

Podcast | A Fresh Look at India's Neighbourhood First Policy

Speaker: Constantino Xavier

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Centre for Social and Economic Progress
(CSEP) CSEP Research Foundation

6, Dr Jose P Rizal Marg, Chanakyapuri, New Delhi 110021, India

Ph: 011 2415 7600

CSEP Research Foundation

Regd. Off: Second floor, 6, Dr Jose P Rizal Marg
Chanakyapuri, New Delhi 110 021 India
T: +91 11 2415 7600 E: info@csep.org W: www.csep.org

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MV: I want to start by asking you a bit of an unfair question. It's a big question, but maybe we can sort of drill down after we cover this kind of macro territory. As I said just a few moments ago, we are coming up on the end of 10 years of the Modi government. This government pretty early on made a shift in its foreign policy posture, right? It signalled right from the beginning that it planned to step up its regional engagement in a fundamentally new and different way. When it came to the sort of eastern neighbours, right, it talked about how it wanted to move beyond looking east to acting east.

I want to ask you about the kind of immediate neighbourhood. You know, after a decade, 10 years in power, how much change do we see in foreign policy practice when it comes to India's neighbours?

CX: A lot of ground to cover, Milan. This is a huge neighbourhood. We're talking about two to three billion people living in and around India. But let me give it a shot. I think you put it right that Prime Minister Modi in 2014 signalled he would step up for sure. That signalling was quite clear towards its smaller neighbours. We're talking about Pakistan, Nepal, Bhutan, Sri Lanka, Myanmar. People forget sometimes that India has maritime neighbours in Thailand and Indonesia too, but mostly the small immediate neighbouring countries, which include also the Maldives and Sri Lanka.

But making a shift, I'm not so sure. Maybe I've studied too much history and I'm becoming a cynic and I see these movies playing over and over again on India and the neighbourhood, because I've seen successive prime ministers in India, successive governments coming in and promising that the neighbourhood would become the foremost priority in their foreign policy. It's maybe a bit like Mexico or Europe in U-S- foreign policy.

Somehow the neighbourhood makes an appearance early on, but then sort of disappears. And we've seen this with prime ministers like Morarji Desai and also from other parties, not only the Congress or the BJP. We've seen Rajiv Gandhi in the 80s. We've seen Gujral in the 1990s. We saw the BJP coalition government of Vajpayee in the early 2000s. And of course, the coalition by the Congress under Manmohan Singh after 2004, all of them coming in and saying, this is it. We're going to correct the immense credibility gap that we have in the neighbourhood. And we will focus on this periphery that we have so often overridden for larger interests, whether it was the U-S- or Soviet Union or China or other important actors.

But this time, I have to say, it's been a little bit different. I think the focus on the neighbourhood hasn't fizzled out as much and as fast as in the past. And let me try to explain maybe three reasons why we've seen that, why there's sort of a continued focus on the neighbourhood since 2014.

One is politics. We've seen Prime Minister Modi use foreign policy for electoral gains at home. And nowhere else, of course, is the electorate more responsive than when you talk about the great power India, the predominant power India in its own neighbourhood.

That's a good story. It's a story that sells at home. It's a relatively easy story because sometimes you have to take a quick flight of an hour or two to be in a neighbouring country, and you score a foreign policy victory, and at the same time, also an important domestic political victory.

And as you know, Milan, many of these neighbouring countries have deep ethnic, political, social ties with states on the Indian side. So if you want to win an election in Bihar, it matters what you do in Nepal. If you want to have an electoral chance in Tamil Nadu in the South, you want to have a particular focus on your policy with Sri Lanka, and the same holds for West Bengal and Bangladesh. So there are a variety of cross-border political links that have driven that for that sustained political element in Modi's foreign policy on the neighbourhood.

Politics matters a lot in this neighbourhood. These are South Asian countries that have weak bureaucracies, weak foreign ministries, where a lot of the relations are very much leader to leader. You could say that applies to, say, Modi and Trump and Biden, but these are more sustained, longer, deeper relationships that rely less on leaders.

The second reason why things haven't fizzled out is the logic of economic openness over the last 20 years, which in many ways is resulting only now in high growth rates across the region. Let's not forget that Nepal had a civil war until 2006. Sri Lanka had a civil war till 2009.

