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INDIA STRATEGIC REVIEW

The ISR features an assessment of key developments, trends, and policies pertaining to India’s immediate and continental neighbourhood, and is authored by Lt. Gen. Deepenendra Singh Hooda (Retd.), Senior Fellow for Military Strategy. The research team includes Shreyas Deshmukh, Research Associate. Your comments and feedback may be addressed to Shreyas Deshmukh at shreyas@dpg.org.in. To subscribe, please click here.

Cover Image:

General Manoj Pande, Chief of the Army Staff of the Indian Army paid a courtesy call to Prime Minister of Bangladesh Sheikh Hasina on June 6, 2023, at Gandhi Bhavan, Bangladesh. Source: Twitter/@ihcdhaka
China State Councilor and Foreign Minister Qin Gang met Sri Lankan Foreign Minister Ali Sabry in Beijing on June 25, 2023. Source: MOFA of the PRC
Jahangir Khan Tareen addresses a press conference alongside PTI defectors in Lahore, Pakistan on June 8, 2023. Source: Dawn

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India’s Strategic Neighbourhood
by
Lt. Gen. Deependra Singh Hooda (Retd.)

Prime Minister Narendra Modi’s visit to the United States

On June 21, Indian Prime Minister Narendra Modi arrived in Washington to commence a four-day state visit to the United States. This is only the third official state visit of Biden’s term, following visits by French President Emmanuel Macron and South Korean President Yoon Suk Yeol.

During his visit, Prime Minister Modi met with President Joe Biden, attended a state dinner at the White House, and addressed the US Congress for the second time in his term, unprecedented for an Indian Prime Minister. The visit served as an opportunity for the two countries to strengthen their strategic partnership and cooperation on a range of issues. There were also clear messages to China and Pakistan in the joint statement issued on the visit.

Defence cooperation has been bolstered with decisions on joint production of General Electric’s F414 jet engine in India, procurement of armed MQ-9B Sea Guardian drones, and an agreement to service and repair US Navy ships in Indian shipyards. The two countries have also begun negotiations for a Security of Supply Arrangement and Reciprocal Defence Procurement Arrangement that will enable the supply of defence goods in the event of unanticipated supply chain disruptions.¹

With support from the India Semiconductor Mission, Micron Technology will invest more than USD 800 million toward a new USD 2.75 billion semiconductor assembly and test facility in India. India and the US have launched public-private Joint Task Forces on developing and deploying Open RAN systems and on advanced telecoms research and development. NASA will provide advanced training to Indian Space Research Organization astronauts with the goal of launching a joint effort to the International Space Station in 2024.

In the joint statement issued after their meeting², the two leaders reiterated their enduring commitment to a free, open, inclusive, peaceful, and prosperous Indo-Pacific region with respect for territorial integrity, sovereignty, and international law. In an apparent reference to China, both leaders expressed
concern over coercive actions and rising tensions and strongly opposed destabilising or unilateral actions that seek to change the status quo by force.

Terrorism from Pakistan also found mention in the statement. Prime Minister Modi and President Biden reiterated the call for concerted action against all UN-listed terrorist groups, including Al-Qa’ida, ISIS/Daesh, Lashkar-e-Tayyiba (LeT), Jaish-e-Mohammad (JeM), and Hizb-ul-Mujahideen. They strongly condemned cross-border terrorism, the use of terrorist proxies and called on Pakistan to take immediate action to ensure that no territory under its control is used for launching terrorist attacks. They called for the perpetrators of the 26/11 Mumbai and Pathankot attacks to be brought to justice.

The visit was a significant achievement for both countries, and it is a sign of the growing strategic importance of India in the Indo-Pacific region.

AFGHANISTAN

United Nations Report on Afghanistan

The UN Security Council’s Analytical Support and Sanctions Monitoring Team released its 14th report on the implementation of Security Council resolution 2665 (2022) on 1 June 2023. The report provides an overview of the situation in Afghanistan since the Taliban takeover in August 2021, focusing on the activities of the Taliban and other associated individuals and entities.

The report notes that the Taliban have consolidated their control over Afghanistan, but the country remains deeply divided along political, ethnic, and sectarian lines. There is a split within the Taliban leadership between factions representing Kandahar and Kabul power bases. The Kandahar group consists primarily of loyalist clerics close to Hibatullah, while the Kabul-based faction represents the Haqqanis and much of the working Cabinet in the capital.

