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Editor's Note

Dear Readers,

The first full year budget by the new government was presented amidst very high expectations of announcement of big bang reforms, by a government which enjoys unprecedented majority in the lower house of Parliament. The proposals set out in the budget lay out the roadmap for accelerating growth, enhancing investment and passing on the benefit of the growth process to the common man, woman, youth and child: those, whose quality of life needs to be improved. More importantly the Finance Minister underlined that this is the path which will be doggedly and relentlessly perused.

The economic survey noted that India is today in a sweet spot, largely relieved of the vulnerabilities associated with an economic slowdown. Inflation has steadily tapered down, thanks to the sharp reduction in the price of crude oil, fiscal deficit has reduced, domestic demand is picking up, and the external value of the Indian rupee has also stabilized.

The Budget 2015 was balanced between growth and fiscal prudence and saw a paradigm shift in its thinking to bring ideas of social security for the weaker section. It also expanded the savings pool by creating a fungibility mechanism to convert physical savings into financial savings. In its refined architecture, the government has realigned its relationship with the states by empowering them through higher devolution (62% of national revenue) which could be channelized toward on-the-ground spending. Though fiscal road map has been stretched by a year, incremental deficit is being earmarked for infrastructure spending.

The government's paradigm shift by amending the Reserve Bank of India (RBI) Act and create a monetary policy framework with a target of keeping consumer inflation (CPI) below 6% is a move that formalizes the Indian central bank's role as an inflation targeter. This framework will decrease the uncertainty around the decision making process and there will be limited possibility of any speculation. To check black money menace, the government announced 10-year imprisonment for hiding foreign assets, along with a host of other tough measures including dis-incentivising of cash dealings in real estate and other transactions. Overall, the Budget addresses three strategic pillars of the economy by inter-weaving pro-poor, pro-growth and pro-investors agenda in the same breath.

In this issue we explore in greater depth the changing role of the RBI and implications of crackdown on black money. We also bring an extensive report of all our events in the last few months. We have been very busy with many activities some of which have been on the scale and size we had never conducted before. It is our hope that the reports that we have sent out in this issue will motivate our readers to join us in our programs on as we embark on an ambitious journey of bigger and bigger projects of national rejuvenation.

The country is brimming with energy and enthusiasm. There is hope that good things await our great nation. However, hard work and commitment must precede our success. We at the Foundation remain committed to this journey no matter how long it takes and how hard it is. We hope our readers will continue to share our enthusiasm and keep sending us their valuable feedback. This motivates us to do more.



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Budget 2015 and Changing Role of RBI: Reform and Institutional Development

*Shakti Sinha

The presentation of the Union Budget on February 28th every year is a much awaited event not just for the finance professionals and economic analysts since it announces changes in taxation regime and fiscal deficit numbers that is a significant pointer to macroeconomic stability but, for people at large since its sectoral allocations and policy announcements largely determine economic growth. Earlier the President's address to the joint session of Parliament, like the British crown's annual address was the platform for the government to present its policy agenda. With the advent of liberalisation, and the close link between opening up of the economy and growth rates, the budget has usurped this role.

Less understood till recently was the important role of institutional reforms and restructuring in achieving economic, social and political goals of a country. Despite the pioneering work of the Noble prize winning economist Douglas North, Indian policy makers tended to ignore systemic factors and largely assumed that policy announcements were enough to get the 'animal' spirits going. Where institutional gaps were noticed, or became rather obvious, specific interventions were made and often, new institutions created to meet these narrow challenges, or mandates of existing institutions were modified. Fortunately, in recent years, this approach has been seen to be limiting India's ability to grow near its potential. Consequently, there have been efforts to correct the situation, e.g., the draft direct tax code, the establishment by executive order of a Finance Stability & Development Council in the wake of the 2008 trans-Atlantic financial crisis etc. Perhaps the

most ambitious, and potential game-changer, was the setting up of the Finance Sector Legislative Reforms Commission (FSLRC), headed by Justice (Retd.) B. N. Srikrishna, which submitted its report in March 2013. The FSLRC drafted an omnibus Draft Finance Code (IFC), of 450 articles covering all financial activities. This article looks at the Budget 2015 and the evolving role of the Reserve Bank of India (RBI), particularly in the context of the draft IFC. (I will not comment on other aspects of the IFC, which would require a detailed monograph).

Monetary Policy Framework

The Finance Minister's announcement in his budget speech that the government had concluded a Monetary Policy Framework Agreement with the RBI, the first in the 70 years that the RBI has been in existence, did not get the attention it deserved. The media attention was obviously concentrated on changes in taxation regimes and how these would impact on different sectors like infrastructure, on fiscal numbers and on the revolutionary tax devolution that effectively shifts the action to the States. However, in terms of institutional innovation and its potential impact on investment and growth, this agreement is no less revolutionary. It gives the RBI specific objectives and acknowledges its operational independence while holding it accountable. These three characteristics of sound governance, if applied to all public institutions including the bureaucracy, judiciary and the police, will see a sea change in government effectiveness and development outcomes.

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Specifically, the agreement lays down that India's monetary policy will be guided by the need to "maintain price stability while keeping in mind the objective of growth." The price stability sought is not a fixed number but a band, 4% +/- 2%. While rightly recognising inflation as the key issue in monetary policy, this approach is realistic since it provides adequate flexibility, recognising that the monetary transmission mechanism is far from perfect. This is because substantial sections of the Indian economy are still unbanked, credit to GDP ratio is low, and considerable *force majeure* effects in sectoral performance leading to fluctuating levels of non-performing assets of the banking sector. In such circumstances, price stability cannot be a rigid number and the RBI would need to be able to use a range of instruments depending on the circumstances.

The target band is in line with the recommendations of the Urjit Patel Committee report (2014) set up by the RBI to look at what is broadly known as 'inflation targeting.' The Committee had recommended a 'gentle glide path' approach so as to avoid abrupt destabilising action in cases there was a rush to meet the target. Instead it recommended bring down consumer inflation rate to 8% by January 2015 and 6% by January 2016. Since inflation had come down to around 5% by 2015, helped by policy interventions that had tamed the rise in food prices contrary to the general belief that the main factor was the fall in petroleum prices, the monetary policy framework agreement eliminated the intermediate targets and seeks to bring down the rate of inflation to 4% by March 2017. For the current year, the RBI has to ensure that the inflation does not exceed 6%. The (+/-) 2% band will kick in next year.

If the target band is missed in three consecutive quarters, the RBI Governor would have to write a letter to the Finance Minister giving reasons why this has happened and list the remedial steps. The RBI

proposes to take and give an estimate of when inflation would be back on track. While this makes clear RBI's accountability and operational independence, it is anchored on the understanding that both monetary and fiscal policies influence inflation. The substantial fall in consumer price index over the past months convinced the RBI that the Finance Ministry was serious in its attempts to moderate inflation. In the context of two unscheduled rate cuts by the RBI on January 17, 2015 and on March 4, 2015, *The Economist* commented, "the Central Bank seemed to accept the argument from the Finance Ministry that, the fiscal squeeze so far has been far harder than suggested by the headline budget-deficit numbers.¹ It is no surprise that the RBI governor Raghuram Rajan, taking about the agreement, said that it "makes explicit what was implied before – that the government and the RBI have common objectives and that fiscal and monetary policy will work in a complementary way."

To most international and casual observers, this monetary policy framework agreement does not seem revolutionary at all, so why is this claim being made? This is because public institutions in India are 'vested' with functions, often couched in the broadest of terms. And accountability measures are absent, with no sanctions listed for failures². The RBI is a case where these characteristics can be seen. It was set up as a consequence to the Great Depression of the 1930's which saw bank failures, contraction of international trade as a result of panic-induced erection of tariff walls and a breakdown of monetary system, cumulatively leading to a collapse of demand and supply. India, fairly globalised in terms of supply of raw materials and import of finished products, was not immune to these developments. The preamble to the RBI Act (1934) accepted that since the global monetary system had become 'presently' disorganised, 'it was not possible to determine what

will be suitable as a permanent basis for the Indian monetary system.’ The way out was ‘to make temporary provision’, and in the circumstances ‘to leave the question of the monetary standard best suited to India to be considered when the international monetary position has become sufficiently clear and stable to make it possible to frame permanent measures.’

Ironically, the present executive, though not statutory, agreement has come when the international monetary position can hardly be called ‘clear and stable!’ Fortunately for India, over the past quarter of a century the RBI has moved away from being a handmaiden of the government to acting independently on monetary policy, often despite nudges from successive Finance Ministers. The first step at institutionalising RBI autonomy was the 1997 Ways and Means agreement with the Finance Ministry that stopped the automatic monetising of the central government’s fiscal deficits. Though this again, like the present framework agreement was through executive action, it has served the purpose of fostering fiscal fortitude, and making government’s borrowing needs transparent and creditable. The present framework agreement credibility gains strength in the context of moves to amend the RBI Act to provide for a Monetary Policy Committee, in line with standard practise in central banks in systemically important countries. However, before going into that, a short diversion into inflation targeting and its usefulness in our context is important.

Inflation Targeting and RBI Accountability

It was the central bank of New Zealand, a small economy dependent on exports of primary goods that established the efficacy of inflation targeting in running a successful monetary policy. Central banks are often tasked with multiple goals, often contradictory and it is no surprise that the results are

mixed, with price stability often sacrificed at the altar of growth. Further as the case of the RBI makes clear, the goal of price stability can clash with the central bank’s role as both the guardian of the banking sector and the manager of public debt. The New Zealand example showed how there is no real contradiction between growth and price stability over the medium term once inflation is factored out of nominal growth figures. Gradually, inflation targeting became almost *de rigueur* across developed country central banks, even when there were no formal targets. Post 2008, the prolonged recession in the advanced economies has led to sustained periods of real negative interest rates despite unorthodox measures like Quantitative Easing (QE) where central banks buy up limitless amounts of debts/assets of the banking sector releasing equivalent amounts of money into the system. However, growth and employment seem largely immune to this stimulus. These unexpected developments that do not seem to have an end have largely relegated inflation targeting to the sidelines, with central banks being held responsible by many for the 2008 crisis caused by their ‘regulatory forbearance’ that allowed such systemic risks to build up and collapse.

