that the Taliban have gained a level of dominance over the IS-KP.
However, the IS-KP still retains the ability to carry out some high-profile acts. On March 9, the Taliban governor of Afghanistan’s northern Balkh province, Mohammad Dawood Muzammil, was killed in his office in a suicide attack claimed by the IS-KP. On March 27, at least six people were killed after a suicide bomber detonated explosives near Afghanistan’s foreign ministry in Kabul, the second attack near the ministry this year.

General Michael Kurilla, who leads the US Central Command, told the Senate Armed Services Committee that the IS-KP is rapidly developing the ability to conduct “external operations” in Europe and Asia. He stated that the Islamic State network in Afghanistan will be able to attack American or Western interests outside the country in less than six months “with little to no warning.” The Taliban government has dismissed Kurilla’s claim as being untrue.

**Regional Engagements**

The first meeting of the India-Central Asia Joint Working Group (JWG) on Afghanistan was held in New Delhi on March 7. The meeting was attended by the Special Envoys/Senior Officials of the Republic of India, the Republic of Kazakhstan, the Kyrgyz Republic, the Republic of Tajikistan, Turkmenistan, and the Republic of Uzbekistan. In addition, country representatives of the United Nations Office on Drugs and Crimes (UNODC) and the United Nations World Food Programme (UNWFP) also participated in the meeting.

The participants emphasised the importance of the formation of a truly inclusive and representative political structure that respects the rights of all Afghans and ensures equal rights of women, girls, and members of minority groups, including access to education. They discussed regional threats of terrorism, extremism, radicalization, and drug trafficking and emphasised that the territory of Afghanistan should not be used for sheltering, training, planning, or financing any terrorist acts.

Russia and six nations bordering Afghanistan have set up a club to discuss ways to achieve long-term peace in the war-torn nation. In the inaugural meeting on March 7, special representatives from Russia, China, Iran, Pakistan, Uzbekistan, Tajikistan, and Turkmenistan convened in Tashkent. The group urged Western nations to lift the freeze on the Afghan central bank’s assets to support the population that is facing a severe crisis.

Although internationally isolated, the Taliban have taken control of 14 diplomatic missions abroad. Taliban spokesman Zabihullah Mujahid has stated, “The Islamic Emirate has sent diplomats to at least 14 countries, and
efforts are underway to take charge of other diplomatic missions abroad. Diplomats of the former government are continuing their activities in coordination with the Foreign Ministry.” According to Mujahid, the Taliban regime has sent diplomats to Iran, Turkey, Pakistan, Russia, China, Kazakhstan, and other Arab and African countries.  

PAKISTAN

Continuing Economic Crisis

Low growth, high inflation, rising debt, and a depreciating currency continue to plague the economy of Pakistan. Pakistan and the International Monetary Fund (IMF) have been negotiating an agreement that would release USD1.1 billion to the cash-strapped country since early February. Many of the conditions laid down by the IMF have been met, but two major issues remain unresolved: political and financial assurances.

The political instability in Pakistan, the forthcoming elections in Khyber Pakhtunkhwa (KP) and Punjab, and the national elections later this year have raised concerns in the IMF that the present government may not be there to implement the deal it signs. It has been reported that the IMF is also seeking assurance from the opposition forces, particularly the Pakistan Tehreek-e-Insaf (PTI), that they will respect the deal if they replace the present government.

During previous IMF reviews, several friendly countries had made commitments to support Pakistan. Finance Minister Ishaq Dar has said that the IMF was now asking these countries to “complete and materialise” those commitments. The IMF has sought written assurance of financing from friendly countries, including the Kingdom of Saudi Arabia, Qatar, and the United Arab Emirates.

On March 19, Prime Minister Shehbaz Sharif announced a relief package for the poor under which a subsidy of Rs50 will be given to them on every litre of petrol. However, the IMF’s resident representative in Pakistan, Esther Perez Ruiz, said the government did not consult the fund about the fuel pricing scheme and that a staff-level agreement would be signed once a few remaining points, including the fuel scheme, were settled.

China has stepped up its monetary assistance. After re-financing USD 1.2 billion in commercial loans to help shore up Pakistan’s foreign exchange reserves, China has granted a rollover of USD 2 billion State Administration of
Foreign Exchange (SAFE) deposits to Pakistan for one year. This was one of the conditions of the IMF.\textsuperscript{18}

Pakistan has bought some breathing space by taking long-term loans to meet its short-term financing requirements. According to State Bank of Pakistan Governor Jameel Ahmad, Pakistan must repay approximately USD 3 billion in debt by June, with an additional USD 4 billion expected to be rolled over.\textsuperscript{19} Pakistan hopes that once the IMF deal is done, support from other countries could start flowing in. However, the prospects of economic revival remain uncertain.