Bangladesh had a succession of either dictators or military governments and a variety of difficulties in terms of stability till the 2000s. So what we see now is that markets are growing in this region. It's very surprising to see that Bangladesh now is the fifth largest export market of India.

In fact, I think the India-Bangladesh trade volume pre-Ukraine war was larger than what India traded with Russia till 2021. And that has almost trebled now in 10 to 15 years, that bilateral trade volume. So these are countries that are growing fast in India's neighbourhood.

They're seeking investments from and trade with India. And they're therefore demanding greater economic openness with India. So there's a strong economic growth story over the last few years that is also focusing India on delivering more in the neighbourhood.

Third and finally, the sustained focus is also due to growing geostrategic competition in the form of China in particular. You know, I think proximity can be deceptive. We often take our neighbourhoods and our close partners for granted, we think we know so much about them and that's why paradoxically we end up neglecting them.

This has happened traditionally with India in its own periphery. It was broadly under India's economic and security umbrella until the 2000s. There was not much of an economic story because all these economies were closed, autarkic.

And the rise of China in the neighbourhood post Belt and Road Initiative in 2014 has propelled India to watch much more carefully and compete with China in its own neighbourhood. So China now being the largest trading partner of many of India's neighbouring countries, China being the predominant investor in infrastructure, in Sri Lankan ports, in Bangladeshi roads and bridges, in Nepali airports – all this is making India look up and try to rethink how it is operating in the neighbourhood. And as always, competition is the best source of progress and innovation. And we see much more of that happening in recent years.

MV: So that was terrific, Tino. It covered a lot of ground to a very unfair question. Let me try to ground this in a more specific geography. You recently co-edited a report on Connectivity and Cooperation in the Bay of Bengal region, and we'll link to that in the show notes. I want to ask you about some of the findings of the report.

At the very front of this report, you write the following, and I want to quote you, You say, “the Bay of Bengal was once one of the most connected, integrated regions of the world. Today, however, the contrasting reality is rather different and grim,” end quote. So let's start with a bit of context. Tell us a little bit about what the Bay of Bengal of yesteryear was like and contrast it with what it looks like today.

CX: Yeah, Milan. I think the most interesting question of that study with Amitendu Palit, where we brought scholars from the region together to assess challenges and also opportunities of cooperation, was that, what are regions really, right? They're malleable entities. Regions emerge and decline. If you'd asked in the 1950s or 60s people in Southeast Asia, what is Southeast Asia, they wouldn't have had much of an answer. This was a post-60s creation in the form of ASEAN, for example. Yet seems natural to speak of Southeast Asia today.

It is, I think, also natural if we speak of South Asia today. I think everyone understands that, though the term was mostly an American creation. But the South Asian Association for Regional Cooperation is the main organization since the 1980s for cooperation in the region. This idea of South Asia spans from Afghanistan to Bangladesh, basically all of India's neighbouring countries except China and Myanmar.

But what we thought of doing in this project is looking a little bit beyond South Asia and at this bridge region called the Bay of Bengal. It's called sometimes a sub-region, which is the Bay of Bengal, which is somehow between the Indian subcontinent and the Southeast Asian growth region of ASEAN, especially Myanmar, Thailand, Malaysia, Indonesia.

There's a phenomenal body of work that tells us this Bay of Bengal was a growth engine in Asia. This was one of the most integrated regions, from the pre-colonial period, throughout the colonial period, and even post-colonial period up to the 1960s. You had a large share of

intra-regional trade then, reflecting economic integration and commercial ties within the region.

You had, for example, Burmese students studying at Kolkata University up to the 1960s. You had infrastructure and transportation across the Bay of Bengal that was better in the 1950s than it is today. You had air connections between then East Pakistan and northern Myanmar. You could fly between South Indian cities and northern Sri Lanka and Jaffna, for example, a flight that was just now restarted after 40 or 50 years. So it's an interesting region that used to be very integrated by all indicators, and then since the 1960s fell apart.

And there are two reasons why: India adopted an economic autarkic model in terms of insulation, and with it, all of its neighbouring countries also had to disrupt many of its flows, whether it's trade, people-to-people ties, linkages, etc. You had the hardening of borders. You had partitions between East Pakistan, for example, and West Pakistan. You had visa controls instituted post-1960. So it's the emergence of the modern states that paradoxically disrupted flows and connectivity.