The situation in India is markedly different. Even when growth collapsed from 2009-10 onwards, consumer price inflation remained stubbornly high; India was an outlier in that all large developing countries saw inflation decline and in fact struggled with deflation. The unusual Indian situation was on account of two factors. One was a conscious government policy that changed the terms of trade between agriculture and the rest of the economy, far in excess of changes in input prices. The resultant food price inflation took away from the rural consumers all the gains from this flow of funds to the rural areas. Two, the government turned anti-growth with all kinds of bottlenecks and capricious

decision-making that prevented growth- and employment-enhancing investments. Lack of investments led to supply bottlenecks that pushed up prices even further. Supply constraints ideally could be countered by lowering interest rates. However, the RBI could not bring down the interest rates due to high fiscal deficits and high consumer inflation. It finally required a rigorous fiscal squeeze of the quality that convinced Raghuram Rajan to cut interest rates twice with two months outside the normal cyclical meeting to really tame inflation, something for which the current government has not been given its due.

With rising expectations, increase in purchasing power and supply bottlenecks that acts as cost-plus, inflation would continue to be an issue in India, particularly when growth rates are poised to take-off. Similarly, other limitations referred to earlier, makes the transmission system inefficient and inadequate. Keeping these unique characteristics in mind, both the aspects of the new monetary policy, the rate band and definition of failure (three consecutive quarters), are well thought off and while placing price stability at the core of monetary policy does not relegate the growth concerns to a footnote. The RBI is not expected to squeeze inflation out of the system even when the target has slipped for three consecutive quarters; it has to only lay down its remedial plan and the expected time to bring inflation back within the target band. This flexibility would also be necessary were India to face deflation, where admittedly available monetary tools have limited efficacy.

Monetary Policy Committee

RBI's monetary independence would make sense only in the context of a rigorous, transparent and credible decision-making process, as any practitioner of public policy would argue. Presently, the RBI governor exercises unchecked powers in setting the policy rate. This was understandable, though still not

appropriate, when the RBI functioned as an arm of the Finance Ministry, so in effect the former used to take guidance from the latter. Any unchecked powers on any authority particularly exercising powers in the public domain would be disastrous; the Greek concept of a Philosopher King is best left as a concept. The Finance Minister's announcement in the budgets of government's intention to modify the RBI Act to provide for a Monetary Policy Committee (MPC) is to be seen in this light. However, no details are yet available about the composition, decision-making processes etc. There have been apprehensions that the Government would have large role to play in appointing its members, particularly in view of the recommendations of the FSLRC, as below.

At present, the governor sets the policy rate. He does have the benefit of advice of a group of eminent economists, as also of his deputy governors and executive directors who attend the monetary policy meeting. The Urjit Patel Committee recommended a five person MPC consisting of the governor, deputy governor (monetary policy), executive director (monetary policy) and two external members selected by the governor and deputy governor. There would be no veto power. The FSLRC on the other hand had earlier recommended a seven person MPC including the governor and one executive member of the RBI Board. Three external members would be picked by the government and two external members by the government again but this time in consultation with the RBI governor. A representative of the government would also attend but have no voting rights. The governor would be entitled to exercise a veto but this would need to be backed by a public disclosure of the reasons for such a veto. The Bank of England (BOE) has a nine person MPC with four external members nominated by the Chancellor of the Exchequer (Finance Minister), with a government representative present but not voting. The governor,

three deputy governors and the chief economist of BOE outnumber the external voting members. The US Federal Reserve has a very different structure so the composition of its Open Market Committee, its equivalent of the MPC, is not helpful for understanding how India should go about the job. Brazil's MPC is purely an in-house committee consisting of the governor and seven deputy governors, with the former having veto powers.

Public Debt Management Agency

There are two other issues in the budget speech and related statements by the Finance Minister and RBI governor that has implications for the changing role of the RBI and institutional development of the financial sector. These are the proposed setting up of a public debt management agency to handle all domestic and external debt of the government, and whether capital controls and its liberalisation is a policy or a regulatory issue. Of course there are other significant aspects of the FSLRC recommendations that would impact the RBI, and lead to changes and institutional restructuring e.g. grievance redressal processes etc., these two need particular attention.

The Finance Minister stated in his budget speech that the government would establish a public debt management agency (PDMA). Presently the RBI manages government's domestic debt based on the latter's borrowing programme, by selling and redeeming government bonds. Externally, most government debt is due to borrowing from multilateral development banks, though occasionally government has approached international lenders. Due to the predominant structure of external debt, its management is done by the Finance Ministry. Two important concerns that have arisen from this management approach are the lack of an integrated approach of government liabilities, and RBI's conflict of interest as the manager of government's debt and

as the authority responsible for the health of the banking sector and for maintaining price stability. While the first concern can be dealt with by having a PDMA, the latter is more difficult as RBI must balance the need for low cost financing for the government with the macroeconomic consequences of having a permanent low interest rate regime.

A further potential liability not captured in the present arrangement is government's increased use of guarantees to public sector entities, para-state entities etc., that does not show up anywhere in the books. While central bankers and few others have objected, the FSLRC was right in recommending that the PDMA should be lodged in the government. Cash and contingent liabilities management is a treasury function, best exercised by the executive. RBI's focus should be responsibility for maintaining price stability and the health of the banking & payment systems, particularly the challenges for meeting the latest version of the Basel requirements. The Finance Minister should move towards setting up a PDMA, which would require legal changes, and considerable administrative preparations.

Capital Controls

The last issue that would require a very conscious move is to understand that decisions on capital controls are much more political than a matter of foreign exchange reserve management. India has freed up all controls on the current account, which was essential to have a competitive trading regime, reduce the generation of black money etc. The Foreign Exchange Management Act 1999 and various, often confusing and contradictory, regulations by different regulators control the trans-border movement of capital, e.g., individual approval for FDI above a threshold, organisation of regulations by asset class – equity/ quasi-equity/ debt, multiple investment vehicles like foreign institutional investors (FIIs)/

foreign venture capital investors (FVCIs)/ qualified foreign investors (QFIs)/ NRIs / PIOs.

Capital controls are different from control on the current account because these are about ownership of assets. Governments globally decide the sectors in which they would like, or not like, foreign ownership, how much exposure to be allowed, and whether they would like to retain specific country restrictions for strategic reasons. Despite objections by many bankers that the executive should not interfere, the FSLRC recommended that the policy governing capital controls is an executive function. Specifically, the Finance Ministry would make the rules governing the inflow of capital, in consultation with the RBI. Since outflows can more potentially destabilise exchange rate stability, the RBI is better placed to make regulations in consultation with the government. This division of functions, while apparently typically

bureaucratic, has considerable merit. The Finance Minister's statement that decisions on reforms of the capital controls regime was a policy matter indicates that in principle the government agrees with the FSLRC's recommendations.

Conclusion

Reforming the architecture of the financial sector to serve the needs of a rising India is not going to be easy or quick. However, all indications point to government's acceptance of the need for taking a systemic view and refrain from patchwork approach that has led to a plethora of laws, regulatory institutions and regulations that are crying for reform. In addition to an integrated approach, the three principles of clear objectives, autonomous decision making and accountability should guide this reform and restructuring process.

References:

¹ *The Economist*, 'Lights, action, cut', March 4, 2015

² Ila Patnaik and Ajay Shah, 'Reforming India's Financial Sector', *Carnegie Endowment for International Peace*, January 2014.



Combatting Black Money and the Recovery of Black Assets

*Vikramjit Banerjee

Today there is a lot of discussion about black money. The discussion is not only in India but all across the world. According to many it is black money and the parallel economy which is being used by dictators, mafia gangs, drug dealers and terrorists to run a very complicated racket which mixes illegal finances, illegal arms and illegal extraction of resources. All over the world, global corruption is an issue which cannot be disregarded anymore. The blasé attitude which many of the extractionary elites which ruled postcolonial countries from the time of the independence from colonial masters had towards corruption has created this Frankenstein monster. It is therefore time, that there is a clean up of dirty financing which is the basis of all this web of illegalities if we are to have rule of law as a fundamental basis on which society is governed.

In India the problem with the black economy or parallel economy is not a new one. The black economy existed at the time of independence. It possibly existed even though unaccounted for during the British tenure but exploded on the scene with World War 2 when huge profits were made on the black market through illegal means. The seeds of today's black economy is therefore to be found in the war profiteering which resulted in untold wealth just before independence.

This deviancy has been coupled with the tendency of the postcolonial elites of the country to siphon off money from illegal actions including bribes and investing the same either in foreign bank accounts or in assets within the country. Needless to say this has resulted in a huge bubble specially in real estate construction which has been sustained by this parallel economy based fundamentally on corruption. The

heights of such corruption and stacking of black money and black assets was reached during the United Progressive Alliance's government between 2004 and 2014. This in turn resulted in the tremendous backlash which resulted in installation of the present government. The present article is focused on how to combat black assets both on a national scale as well as on an international level.

There are very many different aspects of black money and they need to be addressed including how to stop the generation of black money and to account for the same. However the present article does not concentrate on all the aspects. The present article only deals with steps which can be taken to combat and/or bring to an end of black money menace. The article also in the second half concentrates on how to use law to recover the unaccounted for assets which are the result of this generation of black money.