**Political Instability**

The confrontation between Imran Khan and the government is peaking. After a non-bailable arrest warrant was issued against Imran, the police attempted to arrest the former prime minister from his house in Lahore. For two days, on March 14 and 15, supporters of Imran clashed with the police and prevented them from entering the house.

Three days later, there was another clash between PTI supporters and the police outside the Islamabad court when Imran arrived to present himself at the court. The violent standoff prevented Khan from entering the court building for several hours, prompting the judge to allow Khan to register his appearance from inside his vehicle and adjourn the proceedings until March 30.\textsuperscript{20}

The government is mounting pressure on Imran and has filed numerous cases against him, including on charges of terrorism. Pakistan’s media regulator banned television channels from broadcasting speeches and news conferences by Imran Khan, accusing him of “levelling baseless allegations and spreading hate speech.”\textsuperscript{21} Hundred of PTI workers have been arrested for attacking the police in Islamabad and Lahore.

In January 2023, the Punjab and KP assemblies, where the PTI was in power, were dissolved. Under the Pakistan Constitution, the elections are to be held within 90 days after the dissolution of assemblies. In a surprise announcement on March 22, the Election Commission of Pakistan (ECP) postponed the Punjab Assembly elections by more than five months to Oct 8, citing the “deteriorating security situation” in the country. The ECP has concluded that elections cannot be held on the scheduled date of April 30 in a just, honest, peaceful, and fair manner.\textsuperscript{22}

The delay in holding polls has found little support from civil society and legal experts. The PTI has decided to move the Supreme Court, which had earlier
ruled on March 1 that the elections to the Punjab and KP assemblies should be held within the stipulated period of 90 days with the "barest minimum" deviation from the deadline in case of any practical difficulty.

**Internal Security**

The 2023 Global Terrorism Index (GTI) report states that Pakistan recorded the second largest increase in terrorism-related deaths worldwide in 2022, with the toll rising significantly to 643, a 120% rise from the 292 deaths the previous year. The military is the most common target of attack, with 55 per cent of all terror-related deaths being military personnel.

While much of the recent attention has been on the Tehreek-e-Taliban Pakistan (TTP), the Balochistan Liberation Army (BLA) emerged as the deadliest terrorist group in Pakistan, accounting for 36 per cent of terror-related deaths in Pakistan in 2022. Overall, terrorism-related deaths by BLA increased almost ninefold between 2021 and 2022, while attacks nearly doubled during the same period.

The report notes that terrorism continues to be largely concentrated along Pakistan’s border with Afghanistan, with 63 per cent of attacks occurring in this area. Overall, deaths in this area amounted to 74 per cent of Pakistan's total terrorism deaths in 2022.

Pakistan has conveyed serious concerns to the Taliban leadership about the TTP presence in Afghanistan. After the February trip to Kabul by a high-power delegation led by Defence Minister Khawaja Asif, an Afghan Taliban delegation comprising intelligence and security officials quietly visited Islamabad in the third week of March. The sources in Islamabad said that given the sensitivity of the issue, both sides decided to discuss such matters away from the media glare.

Talks between Pakistan and Afghanistan on TTP have yielded minimal results. The Taliban appear reluctant to take on the TTP as they share the same ideology. As a result, TTP has stepped up its attacks, particularly after a Taliban-brokered ceasefire between the Pakistan government and the TTP broke down in November 2022. According to a Nikkei Asia report, modern arms and "sophisticated" night-vision devices left by the withdrawing US forces in Afghanistan are being used by Pakistani Taliban militants to intensify attacks in Pakistan.

On March 6, nine individuals, including eight policemen and one civilian, were martyred in a suicide attack on a Balochistan Constabulary van in the Dhadar
The tehsil of the Kacchi district in Bolan. On March 21, Brigadier Mustafa Kamal Barki of the Inter-Services Intelligence (ISI) was killed during an encounter with "hardcore terrorists" in South Waziristan's Angoor Adda. On the same day, three soldiers and three terrorists were killed during an exchange of fire in KP's Dera Ismail Khan district. Overall, the month of March has seen the deaths of 35 terrorists, 30 security forces personnel, and 29 civilians in terror-related incidents.