On the other side of the bay, you had Myanmar going into deep isolation under a military regime in 1962, which turned into one of the most closed regimes in Asia. And when it opened up in the 1990s, economically at least speaking, it looked eastwards towards ASEAN, which was a growth engine. It was a growth market. Obviously, it was of interest to the military junta in Myanmar. And therefore, we have this gap, actually, between South and Southeast Asia in this region that once was a common hole, but that fragmented very fast since the 1960s.

And that is changing slowly now, but there's a long, long way to go. This Bay of Bengal region may be difficult for us to visualize on a world map, but for people in the region, this makes much more sense, whether you're sitting in Colombo in Sri Lanka, if you're in Chennai or Kolkata on India's eastern coast, in Dhaka, Bangladesh, or even in Bhutan, which was connected northwards with China and Tibet, but also southwards with the Bay of Bengal in terms of trade routes and supply chains in the 1940s, 50s, etc.. If you're in India's Northeast in states like Assam, Tripura, or if you're in Sittwe or Mandalay and Yangon in Myanmar, or on the Andaman Sea. Or even if you are on an old port city of Thailand, like Ranong, or looking at this sitting in Andaman and Nicobar, this Bay of Bengal region assumes a historical, cultural and economic expression.

It makes increasingly sense to speak of the Bay of Bengal as one common space. And let's see what happens. There are good indications that this region is coming together again, but it's going to take a long time to correct 50 years of fragmentation.

MV: So let me ask you about the future. Because in the report, you have something very interesting to say on this, where you say, look, the Bay of Bengal is seeing rising levels of physical infrastructure connectivity. But this has not necessarily been commensurately matched by new cooperative habits, right? So there still seems to be a lack of kind of cooperative cross-regional mechanisms to try to manage and sustain connectivity in all its forms.

So as you kind of look ahead, Tino, do you see any green shoots when it comes to kind of regional governance mechanisms that go beyond just bilateral relations, say between India and Bangladesh, between Bangladesh and Sri Lanka, between India and Thailand?

CX: I think what's happening now, this growing centrality and this attention we see on the Bay of Bengal is in many ways, because this is what is commonly called the heart of the Indo-Pacific. If you are serious about connecting the Indian Ocean region to the Pacific Ocean, if you are seeking stronger trade and security linkages between both these spaces, South and Southeast Asia will have to come closer together. And that's exactly where the biggest gap is because of these 50 years of past fragmentation.

There's a wonderful and prescient speech that then U-S- Secretary of State Hillary Clinton gave in Chennai, on the Bay of Bengal in 2011, where she speaks exactly about the Bay of Bengal as the future growth engine of Asia, as an area that has been stagnating, that has been neglected, and that must be the focus of attention of India, of the US, of Japan, and of other Indo-Pacific powers.

But the paradox of this growing attention is that everyone is trying to fix this now. Everyone has a geopolitical, security and economic interest in trying to reconnect the Bay of Bengal with South and Southeast Asia.

We're doing this in a global fractured system where China and the U-S- are competing and India is pivoting towards the U-S- but has its own interests. The Japanese are also involved in many of these connectivity initiatives. So everyone is trying to race towards building connectivity which ends up burdening many of these states with a variety of external demands and pressures.

This means, for example, the pressure of infrastructure financing. One of the reasons why Sri Lanka went through this massive financial crisis, and it was the first massive default in Asia since 1997 -- it's not the only reason, but one of the main reasons -- was the growing pressures on Sri Lanka, including Chinese loans, but also American expectations, Indian expectations, and a race towards controlling Sri Lanka and make it switch sides or pivot into one or the other camp. The Sri Lankan state in all its forms, whether political leadership or the bureaucracy, had tremendous difficulties in managing this.

To take on loans requires strong assessments of what loans you want to take, at what concessional rates, defining what is a grant, what is a loan, assessing if the projects are viable, whether it's a port, an airport, a metro line. And this is happening across this region now, whether it's Bangladesh, Myanmar, Nepal and other countries in this region: they're facing these pressures.

So when we speak in the report about the sort of risk of this connectivity race and pressures towards interdependence, there's the central question of state capacity to navigate this competition and take strategic, sustainable decisions to upgrade the infrastructure. Bangladesh has done a relatively good job at managing these pressures, and there's interesting literature in

trying to explain state capacity in Bangladesh, whether it's the various ministries, the foreign ministry, the political leadership, and of course political stability with Sheikh Hasina in power since 2009 has helped that too.