How to Combat the Black Asset Economy

The single biggest reason for the generation of black money and creation of black assets in the world is crony capitalism. Black assets are those assets which are created from illegal earnings and corruption. The tendency of those in power to promote cronies and ensure that economic benefits are given to cronies in exchange for financing at the time of elections and for private purposes has resulted in an unholy nexus whereby unaccounted for financing is used in exchange of favours granted. The favours obviously are illegal because in most countries and jurisdictions the favours are barred by corruption laws. To circumvent the corruption laws crony capitalists and their political friends devise complicated methods to generate illegal wealth and thereafter to ensure such

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illegal wealth is invested in a manner so as to avoid the scrutiny of law. What happened during the telecom spectrum scam and the coal mine allocations scam during the last years of the UPA Government is the perfect example of this nexus of crony capitalism.

The solution is of course to have an establishment which follows the rule of law, that is, the impunity of the crony capitalist should be taken away. The crony capitalist should be aware that any violation of rule of law would result in harsh punishment. The long arm of the law should also be made independent so as to be able to follow and nail the corrupt including those who are in high positions of the government as well as very important industrialists without the fear of being subverted.

Another reason for the generation of black money is the prevalence of secrecy jurisdictions. The secrecy jurisdictions are jurisdictions which give protection against disclosure of financial assets which are invested in them. As all of us know Switzerland is famous for having banks which are completely opaque. Throughout the world the Swiss bank has a reputation of not disclosing who has invested or put money in it. This is taken advantage of by corrupt politicians everywhere who stash their illegally earned wealth in secret jurisdictions like Switzerland. Though recently there has been a lot of pressure on Switzerland to be more transparent however even today there are large amounts of money stashed away in Swiss banks which have been earned from corrupt practices throughout the world. Interestingly though it is Switzerland which has a reputation of having opaque secret jurisdictions, various different countries have created this secret jurisdictions so as to benefit from this illegal wealth. Even so-called transparent economies like United States and the United Kingdom have created offshore illegal havens beyond the scrutiny of law, like the state of Delaware and the Channel and Caribbean Islands. There must be a

movement globally to close down these secret jurisdictions.

Thirdly it must be acknowledged that another of the biggest sources of corruption is the multinational companies. These multinationals which are huge behemoths whose earnings are sometimes more than certain countries, have used corruption and bribery for the purposes of getting concessions and contracts throughout the developing world. It is interesting to note that even in India the telecommunication scam involved foreign companies as well as national companies. Notably the allegations of defence corruption which have so caught the imagination in India have always involved foreign companies, including Bofors, Agusta Westland and Tatra. The power project involving Enron also was rumoured to have involved a large amounts of money for the purposes of “educating” the Indian public about the benefits of power. It is important that this has to stop. It has to stop because multinationals have an inordinately large power and very deep pockets. Multinationals also have the easy wherewithal to ensure that corrupt politicians are able to invest money in different jurisdictions beyond the scrutiny in their own countries.

Fourthly there has to be a movement which will clamp down on political corruption. Political corruption generates unaccounted for black wealth. This black wealth is then transferred and distributed throughout the world and within the country. In India the movement of *India Against Corruption* was an incredible movement which stood up against political corruption in all its forms. However, it seems that there is need for an institutionalisation of this clamping down on political corruption. Whether it be the multinationals, whether it be local industrialists, the politician is the sole fulcrum on which the entire edifice of corruption revolves. The reason is because the politician is in a position to change policy as well as distribute state largesse. A person so inclined to

benefit from both these can easily do so. Lee Kuan Yew in Singapore therefore made it one of his chief goals and the growth that we see in Singapore today can be attributed to this success in dealing with political corruption. If India is to grow and get ahead in the next century, the biggest impediment is political corruption. As a country we therefore need to work towards not only getting stronger laws to combat political corruption but also a methodology to ensure that the laws are implemented and the corrupt are brought to justice.

The fifth major source of black asset generation proper world is organised crime. We have heard of anecdotal evidence of how both the political players as well as industrialists have collaborated with organised crime in this country. The boom in distant countries which are closely linked with Indian organised crime networks especially in real estate and ultra luxury investment is an indicator of this phenomenon. The presence of a large number of industrialists and politicians frequently in these global havens show that these linkages are very strong indeed. It is time that we clamp down not only on money being stashed away in Swiss banks as we rightly should but also against investment in these havens. It is an open secret as to how these havens have nurtured organised crime bosses and used the wealth generated by these networks in India in order to pump in money into their real estate. Whether it be Dubai or Bangkok, it is important that those investing in these places be under stronger scrutiny and the money moving to and fro from India to these places be investigated. It is also important that within the country crime networks which act as conduits for rich and the powerful be dealt with strictly and with the highest punishment possible for their crimes.

It is important under the above-mentioned circumstances to hold business people and industries to a high standard and therefore make them responsible for corrupt practices. A large part of the

solution to combat black money is to hold those who are its major facilitators, that is, industrialists as well as business people to anticorruption standards. The industrialists should be put on notice that stashing away of illegal wealth or creation of illegal black assets within or outside the country would result in stringent action against them. It is also important to ensure that a consensus is created amongst various different industries and trade bodies that they will ensure that they are not facilitators of black money or black wealth. To that end some have suggested that the government should therefore take the lead to arrive at industry wide anticorruption agreements between business, government and industries. This would set the standards which cannot be violated by the players who are interested in carrying on business in the country. It will also result in some sort of check on politicians when they deal with business people.

Lastly, it is extremely important for the government, that it creates a mechanism and a structure for repatriations of black assets. The government should make it known that black assets anywhere in the world will not be tolerated and the government will do its utmost and very best to ensure that black assets created whether inside the country or outside the country will be recovered. There can be two methods of how to recover black assets. One method is to hold those holding the black assets criminally liable along with those who have created those black assets and recover the same as proceeds of the crime of corruption. The other method is to make corruption a civil wrong which can be used by the government to get possession and injunction on such assets. It is obvious that the first method is much more thorough and in much more accordance with human rights values, it is the second which has the biggest chances of success. The Indian government has come out with a slew of anticorruption legislation including various anticorruption statutes and the various laws on prevention of money laundering in

India, however in spite of their stated purpose they have not been very successful. Possibly, the biggest reason for their spectacular failure has been that, in conforming to the high standards which are required in the criminal prosecution they have failed to combat the menace for which they were enacted that is corruption and money laundering. In the next part of the article a new method is suggested based on the experiences in the United Kingdom as to how we can have recovery of black assets through civil law.

Asset Repatriation through Civil Law - A Suggestion

As a first step, it is suggested that an Asset Recovery Agency (ARA) be created dedicated only for the purposes of ensuring recovery of black assets earned through crime and corruption whether the same is invested in the country or invested outside the country. The said agency should be a dedicated one and should work in coordination with various other agencies of the government dealing in crime, corruption, serious fraud and money laundering. The ARA should have the power of investigation including the power of search and seizure of documents. Needless to say that the ARA will require special officers who will be selected only for the purposes of ARA so as to ensure that these officers are isolated from the rest of the structure and therefore largely impervious to outside pressure. The outside pressure under ordinary circumstances would be very huge since it involves the high and mighty of the country and it is very important that the ARA is insulated.

The next step would be to create a legal system whereby it would be possible for the ARA to approach a civil court to get injunction against assets which in its mind are either proceeds of crime or are in the nature of black assets. It is suggested here that the civil court which is going to be designated for the purpose of granting this injunction should be the High Court of the state. This will ensure that there is some

sort of scrutiny over the actions of the ARA and will also ensure that ARA acts in accordance with rule of law and not in blatant violation of fundamental rights. The High Court will always have the right to go into any violation of fundamental rights by the ARA while proceeding with its investigation.

The other remedial method which can be incorporated into the proposed law would be the right to the High Court to force those who are alleged to be the owner of black assets, which are under injunction, to disclose their documents in relation to the said black assets. The said power should be backed up by penal provisions which would allow the High Court to put those alleged to be holding the black assets, in prison and hold them there with periodical review till they come up with documents in relation to the same. On the face of it the same would be in violation of fundamental rights and therefore it is my suggestion that the powers only be vested in the High Court so as to ensure that the same is not misused. Of course those affected will have the power to approach a larger bench of the High Court and thereafter to approach the Supreme Court so their right of judicial review is not taken away completely. As the experience with Sahara shows this method can be quite effective in forcing the recalcitrant to act in accordance with the law.

The third remedy which can be brought into as part of the civil law which is to be enacted is that the assets on which injunctions are put as a result of the proceedings as discussed above should be in the hands of a Receiver appointed by the court itself. This Receiver should have the power to sell the assets under the directions of the court. It is suggested that this would also further strengthen the hands of the court against those holding black assets, besides of course making it clear that those responsible for the creation of the black assets cannot enjoy the fruits which they intend to do.

The fourth important point in this civil

methodology is to shift the burden of proof from that of the prosecution, being the ARA, to prove that the assets are black assets and proceeds of crime on to those alleged to be holding these black assets once the ARA has made its case that, the properties which are held are a result of either proceeds of crime or corruption. It is also suggested that the government should also dilute the standard of proof required to attach the above-mentioned assets. One of the prime reasons in classifying this legislation and structure as not a criminal proceeding is to ensure that the criminal standard of proof that is “beyond reasonable doubt” is brought down to a “balance of probabilities” which is the standard of proof for civil matters. The lowering of the standard of proof will help the ARA in being able to make out a case much more easily against these black assets.

The question will obviously arise is whether giving of such powers would result in violation of fundamental rights and whether the same would be liable to be misused by those inclined to do so for whatever reason anyone may want to. It is for that reason that the powers as has been suggested should always be with the High Court which will ensure that neither the government nor the ARA can misuse its powers.