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

**Situation at the LAC**

As the stalemate continues at the LAC, India has highlighted the dangers of the continuing impasse. Speaking at the India Today Enclave, External Affairs Minister Dr. S Jaishankar said, "This is a very challenging and abnormal phase in our ties with China," adding that China's violation of agreements and protocols for border management had resulted in the clash at Galwan Valley in June 2020.

Jaishankar said, "Now we have deployed our troops, we have stood our ground and the situation to my mind still remains very fragile because there are places where our deployments are very close up. And in the military assessment actually, therefore, quite dangerous."

Jaishankar explained that he and former Chinese foreign minister Wang Yi reached an in-principle agreement in September 2020 on resolving the border standoff, but "the Chinese have to deliver on what was agreed, and they have struggled with that." Jaishankar added, "For me, it's very clear cut— until these problems are sorted out, we will not return to a normal relationship. I want to make that very, very clear."

A similar sentiment was echoed by Army Chief General Manoj Pande. Speaking at the second Strategic Dialogue on 'Rise of China and its Implications for the World' on March 27, General Pande warned, "Pockets of dispute and contested claims to the territory continue to exist due to differing perceptions of the alignment of the Line of Actual Control. Transgressions remain the potential trigger for escalations." He stated that the Sino-Indian border management requires close monitoring as infirmities can lead to a broader conflict.

Meanwhile, both sides continue to build up their capabilities and infrastructure. Gen Pande said, "China has accrued significant capacities for force mobilisation, application, and sustenance of military operations. It has built
infrastructure of military significance – be it roads, airfields, helipads, and so on.”

There is similar activity on the Indian side, with a rebalancing of forces from the western to the northern borders having been completed. The Army chief reaffirmed that levels of preparedness remain high, and Indian troops are engaging with the People’s Liberation Army (PLA) in a “firm, resolute, and measured manner while ensuring the sanctity of our claims.”

The absence of mutual trust, the breakdown of confidence-building measures, and the large presence of troops along the LAC have resulted in a situation that could lead to a localized conflict with potential escalation.

**BANGLADESH**

**India-Bangladesh Engagement**

On March 18, the India-Bangladesh Friendship Pipeline (IBFP) was inaugurated during a virtual ceremony by Prime Minister Narendra Modi and his counterpart Sheikh Hasina. The 132-km pipeline running from Siliguri in India to Parbatipur in Bangladesh has the capacity to supply one million metric tonnes of diesel a year from Assam’s Numaligarh refinery.29

Speaking on this occasion, Modi stated that the pipeline was “an excellent example of increasing connectivity between the two countries.” Hasina said that “this pipeline will play a significant role in ensuring energy security for our people.” Hasina also pointed to the work done by the two sides over the years to forge stronger links, including the Ganga waters sharing treaty, the revival of rail and road links snapped during the 1965 war between India and Pakistan, the settling of land and maritime borders, and greater energy connectivity.

Hasina has offered India to utilise the country’s ports in Chattogram and Sylhet, asserting that it would boost connectivity and enhance people-to-people contacts in the region. “India can use our Chattogram and Sylhet ports if they want,” Dhaka Tribune newspaper quoted Prime Minister Hasina as saying when Ram Madhav of India Foundation called on her on March 19.30

Bangladesh has also shown interest in the India-Myanmar-Thailand trilateral highway project. Bangladesh Foreign Secretary Masud Bin Momen told reporters, ”We have shown our interest in joining this trilateral initiative. We have already talked to the Indians and Thais, and they are on board with it. The question is how Myanmar will react, as we haven’t had the chance to formally engage them on this issue.”31
Indian High Commissioner in Dhaka Pranay Verma has proposed that the two countries could develop and produce defence equipment jointly while inviting Bangladesh’s Armed forces to benefit from India’s cost-effective and high-quality military gear. The envoy also expressed India’s readiness to partner with Bangladesh in its defence modernisation through the USD500 million Defence Line of Credit extended by New Delhi to Dhaka earlier.³²

According to a report by The Daily Star, India’s Reserve Bank of India’s (RBI) Governor, Shaktikanta Das, held a discussion with Bangladesh Bank Governor Abdur Rouf Talukder on the possibility of having an arrangement where transactions would not be pegged to the dollar. Trade in Indian Rupee and Taka will bring down the cost of settlement and lower conversion rate, making it beneficial for traders of both the countries.³³

**NEPAL**

**Political Situation**

Last month, differences over the choice of Nepal’s next president led to a parting of ways between Prime Minister Prachanda and KPS Oli, who heads the CPN-UML. Sixteen ministers from three major coalition parties—the CPN-UML, Rastriya Prajatantra Party, and Rastriya Swatantra Party had resigned from the coalition government.³⁴

Ram Chandra Paudel from the Nepali Congress was elected as the President of Nepal, securing more than double the votes of his rival, Subash Chandra Nembang, and took oath on March 134. Meanwhile, Prachanda stitched together a new coalition with the support of the Nepali Congress led by Sher Bahadur Deuba and other parties.