But if you are a country like Sri Lanka, which has seen a war, a succession of different leadership crises and instability, if you are a country like Nepal, which is not on the Bay of Bengal, but is a member of BIMSTEC, that has seen 10 prime ministers in 10 years, you can imagine the difficulty of these states to deal with these pressures coming from global and external partners. This is, by the way, not only countries, this is also different multilateral institutions and development banks. The Asia Infrastructure Investment Bank, for example, the New Development Bank of the BRICS, are two new entities that have shown up in the Bay of Bengal region to finance infrastructure.

Of course, you also have the World Bank and a variety of other traditional institutions such as the Asian Development Bank which have been at this for a long time in the region. But this sort of race now is actually a risk if you allow me to put it like that, because unless you develop strong norms, standards, state capacity, and also cooperative habits within the region to manage and assess what type of connectivity you want, you'll end up taking a lot of suboptimal decisions.

MV: So this is actually a really good segue, Tino, to what I wanted to ask you about next, which is this kind of hectic pace of activity in the neighbourhood. And you certainly see this when you look at Indian foreign policy. You had a piece in 2023 where you talk about India's renewed engagement in bilateral terms, in trilateral formats, and also in these kind of multilateral or plurilateral organizations like the Quad, among others. I want to ask you a little bit about kind of India's outlook, which is how much of it is driven by the kind of looming China factor. I mean, in your mind, is that sort of the single most important variable in terms of shaping or reshaping how India is seeking to connect with many of its immediate neighbours?

CX: I think China is, as I mentioned in my first answer, one of the three main factors that is driving India's neighbourhood policy. And it's difficult to say what is what and what the share of China is, of course, driving this urgency in India to do more in the neighbourhood. But I say, together with politics, that first factor I mentioned, it is an enabler, it's an accelerator of urgency, different from the economic driver, which I see as a fundamental driver.

I mentioned Bangladesh, for example, which is bound to graduate as a middle-income country by 2026. This was, again, a country that was seen as an archetypical, chronically under developed, fragile state up to the 2000s. And here we are today, where Bangladesh is in some ways wealthier than India, and certainly much wealthier than many parts of India today.

So you have today Japanese companies setting up manufacturing industries along India's eastern coast, in Bangladesh, in the northeast region of India, to feed into supply chains with Southeast Asia, Indonesia, Malaysia, Thailand, Vietnam. So you have a whole growth story happening in this region that is premised on India's need to compete with China by partnering with other countries and opening up the region for business, literally, and opening up for

business with other countries in the non-China camp. Today, you have India and Russia building a nuclear energy reactor in Bangladesh together.

Today, you have India and Japan together with France as the creditors committee's co-chairs for the bailout process with the IMF for Sri Lanka, working together. India is now very comfortable working with the Paris Club, with the IMF, with these global North countries in Sri Lanka. Today, you have the Millennium Challenge Corporation Project of the US investing 600 million dollars in terms of a grant to build power connectivity between Nepal and India, and India coordinating closely with the US to ensure power interdependence with Nepal, which has been sitting for decades on one of the largest hydropower potential in the world that remained unexplored. At some point, India was exporting electricity to Nepal, some five, six years ago. Now, finally, for the first time, India is importing from Nepal. The potential is huge. So, yes, China is somewhere, is always in the story, Milan.

Frankly, I like to say that China had done India a huge favor by showing up and shaking things up in the region, because it's pushed the Indian government to rethink how it was doing things. Let me give you one example. A lot of the Indian infrastructure, trade, development projects in its neighbourhood, where you would think India would deliver fast and efficiently, right? These are next door neighbours and smaller states. But they were in the hands of public sector undertakings, the PSUs, the infamous PSUs that have a record of non-performance at home, and you can imagine if at home they have difficulties, try making them build a dam in Bhutan, a railway line in Bangladesh, or a multimodal link in Myanmar that has been announced 20 years ago and still being built.

We see now a shift when the government is realizing the importance of the private sector. That's a story of, of course, a stronger private sector within India. It's a story of a private sector that has done very well in the infrastructure sector at home, and therefore has built capacity now to perform beyond borders, abroad.