Fifthly it is suggested that the mere fact that the black assets or the assets created out of proceeds of crime has been transferred to third parties should not be a ground for exempting the assets from being attached. The defence which would obviously suggest itself from those holding the black assets would be that, they obtain the black assets without knowing that, they were proceeds of crime or corruption and in “good faith”. It is suggested that this obvious defence should not be allowed to outweigh the

apparent benefit of recovery of assets which have been created out of cheating the people of the country.

Lastly as has been suggested variously before, it is important for the purposes of rule of law that the above-mentioned measures which can be construed to be too strong be balanced with checks and balances to ensure that they are not misused. To this end, it is suggested that a separate determination within the Original Side of every High Court be created with a designated High Court judge to specifically go into issues of asset recovery. The said benches which would be created would be on the lines of commercial benches which are being envisaged across the country.

Last Words

The industry today rightly wants the freedom to conduct business without interference of the government. However, it is neither in the interests of the people or of the industry to have crony capitalism and creation of a parallel black economy and black assets. It is time both the government and the industry therefore take concrete steps to weed out the bad apples within the industry and the government. It is for the industry to embrace the rule of law so as to ensure that the market continues to perform freely without being distorted by external forces. The burden is both on the government and the industry to end crony capitalism and the extractionary state. The present National Democratic Alliance government has taken steps to end this corruption regime. The steps including the proposed new Black Money Bill and changes in the Income Tax Rules should therefore be welcomed both by the common people as well as the industry at large. The article is written to remind that there is yet a lot of more work to be done in that regard.



Conflict in Yemen and Pakistan's Dilemma

*Alok Bansal

Yemen has been in turmoil for some time. After the Arab Spring successfully claimed the scalps of entrenched rulers in the Middle East, the youth yearning for change also started protesting against President Ali Abdullah Saleh in Yemen. Saleh, a Zaidi Shia, who had been ruling since 1978, first as the President of North Yemen till 1990 and thereafter as the President of unified Yemen; was eventually forced to step down in 2012 by the protesting youth. He was replaced by his Vice President Abed Rabbo Mansour Hadi, a Sunni Arab. His regime was opposed by a militia of Zaidis, who had captured large territories in three provinces in the North. The militia called as Houthi militia, after their leader Hussein Badreddin al-Houthi who was killed by the Yemeni armed forces in September 2004; attacked Sana' a, the capital of Yemen in January 2015, forcing President Hadi and Prime Minister Khaled Bahah to resign. However, both subsequently, claimed that their resignations were not accepted by the Parliament. The Houthis officially took over the government of Yemen on 06 February.

Hadi, who had been put under house arrest in Sana' a, escaped and managed to reach Aden, which had been the capital of South Yemen, before unification. On 21 February, he declared Aden as the provisional capital and started running the government from there. On 20 March 2015, al-Badr and al-Hashoosh mosques were attacked by suicide bombers, which resulted in killing of 142 worshippers and injuring 351 others. Although, the Islamic State claimed responsibility, the Houthis accused the US and Israel of supporting the attacks. They also blamed regional Arab states for financing terrorist groups

operating inside Yemen. Consequently, the Houthi militia in conjunction with the troops loyal to former President Saleh attacked Aden and captured the airport. President Hadi fled Aden to reach Saudi Arabia and sought Saudi help. Saudi Arabia, alarmed by the rise of a de facto Shia state in its backyard, accused Iran of helping the Houthis and to counter them established a coalition of five Gulf States (Saudi Arabia, UAE, Kuwait, Bahrain and Qatar), Egypt, Sudan and Morocco. The alliance was widely perceived as a Sunni alliance against Shia Houthis and an extension of existing conflict between Shias and Sunnis in Syria and Iraq. As the coalition assumed a sectarian hue, it was opposed by Shiite states like Iran, Iraq and Syria, besides Hezbollah. Oman, a predominantly Ibadi state has maintained neutrality, despite being a neighbour of Yemen.

The turbulence in Yemen concerns the Saudis, because the Saudi regime is neither representative, nor has the support of all sections of its population. Besides, the Shiite minority in Saudi Arabia has been restive for some time. Yemen is Saudi Arabia's soft underbelly and although Saudi Arabia is resource rich, with sophisticated military hardware, and in terms of area is more than four times the size of Yemen, the population of Yemen is almost comparable to that of Saudi Arabia. As the capacity of Saudi ground troops to fight has always been under question ever since Saddam had invaded Kuwait and Egypt, the only country in the coalition with worthwhile ground forces, was unwilling to commit troops, despite having received billions of dollars worth of Saudi aid. Egyptian unwillingness stemmed from their disastrous experience of having intervened in Yemen under

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Nasser. Consequently, Saudis looked at Pakistan and Nawaz Sharif, who is personally indebted to the Saudi royal family, readily agreed. The Saudi King accordingly named Pakistan as also a part of the alliance of the Sunni States. Not only that, as soon as the Saudis raised alarm bells about the Houthis, Pakistan's government made pompous statement that Pakistan will shed blood to defend Saudi Arabia. Nawaz Sharif, grateful to the house of Al-Saud for having bailed him out from Musharraf's jail, was more than keen to be of use to Saudi Arabia and was eager to be with them in this fight.

To make this intervention more palatable to the domestic public, a twist was given to the whole tale by projecting Pakistan's offer of support as defence of Mecca and Madina, the two most holy cities in Islam. Based on Pakistan's verbal assurance of support, Saudi forces launched aerial strikes on Yemen. Saudis formally requested Pakistan for aircraft, ships and most significantly ground troops, as none of the other countries from outside the region, including Egypt agreed to contribute ground troops. There were already, over 1000 troops from Pakistan in Saudi Arabia for a military exercise and were mobilised for operations. However, the aerial intervention in Yemen, in no way helped to consolidate the regime of President Hadi, while it did force Houthis to retreat in some sectors, they made gains in some others turning the conflict into a stalemate. More significantly, this conflict enabled Al Qaeda in Arabic Peninsula (AQAP) to make significant gains in the South as the government forces have either disintegrated or are busy fighting the Houthis.

As facts became clearer in Pakistan, there was furore against Nawaz's proclaimed support to Saudis. Unlike in the past, Saudi Arabia does not draw undisputed admiration from Pakistani populace, cutting across sectarian and ethnic divisions. One of the first, to advise Nawaz against jumping into the

quagmire in Yemen was former President Asif Ali Zardari, the leader of opposition Pakistan Peoples Party and himself a Shia. On the other hand, most of the religious groups aligned with Sunni Wahabi ideology, started drumming support for Saudi stance and proclaiming that Pakistan's military was meant to defend Islam, thereby implying the Islamic holy cities in Saudi Arabia. As the sectarian polarisation increased, the Shias in Pakistan came out openly against any support by Pakistan to the Saudi offensive, claiming that it was Saudi Arabia, which was interfering in Yemen's internal affairs. Even secular political parties, like Pakistan Peoples Party (PPP) of Zardari, Muttahida Qaumi Movement (MQM) of Altaf Hussain and Awami National Party (ANP) led by Asfandiyar Wali Khan advised against interference into Yemeni conflict.

Similarly, most intellectuals, who were aware of Yemen's history and the reputation of Yemenis as fierce fighters, opposed Pakistan getting embroiled into an Arab conflict and stated that there was no threat to Saudi Arabia, less so to the holy cities. They also felt that there was no point in antagonising Iran at this stage. Most significantly, the Army Chief General Raheel Sharif, informed the government that Army which been operating against Tehrik-e-Taliban Pakiastan (TTP) as part of Operation Zarb-e-Azb since 15 June 2014, was over-stretched and had no spare capacity to depute ground troops to Yemen. Considering the salience of the Army in Pakistan's political matrix, it became impossible for Nawaz to even consider ignoring his view point.

Pushed into a corner Nawaz talked of consulting Turkey another Islamic country, which had not yet committed itself to the conflict. Turkey, with a glorious past, has been trying to rediscover its Ottoman Past and of late had become fairly active in Arab affairs, especially in Syria. More significantly, Turkish reaction was considered significant, as the Ottoman Empire

had ruled over Yemen and suffered major reverses there. Meanwhile, to deflect criticism, Nawaz Sharif, called for a parliamentary debate on the issue, so that the decision either way could not be attributed to him. Meanwhile public clamour for Pakistan mediating, rather than interfering in the conflict grew. After a visit by the Iranian envoy and discussions with Turkey, the two countries issued statements, which talked of restraint by both the sides. Parliament after a long vociferous debate passed a resolution on 10 April 2015, asking the government to stay away from the conflict and try to resolve the differences. At the behest of Imran Khan's PTI, which is believed to be close to the Army, a clause was inserted that Pakistan should maintain neutrality in the conflict.

Pakistan's denial of ground troops for the offensive perturbed Saudi Arabia and more significantly United Arab Emirates (UAE), which had taken Pakistani collusion for granted. Saudis made their displeasure known and dispatched their Adviser on Religious Affairs, Abdul Aziz bin Abdullah Al Ammar to Pakistan to mould public opinion in their favour, whereas the army spokesperson of the Kingdom, clearly stated that although the operations will undergo without Pakistan. Pakistan Army's participation would have been very useful. They also made it absolutely clear that Saudis were not looking for Pakistani mediation, but for military support against the Houthis. UAE was more brash and castigated Pakistan for talking of neutrality. UAE Minister of State for Foreign Affairs Dr. Anwar Mohammed Gargash even warned Pakistan of heavy price to pay. He went on to accuse both Turkey and Pakistan of pandering to Iran. He accused Pakistan of overlooking the Gulf countries, although it expected them to bail it out in times of crisis.

The statement by Gargash led to some show of national pride by some Pakistani ministers, and more significantly by some columnists in the media.