The economy is in freefall, and the humanitarian situation is dire. The Taliban has imposed several restrictions on women and girls, and there are reports of human rights abuses, particularly against the Tajiks, Hazaras, Uzbeks and Turkmen communities. In the latest incident targeting girls, 80 female students were poisoned and hospitalised in two separate attacks at their primary schools in the Sangcharak district of Sar-e-Pul.

The Monitoring Team also notes that the Taliban have continued to maintain close ties to al-Qaeda. The report quotes a Taliban official saying that al-Qaeda is “still our brothers” and that the Taliban will “never abandon them.” The report
states that al-Qaeda has continued to operate in Afghanistan, and there is a risk that the country could once again become a safe haven for terrorists.

Among the other terrorist groups operating in the country is the Islamic State with about 4,000 to 6,000 (including family members) fighters, the Tehrik-e-Taliban Pakistan (TTP) with a strength of 4,000 to 6,000 fighters, the Eastern Turkistan Islamic Movement/Turkistan Islamic Party (ETIM/TIP) with between 300 and 1,200 fighters.

The Monitoring Team is of the view that the effectiveness of the sanctions regime appears mixed. There is little evidence that it substantially impacts Taliban leadership’s decision-making and that the leadership shows no signs of “bending” to pressure for reform. The widespread availability and proliferation of weapons and materiel already in Afghanistan undermine the arms embargo. The stockpiles left by former coalition partners in Afghanistan currently include approximately half a million rounds of various types of ammunition, 350,000 automatic weapons, 70,000 armoured vehicles, 20 assault aircraft, four transport aircraft and more than 100 helicopters.

As expected, Taliban spokesman Zabihullah Mujahid rejected the report, calling it “unilateral, biased and far from reality.” He said that the report has portrayed “baseless” allegations against the Taliban, adding that the claims of rifts among Taliban leaders, the presence of terrorist groups in Afghanistan, involvement of Taliban members in drug trafficking and power monopoly are baseless and are “clear enmity with the people and the independent system and are the repetition of vain propaganda of the past 20 years.”

Iran-Afghanistan Water War

On May 27, two Iranian border guards and one Taliban fighter were killed after the two sides exchanged gunfire on the Islamic Republic's border with Afghanistan. While both sides blamed the other for initiating the firing, tension had been building up after Iran’s President Ebrahim Raisi warned the Taliban regime not to violate Iran’s water rights to the Helmand River.

In 1973, Iran and Afghanistan signed the Helmand River Water Treaty. According to the treaty, Afghanistan should provide 850 million cubic meters of water to Iran from the Helmand River in a “normal” year. Iran has accused Afghanistan of not complying with the accord. Taliban officials have repeatedly claimed that nothing would reach Iran due to low water levels, even if they opened the Kajaki Dam.
The water dispute between Iran and Afghanistan is a long-standing one. The two countries have been arguing over the water rights of the Helmand River for decades. The Helmand River originates in Afghanistan and flows through Iran. It is a vital water source for both countries, but Afghanistan has been accused of building dams and irrigation projects that restrict water flow into Iran.

Although both sides have tended to downplay the situation, the issue of water from Afghanistan’s rivers could lead to regional crises. A potential flashpoint is the construction of the Qosh Tepa Canal being built by the Taliban to harness the Amu Darya River. This river provides water to Afghanistan as well as to the neighbouring nations of Turkmenistan, Tajikistan, and Uzbekistan, all of whom are already water-stressed.

**PAKISTAN**

**Political Crisis**

The May 9 violence that followed the arrest of former Pakistan Prime Minister Imran Khan triggered a very forceful response from the government and the army, with severe repercussions for the future of Imran’s Pakistan Tehreek-e-Insaf (PTI) party.

After the violence, almost the entire PTI leadership and thousands of supporters were arrested. A decision was also taken that individuals involved in the attacks on military and state installations would be tried under the Army Act. Under pressure, several senior leaders of the PTI quit the party, condemning the May 9 violence. Those who remain face a constant threat of arrests.7

Pakistani analysts believe the army is behind the attempt to break up the PTI and reduce Imran’s political influence. In an interview with the Reuters news agency, Imran accused the military and its intelligence agency of openly trying to destroy his political party. He also stated that the “whole charade of military courts is to imprison me.”8 Reports have emerged that the Pakistani military invited the owners of the country’s major media organisations to Islamabad this week for a secret meeting and directed them to cease all coverage of Imran Khan.9

Deserters from the PTI have flocked to a newly formed party called “Istehkam-e-Pakistan”. The party is headed by Jahangir Tareen, who was the secretary general of the PTI before he was ousted from politics in 2017 after the Supreme Court disqualified him for being “dishonest.”10 It has been reported that the former provincial president of the PTI and former chief minister of Khyber
Pakhtunkhwa, Pervez Khattak, is also considering forming a new party. The PTI has served a show cause notice to Pervez for ‘contacting workers and inciting them to leave the party.’