And therefore, you see a growing state and private capital partnership in critical sectors in the neighbourhood. And that's in many ways been positive, because it allows India to deliver far faster on projects that, for a change now, neighbouring countries *want* India to deliver. Back in in the 1980s and the 90s, Bangladesh, Nepal, Sri Lanka were constantly pushing back against India and saying, we don't want connectivity with India. Why should we depend on India? We want to look at Southeast Asia. The Sri Lankans were always gravitating towards Southeast Asia from the 70s, 80s onwards. Yet today, if you go to Colombo, Dhaka, Kathmandu, or Male, officials, private sector in these countries are expecting much more from India and seeing growth possibilities with India.

MV: So I want to kind of dig into this a little bit deeper in one specific country context. You had edited another report with Jabin Jacob on China's approach to engaging South Asia. And one of the things that you two say in your introductory essay is that when you look at kind of important neighbouring countries, I mean, I think you talk about Nepal, Bangladesh, and Sri Lanka, India is seen as too big to ignore or to even anger beyond a certain threshold.

But at the end of the day, each country has a unique equation with New Delhi. I want to ask you about a recent foreign policy crisis in a fourth country, which is the Maldives, where we have seen a recent change of government and a demand, which of course has been there under the surface for India to withdraw soldiers currently stationed on Maldivian soil. They look as if they are going to live up to that promise.

Tell us a little bit about the sort of roots of this so-called India Out campaign, and how has India responded to this immediate crisis in its kind of proximate neighbourhood?

CX: So one point on China in the report we did broadly, then I will come to the Maldives. On China, and I got advice from a good friend who's been on your program, Professor Srinath Raghavan, 10 years or 12 years ago, and he told me, work on the neighbourhood, on India in the neighbourhood. I was like, what? Why would I do that? Who cares about the Maldives, Sri Lanka, Nepal? I want to work on India-Germany relation, Japan, great power politics, India-China, etc.

But this has become a very important region, very interesting to study. It is actually appalling how little Indian academia and think tanks and even the government knows about the internal affairs in these neighbouring countries, because they've been traditionally neglected, they've been taken for granted. So when you have this behemoth China showing up in your neighbourhood, there were two very distinct responses.

In India, aligned with the divergence in India-China relations, which culminated in the Galwan crisis in 2020 and the military skirmish there, you see China portrayed as an existential threat, as a massive adversary, and that has led to the disruption of that relationship. So China is seen as a threat across the government, across civil society today, in most quarters. But in all other countries [in the region] except India, China is seen as a benign, positive actor that is, for the first time, delivering on what other countries were not able to deliver or not willing.

So you have this total dissonance in terms of how you look at China. So you go to Nepal, people are welcoming China in all its forms, with investments, trade, people-to-people ties. Politicians love to have the Chinese ambassador around, inviting the Chinese ambassador to interfere in local politics and saying, you do it for a change, we've had enough of the Indians, so please help us mediate or unite different factions of our party.

So China is now a resident power in the region, but with two very different perceptions from India and from other neighbouring countries. Except for Bhutan and India, all other countries joined the Belt and Road Initiative.

Now in the Maldives, this is playing out with an added dimension, Milan. I think we talk a lot about, I talked even today already a lot about how Prime Minister Modi has not been unique or new, but has done a rather, not unprecedented, but a rather special job, if you want, at using foreign policy for political support mobilization at home. So foreign policy has become political in India today. But in India's neighbouring countries, in fact this is happening more than in India itself. If you're today running for elections in the Maldives which President

Muizzu, who was elected a few months ago, was...there is a huge temptation to make foreign policy a rallying cry to mobilize support at home...and the particular foreign policy is one that is saying we will depend less on India, we will rely less on India, we will balance, we will do more with China with the US or Japan or Turkey or the Saudis or the Pakistanis. So the 'India out' slogan on which President Muizzu ran as a candidate in the case of the Maldives had a huge symbolic message for the people within the country.

The Maldives depended largely on trade with India during its two or three different financial crises in the last six years, it relied massively on emergency Lines of Credit from India and of course there's a strong security dimension to the relationship where India sees the Maldives as a very important factor in its Indian Ocean Maritime strategy. That means there's a variety of different Indian Ocean Islands in fact your colleague Darshana Baruah does great work on this at Carnegie... how India is setting up listening posts, not exactly maritime or naval bases but there's a larger securitization of India's policy and presence in the region.