However, Pakistan was in a big dilemma, as half of its remittances, which are an extremely important source of Pakistan's Foreign Exchange reserves, are received from Saudi Arabia and UAE. In the first nine months of current fiscal year ie from July 2014 to March 2015, Pakistani migrant workers from across the globe sent home 13.327 billion dollars, of which 4.045 billion dollars sent by Pakistanis in Saudi Arabia and 2.948 billion dollars from sent by Pakistani expatriates from UAE. Any disruption of this valuable and recurrent source of foreign exchange could be catastrophic. The strong reaction by both Saudi Arabia and UAE indicated that the Pakistan government willingly or unwillingly had given an impression that they were willing to provide military support.

Nawaz tried to placate Saudis by moving away from neutrality position and condemned Houthis. He even mentioned about restoration of President Hadi's government. He talked of attaching great significance to Saudi Arabia and tried to obfuscate the issue by talking about the two holy mosques. He sent his brother Shahbaz Sharif, the Chief Minister of Punjab, to placate the Arab allies and got a welcome relief, when the United Nations passed a resolution against military supplies to Houthis. Pakistan immediately declared that it had put in place necessary measures on the force of the UNSC resolution to carry out assets freeze, travel ban and arms embargo, on all those suspected of carrying weapons for Houthi militia and forces loyal to former Yemeni leader Ali Abdullah Saleh. Shahbaz also stated that Pakistan was ready to implement UNSC resolution. To further assuage the Saudis, Nawaz, along with his Defence Minister, the Army Chief and the Foreign Secretary visited Riyadh on 23 April, 2015 to explain as to why Pakistan could not contribute troops.

It is believed that Pakistan in lieu has volunteered to help Saudis recruit Sunni militants of different hues

from Pakistan for the conflict on Yemen. Pakistan's naval ships, along with some aircraft and token ground forces are likely to be employed for "preventing supplies to Houthis". Pakistan is still faced with a dilemma, as irrespective of what Pakistan contributes, it is unlikely to satisfy the Arab countries, who are peeved with parliamentary resolution. More significantly, Pakistan Army is not in a position to spare substantial troops and in any case has no desire to get embroiled in a hostile and alien land. Both Ottomans and Egyptians have learnt in the past that it is not easy to subdue Yemenis.

On the other hand, this attempt by Pakistan of showing solidarity with the Arabs, and pandering to

the Saudi Royal family, has irrevocably tarnished Pakistan's relations with Iran. There have been in the past firings across Pakistan's border with Iran and more recently, after the Yemen imbroglio, Iran has unilaterally placed trade ban on almost all of Pakistan's products. This move has virtually signalled that the Preferential Trade Agreement (PTA) between the two has been suspended.

This conflict like those in Bahrain, Syria and Iraq earlier has split the Islamic world and will further exacerbate sectarian tensions in Pakistan. Domestically, the frequent flip flops have provided the opposition a handle to castigate Nawaz and his government.



Emerging Crescendo of Free Speech in India

*Raghav Pandey

*Guru Prakash

W*e shall exult, if they who rule the land, Be
men who hold its many blessings dear,
Wise, upright, valiant; not a servile band,
who are to judge of danger which they fear, and
honour, which they do not understand.*

The above wise words were said by William Wordsworth and have been echoed not literally but figuratively by the Supreme Court in the case of *Shreya Singhal v Union of India*, in the judgment it delivered on 24th March, 2015.

Exploring the question “What should freedom of speech mean in a democracy?” Rodney Smolla in his book “Free Speech in an Open Society” argues that it is a value of overarching significance. Freedom of speech, he says, is not merely an aid to self governance, but is uniquely connected to all that defines the human spirit – to imagination, creativity, enterprise, rationality, love, worship and wonder.

Before venturing into the legal knowhow of the present issue, it becomes important for us to discuss the conventional contours of free speech jurisprudence in India. Article 19 of the Indian Constitution that forms the bedrock for the right to freedom has been traditionally contested in the theatres of justice and civil society. Our affection for the one quote of the famous thinker Voltaire, “I do not agree with what you say, but I will defend to death your right to say it” gains much traction with the intelligentsia in India. However, on the contrary the establishment has always viewed this citizen’s entitlement with an eye of suspicion. On a world map of democratic free speech, India is doubtlessly located in one of the vulnerable zone. An unbiased historical account of

free speech made on a comparative global scale would be albeit fair to India. The free speech paradigm under the constitutional scheme and practices is centred on the individual rather than an institutional discourse. The law governing this has premised the individual as the protagonist against the behemoth state and its machinery. We have tried to decode the judgement in prevailing context and the historical abuse of section 66A by the authorities.

The debate, which ensued in the case, was focused on Constitutional and Criminal Law issues. Section 66 A envisages criminal liability for a certain form of behaviour and its saving was sought under Article 19(2) which offers for exceptions to Article 19(1) which provides freedom to speech and expression.

It is pertinent to highlight that the provision in Section 66 A was enacted by the then UPA government through an amendment in the year 2008 and was not part of the original legislation which was enacted in the year 2000 by the NDA government. It is a matter of fact that the provision was very ill drafted and suffered from the vice of vagueness. It is a settled principle of Criminal Law that a criminal provision should never be vague and the culpability which it creates should be clear and can be connected to a well-defined behaviour, section 66A did not do any of that. The vagueness in any criminal law provision is looked down upon because it always leaves a scope for misuse by the enforcement agencies, which was exactly the case with this provision. The newest in the sequence of such malignant cases was the case of an 11th class student

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who was booked under Section 66A for posting comments against Uttar Pradesh State Minister Azam Khan.

Justice Nariman while delivering the judgment rightly observed-

“Any law seeking to impose a restriction on the freedom of speech can only pass muster if it is proximately related to any of the eight subject matters set out in Article 19(2).”

The defence of curbing liberty under Article 19(1) was sought under 19(2) in the form of ‘ public order’. To this the court cited the famous judgment of the US Supreme Court **Chaplinsky v. New Hampshire** and subsequently gave a wider meaning to the freedom of speech and expression than what is found under the US Constitution saying:

“ that a restriction in order to be reasonable must be narrowly tailored or narrowly interpreted so as to abridge or restrict only what is absolutely necessary. It is only when it comes to the eight subject matters that there is a vast difference. In the U.S., if there is a compelling necessity to achieve an important governmental or societal goal, a law abridging freedom of speech may pass muster. But in India, such law cannot pass muster if it is in the interest of the general public. Such law has to be covered by one of the eight subject matters set out under Article 19(2). If it does not, and is outside the pale of 19(2), Indian courts will strike down such law.” before striking down the provision.

It is pertinent to highlight that the court did not overrule the fact that the state can not have a restriction of such kind, instead the objection of the court was with respect to the ill drafting of the provision whose substantive effect was giving of arbitrary and unregulated power to the executive which is ipso facto unconstitutional under the scheme of the Indian Constitution.

Deliberation, speech and expression have been considered as the most important concomitants of the democratic functioning of the state, the same has been elaborately articulated by Article 19(1) but the issue with Section 66A was that the inherent vagueness made it draconian and hence unconstitutional and made the protection sought under Article 19(2) redundant.

The petitioner also sought the constitutional check of Section 69A and 79 also. The first out of the above provisions grants the government the power to block the transmission of information, including the stalling of websites, when it is essential or expedient to do so, for among various other reasons, the interest of sovereignty and integrity of India, public order or for preventing incitement to the commission of any cognisable offence. The second provision Section 79 grants protection, in certain limited circumstances, to intermediaries (examples of websites such as Facebook and YouTube) for use of their platforms by individual users. The court refused to strike down either of the provisions. The court was of the opinion that the law embodied in these provisions contains sufficient safeguards against governmental abuse. Hence rightly the court was of the considered opinion that only the lack of proper drafting which rendered the provision arbitrary and subsequently unconstitutional.

The civil society, academia and the political class have hailed the judgement in unequivocal terms. The atmosphere of antagonism that was prevailing between the champions of free speech and the state would certainly calm down after this landmark judgment. As the saying goes, ‘ God is in the details’ , the present judgment has left no stone unturned while striking down the draconian section 66A of the Information Technology act.

The collective wisdom of the two respected judges is neatly reflected in the nuanced observations

that allay the possibility of any upcoming fears and concerns.

Thomas I. Emerson in ‘Towards a General Theory of the First Amendment (1963)’ rightly observed, “The attainment of freedom of expression is not the sole aim of the good society. As the private right of the individual, freedom of expression is an end in itself, but it is not the only end of man as an individual...Any theory of freedom of expression

must therefore take into account other values such as public order, justice, equality and moral progress, and the need for substantive measures designed to promote those ideals. Hence there is a real problem of reconciling freedom of expression with other values and objectives sought by the good society.” The idea lies in reconciling with the diversity of opinions within the well-guarded contours of the constitution of India.



National Seminar on Integral Humanism

at Indian Institute of Public Administration,
25-26 October, 2014, New Delhi



After successfully organizing a series of brainstorming academic seminars on Cultural Nationalism in Delhi, Bangalore and Lucknow, Center for Study of Religion and Society (CSRS) India Foundation has embarked upon a similar academic trajectory on decoding the philosophical contours of Integral Humanism. The idea of “Integral Humanism” as propounded by Resp. Sh. Deen Dayal Upadhyay has acquired much relevance and traction in contemporary India. The ideological foundation of Integral Humanism or “**Ekaatma Manavdarshan**” lies on the idea of placing the ‘Individual’ at the center. Evolving an indigenous approach and thinking in policy sphere can be achieved through the bedrock of Integral Humanism.