On March 20, Prachanda secured a vote of confidence in the parliament, winning 172 votes in the 275-member House of Representatives. Eleven political parties voted in favour of Prachanda. While the political situation has stabilized, keeping a 10-party coalition together will not be easy. After some hard bargaining over power sharing and the distribution of ministerial portfolios, 11 new ministers were inducted into the cabinet. The new cabinet has two deputy Prime Ministers -- Purna Bahadur Khadka from Nepali Congress and Narayan Kaji Shrestha from CPN-Maoist Centre, 13 ministers, and one minister of State.³⁵
SRI LANKA

Easing of the Economic Situation

On March 20, the International Monetary Fund (IMF) Executive Board approved a 48-month extended arrangement under the Extended Fund Facility (EFF) of SDR 2.286 billion (about USUSD3 billion) to support Sri Lanka’s economic policies and reforms. The EFF-supported program aims to restore Sri Lanka’s macroeconomic stability and debt sustainability, mitigate the economic impact on the poor and vulnerable, safeguard financial sector stability, and strengthen governance and growth potential.36

The IMF rescue package was held up over China's assurances and was approved after the Export-Import Bank of China told Sri Lanka that it would not seek immediate repayment of debt for 2022 and 2023 and expedite negotiations on "medium- and long-term debt treatment" to finalise specifics in the coming months.37 In January, India had become the first country to hand over its letter of support for financing and debt restructuring of Sri Lanka to the IMF. Currently, Sri Lanka is negotiating with India to extend a USD1billion credit line by a few months.

Sri Lankan President Ranil Wickremesinghe said in a video statement, “Sri Lanka is no longer deemed bankrupt by the world. The loan facility serves as an assurance from the international community that Sri Lanka has the capacity to restructure its debt and resume normal transactions.”38

However, the road to economic recovery will be challenging. IMF Managing Director Kristalina Georgieva conveyed this in a statement: “Sri Lanka has been facing tremendous economic and social challenges with a severe recession amid high inflation, depleted reserves, an unsustainable public debt, and heightened financial sector vulnerabilities. Institutions and governance frameworks require deep reforms. For Sri Lanka to overcome the crisis, swift and timely implementation of the EFF-supported program with strong ownership for the reforms is critical.”

Some analysts feel that even if the present IMF program is fully implemented, there is a high probability of a sharp rise in poverty and unemployment during the program period.39 The government could face hostility from trade unions over plans to privatise several loss-making state-owned companies as part of the reform agenda. In March, the government’s decision to postpone local elections because of a lack of funds triggered angry protests.40
BHUTAN

While on a state visit to Germany, Bhutan Prime Minister Lotay Tshering, in an interview with Belgian daily La Libre, touched on the Doklam plateau dispute and the presence of Chinese villages inside Bhutan.

Regarding Doklam, Tshering said, "It is not up to Bhutan alone to solve the problem. "There are three of us. There is no big or small country, there are three equal countries, each counting for a third. We are ready. As soon as the other two parties are ready too, we can discuss."41

On the issue of Chinese building villages in Bhutanese territory, Tshering stated, "A lot of information is circulating in the media about Chinese facilities in Bhutan. We are not making a (big) deal about them because they are not in Bhutan. We have said it categorically, there is no intrusion as mentioned in the media. This is an international border, and we know exactly what belongs to us."

On the China-Bhutan border, Tshering said, "We are not experiencing major border problems with China, but some territories have not yet been demarcated. After one or two more meetings, we will probably be able to draw a dividing line."

Tshering’s statements could cause some anxiety in New Delhi. In 2017, Indian and Chinese troops were engaged in a tense 73-day standoff when the PLA began to construct a road in the direction of Mount Gymochi through the Doklam plateau. India believes that the Doklam plateau lies entirely in Bhutan, and any ceding of this territory to China would have adverse strategic implications for India.

India’s concerns are likely to be taken up during the visit of the King of Bhutan, Khesar Namgyel Wangchuck, to New Delhi in the first week of April.
ENDNOTES


15. Ibid.