Now if you're the small Maldives and you're trying to balance India it's politically very tempting to run on anti-India slogans and campaigns. The problem is once you reach power it is very difficult to dial back on that today. In the past it was much easier because these countries were broadly run by either a dictator in the case of the Maldives, President Gayoom who was there for decades, in the case of Nepal by a king, in the case of Bhutan a king, and in Sri Lanka by a small elite, so if you're not so accountable to your electorate, then you have a margin to change foreign policy very quickly.

Today however, as democratic competition, electoral competition is heating up in all these countries and across the neighbourhood, this foreign policy element of whether you are pro-India, pro-China or anti-China is front and centre in any electoral campaign. Once you run on that it's very difficult to dilute that and suddenly say no, I'm going to make nice with India. And that's what happened when the Maldives President Muizzu who ran on that foreign policy message to reduce reliance on India. He was elected and it is reasonable to expect that he has to deliver in some way, sometimes symbolic ways and in fact I think that the that the outcome will be largely symbolic because while you will withdraw the Indian military officials from the Maldives, probably there will be a civilian contingent who will keep doing that. But the biggest irony is that the air ambulances and the airplanes that India had deployed in the Maldives were critical to ensure connectivity between the hundreds of different islands of the Maldives -- for emergency evacuations, hospital treatment, etc for the Maldivian inhabitants. But see, this shows to what extent politicians and neighbourhood today are willing to go down the route of trying balance India in order to mobilize support at home that is a big challenge for India's neighbourhood policy.

MV: So you know this this takes us to an area that you alluded to earlier Tino which is about state capacity and it's a question of not just a capacity in the individual neighbouring countries, it's also a question that India needs to reflect on and back in 2023, you and Riya Sinha had a piece in which you noted that the Ministry of External Affairs (MEA) that is India's premier externally facing agency is one of the least funded central ministries in the government and you analyse data going back four years that basically shows a really flat line, a kind of budgetary stagnation. The MEA's share of the overall budget is just around 0.4%

and you had this really striking sort of takeaway in this piece in which you say the MEA's budgetary limitations reflect the risk of a growing gap between India's declared foreign policy ambition to serve as a *vishwaguru* and its limited financial and institutional capacity to achieve such a role in practice. As you look out at the budgetary numbers being what they are, what practical limitations does that relatively small MEA budget pose for how India can deal with the immediate neighbours?

CX: Since that report I think the MEA has already announced it was going to increase its numbers in terms of staff which will have a budgetary implication now but it's still far too far too little. I don't know if we're being read or not but it's always nice to see that things are improving and when you have a Foreign Service of around 1,000 officers which is what ministries in some smaller European countries or Southeast Asian countries have and you are dealing with the complexity of 1.3 billion people that is increasingly connected and interdependent with the neighbourhood and the rest of the world. Then you add to that the Prime Minister that has been visiting most countries and signing on to the largest number of initiatives and hosting the G20 presidency last year – all this obviously poses a huge challenge for India. You have around 200 missions abroad. India announced a few years ago the opening of another 20 missions in Africa, and these must be manned and staffed. And Delhi has one of the largest numbers of diplomatic missions in the world so dealing with them and responding to them is also of course a huge challenge.

Also, the financial resources coming to the neighbourhood, you have for example as I mentioned before the growing demand from neighbouring countries for India to support in terms of Lines of Credit and in terms of grant projects in the neighbouring countries for their developmental purposes. Now if you're trying to build a bridge, a road or railways, dams, power transmission lines with your neighbouring countries you need a decent institutional apparatus and bureaucratic expertise to do this. India's Foreign Service is largely a generalist Foreign Service but within that most governments today, case of the US for example, the case of Japan, case of China, you have specialized bodies for development cooperation. The United States is doing this through USAID, the DFC for finance and development for example connecting with the private sector.

India first created a dedicated agency [the MEA's DPA] to do this in 2012 a little more than 10 years ago which means that you are trying to do these things with a group of 20 people that are generalists and that are trying to deal with highly complex technical issues with very little preparation. To give you one example where you actually may have the budgetary resources but if you don't have the capacity to deliver on those they're going to get delayed they're not going to be implemented. We did another report on roads that India was building in southern Nepal: I mean for 20 years that road was being built it's a two-lane highway and still not ready right. These are projects that are given to public sector undertakings or fly by contractors that were just not delivering and that's exactly why the private sector is more important now.