Academics, thinkers and research scholars across the length and breadth of the country

participated in two-day National Seminar that was held at the Indian Institute of Public Administration, New Delhi. After the formal registration of the participants, Sh. Suresh Soni, Joint General Secretary, RSS delivered the inaugural address. Emphasizing on the contemporary relevance of the philosophy, Sh. Soni elucidated on the nature and inception of Integral Humanism. He observed, “There is an important need to decolonize the discourse which is still fraught with bipolarity of left and right”. In his address, he touched the nuances of policy canvas in India and suggested prognosis through the philosophy of Integral Humanism. The inaugural session was presided by Sh. T.N. Chaturvedi, Chairman, IIPA. The inaugural session was followed by the plenary session that was addressed by Prof. Dilip Kumar Mohanta and Prof. Ashok Modak and chaired by

Prof. C.B. Sharma.

Two technical sessions were set up after the inaugural and plenary session where academics and thinkers across the disciplines deliberated, discussed and attempted to evolve a common ground on the different dimensions of Integral Humanism. “The uniqueness of Pandit ji’s Integral Humanism is that being himself not a mere theorist, not an empty dreamer, but on the contrary, a thoroughly practical philosopher, a dedicated social worker, he had an earnest desire to make a practical application of the principle of Integral Humanism to everyday life. In this context, Pandit ji’s universal humanism has also a proximate connection with practical Vedanta of Swami Vivekananda.” Dr. Madhumita Mitra, Department of Philosophy, University of Calcutta, Kolkata observed in one of the technical sessions in her presentation. In the same session, Prof. Asha Mukherjee, Department of Philosophy and Religion, Vishwa Bharati, Central University, Kolkata remarked, “The model of ‘progress’ and ‘development’ we have taken pride in adopting is western. Pandit ji insisted, “It is true that a narrow sense of nationalism should not be allowed to obstruct the progress of the nation. However western science and western way of life are two different things; Whereas western science is universal and must be absorbed by us if we wish to go forward, the same is not true with the western way of life and values. In fact thoughtless imitation of the west must be scrupulously discarded.” The first day of the session witnessed heavy cross-questioning and high-level deliberations on the founding principles and ideas of Integral Humanism.

The second day of the National seminar was divided across 4 technical sessions and a comprehensive valedictory session.

“While elucidating the notion of Dharma in the philosophy of Integral Humanism, Pandit Deen Dayal Upadhyay often talks about reformation of certain prejudices and restoration of some ideals in Hindu Dharma.” Prof. Priyambada Sarkar, Department of Philosophy, University of Calcutta, Kolkata observed in her detailed presentation on “Dharma and Integral Humanism: Pandit Deen Dayal Upadhyay and Bankim Chandra Chattopadhyay. She articulated a brilliant perspective of fighting the socio-religious evils through the tenets of Integral Humanism. Prof. Ramesh Chandra Sinha, Patna University commented, “Integral Humanism steers clear between capitalism and communism and maintains balance between them. Deen Dayal Upadhyay ji rejects Nehruvian economic policies of industrialization on the grounds that they were borrowed uncritically from the capitalist western countries in disregard of the cultural and spiritual heritage of the country. The concept of Integral Humanism is also different from M.N.Roy’s philosophy of New Humanism since the fundamental basis of New Humanism is materialism whereas the thrust of Integral Humanism is spiritual.” The observations made by Prof. Sinha in his presentation received much accolades and widely resonated with the perspectives of other participants of the seminar. Integral Humanism can potentially be utilized as a thinker’s bedrock to evolve a socio-economic paradigm that impacts all the citizens of the society. India is a land of varying diversity and hence a niche policy devoid of any ideological antagonism can only cater to her needs.

Acknowledging the needs emerging from the diverse socio-political canvas of India, there was a conspicuous unanimity on the ideals of Integral Humanism amongst the leading thinkers, academics

and scholars. The technical sessions culminated while generating a good amount of literary material from the presentation and research papers of the participants.

Resp. Dr. Krishna Gopal, Joint General Secretary, RSS delivered the valedictory address of the seminar. His address touched the inception, emergence, significance and contemporary relevance of the idea of Integral Humanism. Citing incidents from the life of Pandit Deen Dayal Upadhyay, he inspired the

participants to realign the existing thought process that has delayed the advent of progress and development in India towards a more inclusive and pragmatic principles of Integral Humanism. Dr. S.P. Singh, Chair Professor, IIPA summarized the proceedings of the seminar referring to inputs, interventions raised by the participants in the course of the two-day national seminar on Integral Humanism. Prof. S.R. Bhatt delivered the vote of thanks and formally concluded the seminar.



India-Myanmar : Together the Way Ahead

November 21 and 22, 2014,
Yangon, Myanmar



India Foundation, an independent think tank from New Delhi, in association with Institute for Transnational Studies (ITS), Germany, Maulana Abul Kalam Azad Institute for Asian Studies(MAKAIS), Kolkata and the Myanmar Institute of Strategic and International Studies (MISIS) organised a two day conference: India Myanmar Together the Way Ahead, in Yangon, Myanmar on Nov 21 and 22, 2014.

The conference was inaugurated by Shri. Sushil Modi, Leader of Opposition, Bihar Legislative Council and Former Deputy Chief Minister of Bihar, India, Shri. U Nyunt Maung Shein, Chairman of MISIS and Shri. Gautam Mukhopadhyay, Ambassador of India to Myanmar.

Shri. U Nyunt Maung Shein, in his opening remarks at the inauguration said that the conference was a welcome step taken by the think tanks from

both countries as this follows the visit of Prime Minister Narendra Modi to Myanmar.

“ According to PM Modi, Look-East has now become Act-East, and India is actively involved in many cross-border projects. India and Myanmar are close neighbors, and this is the first conference for MISIS with India in 2 years since its reorganization” , he said Shri. Sushil Modi in his address recalled the historical and cultural connections India shared with Myanmar and called for deeper engagement between both the nations.

“ India is the land of Lord Buddha, and thus is an important place of pilgrimage for the people of Myanmar. Similarly Bal Gangadhar Tilak when lodged in Mandalay wrote his commentary on the Bhagavad Gita.” , he said. Shri. Modi added that in Myanmar one can come across various South Indian temples as well.

Shri. Modi also cited the vital connection that Subhash Chandra Bose shared with the people of Myanmar. “ Netaji Subhash Chandra Bose raised his army comprising of 40,000 soldiers from both India and Myanmar. Aung San, Burmese independence hero, was a friend of Netaji in Myanmar.” he said

Shri. Modi also advocated the idea of sourcing consumer goods from Myanmar than from far off places. “ Looking North-East and towards the region around it, including Myanmar and Bangladesh will help eradicate poverty. It makes more sense to source consumer goods from Myanmar than from other far off places in India, as this region could be a “ natural economic zone” , he said.

Towards closer engagement between both the countries, Shri. Modi called for setting up a large multi modal Special Economic Zone near Sittwe, a 10 year programme to share benefits of Science and Technology, modus operandi through which experiences of democratic institutions can be shared and a Memorandum of Understanding between both countries in the field of Defence Co-operation.

Ambassador Shri.Gautam Mukhopadhyay said that the new government in India has a vision that leads India to the South- East which can in turn lead towards a significant relationship between India and Myanmar in the future.

“ Myanmar and India relations face a deficit in terms of trade, investment and connectivity. In the coming years, we must attempt to balance and bridge this gap. Fortunately the ASEAN master-plan and the East-West Corridor give us an opportunity to further strengthen ties.” he said.

The conference then progressed to discuss issues of common interest like Overview of Political, Social and Economic Developments, Enhancing Trade and Investment, including opportunities and challenges,

followed by Regional Connectivity and Linkages, and Terrorism and National Security Concerns.

Overview of Political, Social and Economic Developments

The session focussed on speakers elucidating the current political, social and economic developments in both the countries. Shri. U Denzel Abel from MISIS in his presentation explained that Myanmar is under a reform process and the President of Myanmar is keen for a successful and a peaceful reform process.

“ Over time there has been a significant change in Myanmar, this has given rise to a better understanding of internal dynamics which can pave way for her reform process” , he said.

Abel also acknowledged that Myanmar is not a unitary actor and that there are many forces at play, one among them is the armed forces. He explained that many in Myanmar see USA and China as important bilateral partners.

“Today, Myanmar operates under three notes, USA, China and the role of the international community.” he said. Abel added that because of the triangle there is meant to be instability and thus there is an urgent need to maintain the right balance. Abel also mentioned that to contribute to the country’ s peace process many countries have come forward such as Norway, Switzerland, Australia and Japan.

Shri.U Than Lwin, Deputy Chairman, KBZ Bank, Myanmar put forth perspectives on the economic reforms front which Myanmar has undergone over years. “ Nationalization of banks and private businesses led to Myanmar becoming one of the poorest in Southeast Asia.” , he said. Lwin said the main challenges which Myanmar faces today is Capacity Building and Acquisition of Financial

Technology. He said this can be dealt with, by enabling entry of foreign banks and significantly return of Myanmar nationals from abroad who can help with capacity building. Lwin also hoped to see more Indian banks in Myanmar in the near future.

Shri. G Parthasarathy, Former Ambassador of India previously to countries like Myanmar, Australia and Pakistan said, India has maintained steady and good relations with everyone including the European Union and the USA, he however termed the relations with China as challenging.

Parthasarathy also reiterated that days when India kept shy of active military engagement are over. “We want to keep a balance of power, and believe in domination by no one.” he said. Parthasarathy put forth that for India’s interests, Myanmar’s unity is crucial and thus Myanmar’s co-operation was valued in the borders. He added that India is not here to make money but to support Myanmar ably.

Shri. Dattesh Parulekar, Assistant Professor, International Relations, Goa University, in his address said there are four important dimensions to India’s foreign policy, Rediscover significance in neighbourhood, Focus on extended neighbourhood, South-South cooperation and Focus on gateway to the East. He maintained that India is looking at Myanmar with a qualitative foreign policy. “Early in the 90s, we looked at Myanmar only with a security perspective, but today, building relations in the region is not a counterbalance effort, the idea is to diversify foreign policy”

Enhancing Trade and Investment: Opportunities and Challenges

The session focussed on the investment and trade opportunities prevalent in both the nations.