While Imran had mounted a challenge to the Pakistan Army, it now appears that he had overplayed his hand. The Pakistan Army seems determined to finish off the political career of Imran, and it appears, for now, to be succeeding. Thirteen retired generals, including Lt. Gen. (Retd.) Khalid Maqbool met General Asim Munir in an attempt to influence the Army Chief to drop his hardline stance towards Imran Khan. However, the army is not relenting.

In a press conference held on June 26, military spokesman Major General Ahmad Sharif Chaudry announced that three officers, including a lieutenant-general, have been sacked and disciplinary proceedings against 15 officers, including three major generals and seven brigadiers, have been completed, over the May 9 incident.

In an apparent reference to Imran Khan, Sharif said that the military was being targeted for over a year for “vested political interest and lust for power”, whereas May 9 was a time when “anti-army rhetoric was at its peak” and “naive people were persuaded for a false revolution.”

The fragmenting of the PTI has also impacted the political calculations of the Pakistan People’s Party (PPP) and the Pakistan Muslim League Nawaz (PML-N). While these parties were united against Imran Khan, his apparent weakening is now leading to both parties posturing for a greater stake in future elections.

Addressing a public rally in Swat, PPP chairman and Foreign Minister Bilawal Bhutto Zardari threatened to vote against the federal budget if ample funds are not allocated for the 2022 flood victims. Under pressure, Prime Minister Shehbaz Sharif approved Rs25 billion for Sindh’s flood victims.

On June 26, top leaders from the PML-N and PPP met in Dubai to hold consultations to decide the timing of the next general elections in the country and “their share” in the future set-up. At this stage, there is no decision on whether the parties will contest elections independently or make some seat adjustments.

**IMF Bailout for Pakistan**

On June 29, the International Monetary Fund (IMF) reached a staff-level agreement with Pakistan for a USD3 billion loan programme. According to the IMF statement, the agreement aims “to stabilise the economy from recent
external shocks, preserve macroeconomic stability and provide a framework for financing from multilateral and bilateral partners.” The IMF also emphasised the need for Pakistan to implement steadfast policies, including fiscal discipline, market-determined exchange rates, and reforms in the energy sector to promote climate resilience and improve the business climate.\textsuperscript{16}

The agreement came after the IMF had expressed its displeasure over Pakistan’s budget presented earlier in the month. Esther Perez Ruiz, the IMF’s resident representative in Pakistan, said that the draft FY24 Budget misses an opportunity to broaden the tax base in a more progressive way. She added that the long list of new tax expenditures reduces the tax system’s fairness and that “The new tax amnesty runs against program’s conditionality and governance agenda and creates a damaging precedent.”\textsuperscript{17}

In desperate need of the IMF loan, Pakistan revised its budget by imposing additional taxes of Rs215 billion and spending cuts of Rs85 billion. This paved the way for the release of the IMF loan.

The Pakistani economy has gained some breathing space, but the fundamentals are still worrying. According to Pakistan’s Economic Survey 2022-23, the economy showed a dismal performance during the outgoing financial year, with just 0.29 per cent GDP growth and spiralling inflation at over 29 per cent.\textsuperscript{18} The crisis is further aggravated by Pakistan’s daunting task of repaying a massive debt of USD 73 billion by 2025. The country’s total debt burden of USD126 billion consists mainly of external loans obtained from China and Saudi Arabia.\textsuperscript{19}

The economic downturn has caused an increase in the migration of Pakistanis, particularly unskilled labourers, to Europe in search of better opportunities. In a tragic incident, at least 209 Pakistanis were killed when a packed trawler capsized off southern Greece on June 15, while attempting to enter Europe illegally.\textsuperscript{20}

\textbf{The TTP Challenge}

The Fourteenth Report of the United Nations Analytical Support and Sanctions Monitoring Team on Afghanistan has noted that the link between the Taliban and both Al-Qaida and Tehrik-e-Taliban Pakistan (TTP) remains strong and symbiotic.\textsuperscript{21} With an estimated strength of 4,000 to 6,000 fighters in Afghanistan, the TTP poses a significant threat to Pakistan’s national security.