The good story Milan, I think, it's also fair to say that things are changing in the sense that the MEA was central and almost predominant in everything that happened beyond borders, but today you see a variety of other ministries having their own outreach beyond borders in the neighbourhood. You saw India and Sri Lanka just signed an agreement on financial

connectivity in terms of payment gateways. It is the MEA acting as a facilitator but there are different ministries in India that are doing work on that you see -- the defence services and the Ministry of Defence today is much more present in the neighbourhood, you see the railways Ministry, the inland waterways authority of India for the first time in 50- 60 years reviving waterways and rivers across the subcontinent as arteries for commerce with Bangladesh, you have the Ministry of Highway that is now interested in building highways beyond the region so that's one reason where also there is change and it's not only the MEA budget.

The other one is also the growing role of the National Security Council Secretariat. India has a relatively recent National Security Council from the early 2000s but if you look at the staffing and the variety of people from across government that's serving in it and the focus they've been putting on the neighbourhood, it tells you also that there's new sites beyond the MEA where India is building capacity and has budgetary capacity to shape its neighbourhood policy and accelerate it to deal with these many challenges

MV: Tino I just want to kind of move to a slightly different geography and just get your quick thoughts on another emerging issue, if you go back to last year's G20 Summit leaders of eight countries signed a memorandum of understanding announcing the initiation of New India Middle East Europe Economic Corridor or IMEC for short. In a recent piece you sort of lament that very little has happened in the past four months on turning this Corridor into reality obviously the elephant in the room is the ongoing conflict in Gaza but you write that India has to take the initiative to try and flesh out the promise and potential of IMEC if it's going to make this not just something that shows up in a joint statement but an actual opportunity. Give us a little bit of a flavor of the kinds of things you think India needs to do to lay the groundwork to try to fully leverage what is now kind of an idea in the abstract, but you know could be a full-blown reality in the future.

CX: This India Middle East Europe economic Corridor is a bit of a weird beast that showed up last minute at the G20 presidency and you know Milan how it goes sometimes -- there have to be deliverables and announcements. I believe the US had a very important role in this and at the leaders level France was part of it, Italy, the EU commission, the UAE, Saudi Arabia, India among others. It didn't show up from nowhere and let me explain to you two dynamics that gives us hints of what lies behind this and why it makes sense from an Indian perspective whether in 10 years or 20 years.

The point in my piece was that there will be conflicts and obstacles but the geoeconomic logic of this IMEC will find its way into reality one way or the other. The first hint is that to actually understand IMEC, we have to look to the East of India and not to the west of India and look at what has still no name but is an economic corridor that is being established between India, Southeast Asia and East Asia. This is the largest supply chain that is being developed between India and Japan. Japanese companies are seeking to diversify out of China, the Japanese government is supporting them and they're coming to India but not as much as they wanted due to problems in terms of regulatory openness -- so they're also going a lot to Vietnam, to Thailand, into parts of Southeast Asia. So, the logic is to build a supply chain, or an industrial corridor the way the Japanese have called it now, between South Asia

and Southeast Asia for Japanese companies to assemble at different stages of the production process across these different geographies.

Now the IMEC is the equivalent Western link to this that India is trying to establish to access the high growth markets in Europe and North Atlantic and that requires of course shipping routes but we know the risks of shipping routes we're seeing with the Houthi crisis, and we saw it previously with the accident in the Suez Canal. Therefore there is a lot a logic to develop stronger synergies with the Gulf economies and also through that if you want some, more or less idealistic, the idea that you can integrate these economies and sort of deal with the Middle East and Pacific.

Now Prime Minister Modi is, as we speak currently, in the UAE. I believe it's his seventh visit. This is now one of India's main trading partners; there's an FTA that India the UAE signed. India-Israel relations have flourished, there was also talk about a free trade agreement and this remains an important trade and technology partner for India. With Saudi Arabia the relationship has developed very well. And of course there's an interest in developing a stronger presence in the Eastern Mediterranean. I believe it was few months or weeks before IMEC was announced that Prime Minister Modi went on what was the first visit of an Indian Prime Minister to Greece in decades. It was on his way back from the BRICS summit and he stopped over in Athens. That's exactly where India has a huge interest in acquiring ports, in particular the Adani Ports Group that is interested in buying a terminal in Greece.