Shri. V.S. Seshadri, Former Ambassador of India

to Myanmar in his talk called for close and cordial economic relations. “Both the Governments in India and Myanmar are focussed on Infrastructure. There is a need for investment in the field of Services, Education and Health Care in both the countries.” he said

Shri. V.S. Seshadri pointed out that Myanmar today enjoys a trade surplus of over \$1 billion dollars with India and that there are moderate levels of growth in terms of bilateral trade. He also called for improving and diversifying border trade between both the countries.

Seshadri noted that think tanks have an important role to play in formalising and strengthening trade mechanisms. He also said that Indian investors need to invest in Myanmar just like how they have become significant investors in other countries.

Shri.Khin Maung Nyo, Economist and Adviser, MISIS, who spoke next, called for early action in terms of India’s Act East Policy. Khin noted that people from Myanmar prefer goods from China than India because they are cheaper compared to India and because of Myanmar’s social construct.

“The Indian Prime Minister is keen to build infrastructure to regulate the flow of goods in the region, which is a welcome sign. Indian – ASEAN Free Trade Agreement can add great impetus to trade within the region. Moreh and Imphal in Manipur can play a significant role in the years to come when new train, road, air and internet connectivity arrives.” he said

Shri. Shakti Sinha, Former IAS Officer from New Delhi, in his address stressed on PM Modi’s 3 Cs : Culture, Connectivity and Commerce and in this context, called for trade to be seen in a big picture.

“Myanmar is India’s gateway to the ASEAN. We must keep in mind that it is always easier to

become part of a larger supply chain, than to go with a single product. It is always a range of economic activities spread all across the economy that makes a difference – not just one or two big investments.” he said.

Shri. Shakti noted that there is a huge potential in Myanmar for oil, gas etc and that India’s biggest export unit is by itself petrol. And in so far as Indian FDI into Myanmar, Shri. Shakti termed it as very low and that there was a long way to go for both countries to become economic partners.

Regional Connectivity and Linkages

Speaking in this session, Shri.U Wynn Lwin of MISIS said that ASEAN and India should look at developing PPP (Private Public Partnership) models to facilitate connectivity which will enable greater momentum towards bilateral trade. Linn also stated that it was good to see India support the ASEAN master plan.

Shri. Jaideep Saikia, South Asian Security and Terrorism Analyst, reiterated Indian Government’s policy to ensure adequate and quality infrastructure in North East India and pointed out that there is a need for a sustainable development plan for the North Eastern region of India which can help benefit both Myanmar and India on the connectivity front.

Shri. U Ba Hla Aye, Joint Secretary 2, MISIS, who spoke next, mentioned that some of the constraints to ensure better connectivity between both countries include rugged terrain, weather, lack of resources, adequate security, illegal immigration, human trafficking, and legal instruments.

In conclusion, Shri. Anirban Ganguly, Director, Shyama Prasad Mukherjee Foundation, New Delhi, called for greater participation of India’s study share in key universities of Myanmar and said it is imperative that India and Myanmar together

uphold their civilizational partnership to envision the Asian Century.

Counter Terrorism

Prof. Daw Carole Ann Chit Tha, Member of MISIS, opened this session by stating that terrorism has become a vicious challenge for the global administration. She further explained that the last two decades has witnessed the rise of Islamic State and Extremism.

“ISIS is better than Al Qaeda in generating its own resources. The emergence of ISIS will lead to more violent groups to come up in the region.” she said.

Ambassador U Hla Myint, Executive Director, MISIS, who spoke next said that religious extremism is not a recent phenomenon but a driver of terrorism, she further elaborated that India has the highest number of terror incidents in the world, all funded and managed by religious drivers.

Lt. General KT Parnaik, Former GoC- In Charge of the Northern Command, Indian Army, put forth his views by stating that Islamic extremism came to India after the 1971 Pak-India war and that many Indian groups get support from across the border. Towards this he called for both Myanmar and India to collaborate and work together towards problems brewing across the border.

“Intelligence- based people friendly approaches, training establishments for counter-terrorist operations and fighting inside out rather than outside-inside approach is need of the hour.” he said

Finally, Alok Bansal, Director, Centre for Security and Strategy, India Foundation said that Islamic Radicalization was a common problem for both India and Myanmar and it is in this context that close co-operation between both nations is critical.

“ Calibrated De-radicalization programmes are the need now, for instance Cyber media is very potent and plays a significant role in radicalization even before physical content. Thus there is a need to craft a deradicalization programme in addressing this specific issue as well. “ , he said

Dr. Klaus Lange, CEO, ITS in his concluding remarks stated that Europe is interested in Myanmar – India relations because Europe is increasingly running the risk of losing its identity. “ One of the ways to regain this identity is through interaction with new partners and the most ideal partners are in South Asia today.” he said

Shri. Sitaram Sharma, Chairman, MAKAIS, termed the two day conference as fruitful. “ Deliberations over both the days have showed us

that both public and private sectors have a role to play in bringing both the countries together. We hope that the deliberations will also pave way for a pragmatic foreign policy between both the countries in the days and years to come.” he said

Shri. Shaurya Doval, Director, India Foundation, called the two day conference which witnessed discussion surrounding a gamut of issues which are of common interest and concern to both the nations a success.

“We must make bilateral exchanges between think tanks of both countries an annual affair. We now look forward to MISIS visiting India next year and participating in a conference on similar lines in order to contribute to a long lasting relationship between both countries.” he said.



Bilateral Conference on India-China Relations

India International Centre,
11 December 2014, New Delhi



The Centre for Security and Strategy (CSS), India Foundation organized a bilateral conference with the Institute of International Studies (IIS), Fudan University, China on India-China Relations at India International Centre, New Delhi on 11th December 2014.

Inaugural Session

A Memorandum of Understanding (MoU) was signed by Captain (IN) Alok Bansal, Director, CSS on behalf of CSS and Prof Wu Xinbo, Executive Dean IIS, on behalf of IIS, to collaborate on academic and research cooperation and exchanges.

Delegates from China remarked that relations with India are assuming a higher priority in Chinese Foreign Policy, and the visits of Premier Li Keqiang and President Xi Jinping to India, were both substantive initiatives. They noted that since Sino-Indian relations are fast-paced, scholars from both

sides have to catch-up quickly. The participants were informed that Fudan University is one of the top universities of China, having over 15 research centres, including a strong South-Asian studies programme. Delegates from Fudan University expressed their commitment to this partnership, and the potential role that both institutions could play in reshaping the geopolitics and economic landscape in Asia.

Shri Jayant Sinha, Hon' ble Minister of State (Finance), Government of India delivering the keynote address, and speaking as a director of the India Foundation, noted that there is a unique opportunity between both participating institutions to shape how Indo-Chinese relationship evolves over the next decade or so. Three key areas were outlined where collaboration between the two nations could prove mutually beneficial, namely business, Science & Technology, and geopolitical security. It was

emphasized that collaboration between the two nations could be deepened in the manufacturing sectors, particularly through the Make in India program, while taking lessons from the speed and scale in which China has boosted its own manufacturing sector. Both nations were called upon to explore shared interests, particularly in the fields of climate change and maritime trade, to work towards geopolitical security. It was also highlighted that this bilateral relationship is part of India Foundation's larger initiative of having people-to-people dialogue.

Session I

The first session focused on discussing contentious issues in the context of Indo-China relations. The delegates discussed issues such as Indo-China border issues, river water disputes, Economic Trade Imbalance and Sino-Pak Nuclear and Defence Cooperation.

Indian delegates noted that it was important to understand that both countries share a long cultural history, and are growing on the same planes. While Indo-China trade has been rapidly growing, there is also a need to achieve a balance of trade from both sides. The Indian delegation called upon China to support India in the Make in India campaign, particularly in the skill development sector for a more balanced trade partnership. Greater cooperation was also encouraged in sectors such as energy security, software engineering, medicines, and cost-effective research, where India can provide a comparative advantage. The Indian delegates noted that it is imperative for India and China to manage the border-issue effectively. It was suggested to take lessons from the basis on which China and Myanmar were able to address their border issues to reach a mutually beneficial agreement. The Indian delegation emphasized that though the Indian media does shape popular opinion on the Indo-China border dispute, it

is the price that India has to pay for a free media, and society.

The Chinese delegation noted that strategic cooperation between India and China was reaching a new high. In this context, it was suggested to establish principles that would address the trust deficit between the two nations. The delegation noted that the Indo-China border issue must not be sensationalized, but at the same time, there should not be further delay in addressing it. Moreover, the delegation explained that the perceived border-conflict was essentially due to the two sides having differences on the Line of Actual Control (LAC), which must be addressed. The delegates from China noted that the trade imbalance is a recent issue, arising primarily as a consequence of the positive and welcome increase in trade relations between the two nations.

In terms of cooperation in the North-East, and particularly on water issues related to the Yarlung Tsangpo or Brahmaputra River, the Indian delegation highlighted the need for hydrological experts from both parties to discuss a mutually beneficial arrangement. It was also noted that keeping the discussions on a technical level would also help to gradually reduce the knowledge-deficit to address the issue effectively. The delegates noted that lessons could be learnt from the Indus water treaty between India and Pakistan. The Chinese delegates welcomed the suggestions on hydrological cooperation between the two nations in the North-Eastern region, and agreed for greater transparency and accessibility to the upper reaches of the river for better understanding of the flow patterns and to allay the fears of water diversion, particularly among the local population.