After the Taliban-sponsored ceasefire between the TTP and the Pakistan government collapsed in November 2022, the Taliban are now calling for
renewed negotiations. The Islamic Emirate’s spokesman, Zabiullah Mujahid, has said that they are ready to mediate if Islamabad seeks it. Pakistan has rejected the Taliban offer stating, “Pakistan will not negotiate with individuals who are responsible for the killing of Pakistani civilians and law enforcement officials.”

In a bid to address Pakistan's concerns, the Taliban has decided to relocate the TTP from the vicinity of the Afghan-Pakistan border. Taliban spokesperson Zabihullah Mujahid said that to assure Pakistan that refugees are not involved in attacks against the Pakistani government, the “Islamic Emirate planned to take the refugees, who come from the other side of the Durand Line in Khost and Kunar provinces, to far provinces, so that they will be away from the (Durand) line.”

The TTP is apparently annoyed with this decision and could resist a forcible relocation. Non-Pashtun Tajiks, Uzbeks and other ethnic groups have reservations about shifting TTP into their areas. There are also serious concerns that some factions or groups of the TTP may contemplate joining the Islamic State if they are pushed to the wall by the Taliban.

Facing numerous challenges, the Taliban are currently in no position to take any hard decisions against the TTP. Given the complex dynamics between the Afghan Taliban, TTP, and Pakistan, the situation will remain highly unpredictable and a significant security challenge for Pakistan.

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

Situation at the LAC

Stalemate at the LAC continues. The Working Mechanism for Consultation and Coordination on India-China Border Affairs (WMCC) meeting held on May 31 in New Delhi had agreed to hold the next round of senior commanders' meeting at an early date, but it is yet to take place.

A recent Chatham House report analysed satellite images taken in the six months from October 2022 in the Aksai Chin area of Eastern Ladakh. The images show that China has built an extensive set of installations, establishing an ecosystem to support its deployments of PLA troops. The images show expanded roads, outposts and modern weatherproof camps equipped with parking areas, solar panels, and helipads.
In the Galwan Valley, a number of PLA bases connected by roads can be seen leading up to the site of the clash in June 2020. In Raki Nala, a river valley south of the contested Depsang Plains, Chinese outposts are visible, potentially able to block Indian patrols in the area. Meanwhile, a bridge is nearing completion at Pangong Tso.

There is similar activity on the Indian side. Border Roads Organisation (BRO) chief Lieutenant General Rajiv Chaudhry has stated that 205 projects have been completed on the LAC in the last two years. In an interview, he said, "We are competing much better than what you think China is making. So, there is no need of any concern or overly concern that we are somewhere behind. We are matching up to the capabilities of infrastructure development on the borders."26

As both sides ramp up their infrastructure and deployment, risks of local clashes increase. The risks are heightened if the PLA strategy is based on the assumption that the Indian military is not a serious challenge. This seems to be the thinking in Chinese circles. Speaking to the media on the sidelines of the Shangri-La Dialogue in Singapore, Senior Colonel Zhao Xiaozhuo of the PLA Academy of Military Sciences said, "India is unlikely to catch up to China in the coming decades because of its weak industrial infrastructure, while China has built complex and systematic defence industrial platforms."27

The border tensions have spilled over in other areas. India and China have denied visa extensions to journalists from the other country, and today there are no accredited journalists on the ground in each other’s countries.28

Although China has tended to downplay the ongoing LAC standoff by describing the situation as "generally stable," this is not the view from India. External affairs minister Dr S Jaishankar recently stated that the current downturn in bilateral ties was caused by China’s violation of agreements from 1993 to 1996. He said, "Now, if we are to have a decent relationship, I think...they need to observe those agreements, they need to stop trying to unilaterally change the status quo. They need to come to the understanding that relationships between major countries work only when they are based on mutual interest, mutual sensitivity, and mutual respect."29

**BANGLADESH**

**India-Bangladesh Ties**

The Indian Army Chief, General Manoj Pande, visited Bangladesh from 05 to 06 June 2023, where he discussed avenues for further enhancing Indo-Bangladesh defence relations. General Pande reviewed the Passing Out Parade
(POP) of officer cadets of the 84th Long Course at the Bangladesh Military Academy and met his Bangladeshi counterpart General SM Shafiuddin Ahmed and discussed various aspects of mutual interest, and explored ways to expand bilateral defence and security ties further.\(^{30}\)