So, you see the larger pieces coming together that tell you that there is an interest, not necessarily an end-to-end trade point that you're shipping something from Mumbai all the way to Germany through shipping or rail, across two seas and two continents, but in its various parts also. So, there could be an element between India and the Gulf, within the Gulf, Gulf-Europe etc. that larger modular and multi-modal logic is there. It's also apparent in the non-trade element of the IMEC there's an initiative to develop underwater sea cables to connect India to the Gulf countries and it is in terms of investments, so it tells you there the largest supply chain interest I think between India and the European markets.

MV: Tino I just want to end with kind of just a final thought and ask you another unfair question here at the end as you as you think about a new government coming to power it'll most likely be Modi 3.0 but of course the results are yet to be known. I want to ask you to help us identify what sort are of one or two key priorities in regard to the neighbourhood you would like to see this new government focus on in the summer of 2024 when the new term begins.

CX: Oh, so much I can think of that could be done, but you know the big paradox I just think is that India is doing in the neighbourhood more than ever, it's delivering faster than ever and in many ways it's providing better than ever but the paradox is that it's still far too little, far too slow, and not good enough. That's the paradox -- you're just trying to do more but you're dealing with a much more competitive region so I'd say one thing and I've been saying this repeatedly is that while China has done a favour by waking up India from its slumber, I think this fixation on China is very detrimental because if you fixate too much on China you're going to get into a logic of denying China, and concentrate on geostrategic games and politics

and conversely focus less resources and attention on what is most needed: which is the delivery financial assistance, people to people ties, trade, investments and really tie these countries to India in terms of economic independence. So, less China, I'd say, it's not that China might not pose a challenge or a threat, but less fixation on China.

Second a bit of a bold idea is some kind of a visa free regime in the neighbourhood. We did a study and found out that it's easier sometimes for Chinese nationals or American nationals to visit countries in this region than it is for nationals within this region to cross borders. That is a huge barrier to mobility that are really hindering convergence in the region. Now this is difficult because of a variety of concerns -- migration, labour protection, the smaller countries are in fact the most opposed to this because they're concerned about massive migration of specialized or skilled labour from India into their economies. India has its own concerns in terms of the ethnic and ideological composition in border states but maybe something could be worked out. What Europe is doing for certain skilled professions, you could institute a visa free regime or an open labour market, an integrated labour market let's say in the BIMSTEC region for example.

The last thing Milan I've been asking for and it really puzzles me is that the neighbouring countries around India have changed very fast, they're modernizing, and the economies are growing. We did a study to look at where students from Nepal, Bangladesh and Sri Lanka are going for high education and we found out that they are going increasingly to China in some ways more than even India, which is next door, has English language education, is cheaper. They're also going to new destinations like Japan, Australia, etc. and I think that reflects that in some ways the fact that the younger generation in South Asia is paradoxically -- when it should be easier than ever today in an interdependent world with technology and mobility -- less connected to India than its predecessors were. So I would invest massively in people to people ties in younger elites and stakeholders in different sectors of Nepal, Sri Lanka, Bangladesh to come to India and get to know India. They simply do not know India, they often know the US, China, Japan more than they know next door India and when I go and give talks and engage with people in Sri Lanka I'm always surprised. I'll give you one last example I asked students at one University in Sri Lanka what languages do you teach in your international relations program -- and they told me Korean, Japanese, Spanish, Chinese of course. And I asked why not Hindi or Tamil, for example, and they said no those are old languages. So that is the idea of India as this old neighbour, the cultural bigger brother next door but it's not a market of opportunities for growth for the younger generations in the neighbouring country -- so I'd say a massive program in terms of visiting fellowships and support for younger leaders to come to this region and get to know the new India would be very beneficial.

MV: My guest on the show this week is the scholar Constantino Xavier. He is a Fellow in the foreign policy and security studies vertical at the Center for Social and Economic Progress where he leads the Sambandh initiative on regional connectivity. Tino, we covered a lot of ground from the Maldives to Sri Lanka to Nepal to China to the Middle East. Thank you so much for taking the time.