General Pande paid a courtesy call to Prime Minister Sheikh Hasina, where she called for boosting cooperation between the military forces of the friendly countries of Bangladesh and India. The Army Chief assured the prime minister that the cooperation in the modernisation of the Bangladesh Army would continue in the days to come.\(^{31}\)

It has been decided that Bangladesh and India will start using the Indian rupee and Bangladeshi taka for trade from September 2023. Bangladesh Bank Governor Abdur Rouf Talukder recently said that the bank would introduce a debit card called Taka Pay Card, through which people will be able to withdraw taka or rupee. People who travel to India will get the facility of making payments with this card.\(^{32}\)

In May, US Secretary of State Antony Blinken declared that the US would impose visa restrictions on individuals and their immediate family members “if they are responsible for, or complicit in, undermining the democratic election process in Bangladesh. This includes current and former Bangladeshi officials, members of pro-government and opposition political parties, and members of law enforcement, the judiciary, and security services.”\(^{33}\)

The US has been critical of the last two national elections, and in recent months, Peter Haas, the American ambassador to Bangladesh, has been calling for free and fair elections. Although State Minister for Foreign Affairs Md Shahriar Alam said the Bangladesh government “does not bother” about the US government’s new visa policy, there are definite worries.

It has been reported that Bangladesh has sought India’s assistance to tide over the rough patch in its relations with the US over the conduct of elections.\(^{34}\) The matter is understood to have figured when Bangladesh foreign minister AK Abdul Momen met Dr S Jaishankar on the margins of a G20 development ministers’ meeting in Varanasi on June 12. In their discussions with the Indian side, Dhaka’s interlocutors have pointed to Bangladesh’s importance in ensuring a free, open and prosperous Indo-Pacific. They have also highlighted that US actions have the potential to push Bangladesh closer to China.

According to the Dhaka Tribune, the government of Bangladesh has filed a note applying for membership to the BRICS bloc, made up of Brazil, Russia, India, China, and South Africa. Bangladesh is currently recognised as a “Friend
of BRICS,” and its request is expected to be taken up at the group’s summit in South Africa in August. South Africa currently holds the pro-tempore presidency of the alliance.35

SRI LANKA

Foreign Relations

Sri Lankan minister Wijeyadasa Rajapakshe has praised the Indian government for helping his country during the economic and political crisis. Rajapakshe, who handles the Justice Department, told PTI, “We resolved most of our problems with the support we got from the Indian government led by PM Modi. We are hopeful to bring normalcy back to Sri Lanka.”36

A similar statement was made by Sri Lanka’s high commissioner to India, Milinda Moragoda. In an interaction with The Print on June 22, he said, “India supported us during the crisis last year by extending $4 billion. If India had not provided that support, we would have been in a much more difficult situation. There’s no question about it. I think the IMF only became possible because of India.”37

In an interview during his visit to France, President Ranil Wickremesinghe, responding to a question on Chinese presence in the country, said, “We are a neutral country, but we also emphasise the fact that we cannot allow Sri Lanka to be used as a base for any threats against India.”38

Wickremesinghe said that the Chinese have been in the country for centuries, but there is no Chinese military presence, terming reports of Chinese presence in Hambantota “mere speculation”. He assured that even though the Hambantota harbour was given out to China’s merchants, its security was controlled by the Sri Lankan government. He also asserted that the island nation has no military agreement with China.

Sri Lanka has attempted to tread a fine line between India and China. During a visit to Beijing on June 28, Sri Lankan Foreign Minister Ali Sabry said, “We have made it very clear to both China and India that we are open to do business with anyone and we will not do anything to harm the other party.” He added, “Chinese investment was and has been very, very important to us. Sri Lanka had been depressed for 26 years. No investment was forthcoming. Everybody was adopting a vacant approach, but the Chinese investment came and propelled the growth in Sri Lanka. Therefore, we are very grateful for that.”39
Sri Lanka’s desire to maximise its economic engagement is understandable in view of its current financial crisis. However, it will have to avoid stoking Indian anxieties over incidents like the presence of Chinese research vessels and submarines in Sri Lankan ports.
ENDNOTES


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