The Indian delegates expressed concern over the increasing engagement of China with Pakistan particularly in the field of nuclear cooperation, since the radiological material produced could be misused by radical elements operating in Pakistan. It was emphasized that it was under the NDA government

that the relations between India and China improved considerably, and China should move away from the past approach of looking at India through the prism of Pakistan. Delegates from China remarked that both India and China are peace-loving, and have similar policies particularly in the defence sector. They explained that, China is cooperating with Pakistan to support them to tide over their current problems. The delegates also reiterated that India is a far more important partner in terms of foreign policy for China, and Chinese relations with Pakistan will not come at the expense of the relations between India and China.

Session II

The second session focused on exploring avenues for cooperation and the way-ahead for relations between India and China. The delegates discussed economic and trade partnerships, cooperation on regional security and stability and cultural exchange.

The delegates from China highlighted that the trade relations between India and China have been continuously expanding and the recent trade imbalance between India and China is perhaps a result of the different economic models that the two countries follow. They suggested that increasing Chinese investments in India, in view of the Make in India campaign, could in turn help correct the trade imbalance. The Indian delegation noted that in addition to addressing economic relations between the two nations, it is also important to manage emotional and political expectations.

In this context, it was emphasized that China and India both have a unique opportunity to cooperate on Investment; India would benefit from Chinese investment to boost its industry at home, while China would be able to diversify its investments by investing in India. Moreover, it was emphasized that India

would be a particularly good financial investment destination for China.

In this context, it was stated that China plans to invest \$20 Billion in India over the next five years. The Chinese delegation also called for greater cooperation in Maritime affairs, as both countries have common interest in smooth flow of shipping in the Indian Ocean. It was suggested that India could provide security to Chinese vessels in the Indian Ocean, if requested. It was also suggested that in future, the Indian government must review its visa regulations for Chinese business travellers, and also for scholars travelling for conferences and other research exchanges to facilitate greater Chinese investment and better understanding. The delegation also called for channelizing greater awareness about India and its tourism among the Chinese population to increase tourist activity of Chinese in India.

The Indian delegation called for collaboration to address the transition in Afghanistan collectively, in the interest of the region's security and stability. It was also noted that the Afghanistan issue could not be addressed without looking at it in the context of Pakistan, and its influence on the region. The Chinese delegation recognized that both the countries had a role in helping Afghanistan with the transition process, and suggested that perhaps a trilateral dialogue could be held between India, China and Afghanistan in future. Moreover, they reiterated China's policy to help Afghanistan maintain its national defence and strategic independence, and desire to achieve it through regional and international cooperation. In conclusion, the Indian delegation highlighted that both countries have a long civilizational links, which stems from strong influence on each other's faith and culture. In this context, it was suggested that a greater exposure to each other's culture and traditions through media and educational curriculum must be explored.



Discussion on “The Future of Indo-US Relationship”

India International Centre (IIC),
03 January, 2015, New Delhi



India Foundation organized a discussion on “**The Future of Indo – US Relationship**” at the India International Centre (IIC), New Delhi on 03 January, 2015. The Keynote Speaker was **Ms. Tulsi Gabbard**, Member of the US House of Representatives.

The evening started with welcoming Ms. Tulsi Gabbard, Member of the US Congress (House of Representatives). She started her note by thanking the people for making her first trip to India a fabulous journey with all the enthusiasm and also thanked India Foundation for inviting her to speak people and discuss the future of Indo-US relationship.

Ms. Gabbard emphasized on the new dimensions of Indo-US relationship taking off, which is empathetically manifested in the fact that Mr. Obama is the chief guest for India’s Republic Day parade this year. It would be for the first time that any

president of USA would be visiting India twice in his term. She began with the asking people to explore common grounds between India and USA where the flowers of mutual interests and understanding could blossom.

She recalled the spirit of *aloha*, which stresses on the deepest respect and opening of hearts. Indulging in the spiritual dimension of the foreign policy, she stressed on the need for understanding between the two countries with mutual respect for each other and with an open heart. She gave importance to India’s soft power tools like its eminent culture envisaged in its civilization and its divine spiritual teachings scripted in Bhagwad Gita.

Talking further, she recalled her life-long journey, how she started a non-profit organisation with her father to serve the people of her province and to positively intervene in various concerns relating to

environment, public service, etc. She portrayed women as equal partners in 21st century's global concerns and world politics, through the narration of her experiences of serving in the US military for two terms in the most dangerous zones of Middle-East and Iraq.

Taking her note to the final end, she urged to value the spirit of *aloha* in bridging the gaps between the contentious issues between the two countries. She concluded her address by recalling one of the greatest leaders of this century, Mahatma Gandhi- Be the Change you want to see in the world.

Mr. Kanwal Sibal

Mr. Sibal was the moderator of the discussion. Previously, he has held the post of Foreign Secretary of India. He started his note by thanking Ms. Gabbard for presenting a philosophical guidance to the foreign policy. He embarked upon on his note by mentioning that the relationship between India and US is the most significant relationship between two countries in this 21st century. The Indo-US relationship took a new voyage when the log-jam over the Nuclear Deal was broken and two countries signed the nuclear deal in 2005. The unprecedented and serious relationship between both the countries has taken many new dimensions in the last decade, especially in defense and trade sectors where US has become one of the leading exporters of arms and ammunition to India. The invitation to the US President for the Republic

Day celebrations and his acceptance for the same signaled the high priority given to the growth of the relationship between the two countries.

The countries have witnessed a paradigm shift in their relationship from being the natural allies to being the long term strategic partners in the last few years. There have been some of the contentious issues between the countries like Indian IPR policy, Civil Aviation securities, drug and pharma issues that led to the slowdown of the relationship momentum in the second term of President Obama. Nevertheless, the US has always shown the positive sign to support India's bid for permanent seat in the UNSC and the countries have been working positively on the controversial issues since the new regime has come to place in New Delhi under the guidance of our enthusiastic Prime Minister.

It is important for two countries to find common grounds to deal with issues concerning geo-politics, Carbon emissions, peace and security, etc.

After the stimulating address of the Congresswoman on the discourse of bilateral interface between the two nations, the Director of Centre for Security & Strategy (CSS), India Foundation, Shri Alok Bansal delivered the vote of thanks expressing heartfelt gratitude to the Congresswoman and Shri Kanwal Sibal on the behalf of India Foundation.

The discussion was then followed by a stimulating Q&A session where the participants raised thought-provoking questions and clarified their doubts.



Counter Terrorism Conference' 15

Jaipur, Rajasthan, India

India Foundation, New Delhi and Sardar Patel University of Police,
Security and Criminal Justice, Jodhpur, 18-21 March 2015



The scholars and area practitioners of counter-terrorism from around the world gathered for a 3-day event in the monumental city of Jaipur in one of the largest provinces of India, Rajasthan. The event was envisioned as a historical milestone in the future of research and action in the field of Security, Strategy and Counter-Terrorism. For the first time in India, the representatives of research organizations, think tanks and arms of government dealing with the subject gathered under one roof for setting the global security discourse.

The **Special Keynote Address** by Sh. Ajit Doval, National Security Adviser of India and one of the foremost strategic thinkers set the ball rolling for the next three days of the conference. General V.P Malik, Former Chief of Army Staff chaired the session. As anticipated, the special lecture by

Sh. Doval comprehensively dealt with the minutest details of the existing terror predicament, international procedural complications and the missing links between inquiry, investigation and prosecution. There is hardly a day when the common conscience is not stirred with some ghastly act of terrorism in some corner of the world. The act of terror is omnipresent with differing forms and dimensions in different parts of the world. Terrorism has no definite nationality; it is not restricted to any particular geography, it is not bounded within the contours of any specific ethnic community or society. Attaining martyrdom by killing innocent people including children is the principal modus operandi of terrorists and terror organizations. India has long been a victim of terrorism however it has successfully been dealt with in Mizoram, Punjab etc. Sh. Doval said 9/11 was a defining moment in

shaping the global approaches and thinking towards terrorism. Now is again the watershed moment to rethink on the strategies to deal with this menace. It is time to take stock of the last 13 years and do some course correction. Coercive military actions, bilateral cooperation and domestic capacity building were suggested as some measures to address the dangers posed by terrorism. He quoted the combined survey of Brown and Boston University that pegged the costs of dealing with terrorism as 5.3 Trillion US\$. For every single dollar spent by the terrorist the equivalence from the other side was pegged at a disproportionate sum of 75,000 US\$. Eliminating the Al-Qaida has been an expensive proposition for the international community. The idea is to learn from the US experience. Sh. Doval broadly suggested following strategies. Emphasis on the need to develop preventive and preemptive action based on intelligence input has to be realigned with the global strategy to promote deterrence. The capacity building to prevent terror mishaps and collect intelligence also requires the attention of the policy makers; there

could possibly be a special force catering to these technical objectives. International politics and Security management is another area where a uniform regulatory framework is required for states to fall in line. Global counter terrorism strategy has to be built upon the twin foundations of international cooperation and collective action.

He observed that the geography of terrorism has vastly expanded in the recent times. Initially there were only a select few nations affected by the plague of terrorism. Today almost the entire West Asia, Syria, Africa and parts of Europe is vulnerable to terrorist activities. Pakistan's case is peculiar in the sense that it is both victim and sponsor of terrorism. In the last decade and a half, the terror paraphernalia has also undergone transformative changes i.e. windfall increase in human resources, up gradation of weaponry and ammunition, modes of finances, control over oil wealth, technological advancements and possession of WMD (Weapons of Mass Destruction). He made it a point to discuss the reasons behind the failure of the Global war on terror. Faulty political





management led to wrongful exemptions for the sponsoring states operating on the ideology of the hatred. Lack of collective efforts and inquiry to find the state perpetrators reflects the deficiencies in the global legislative framework dealing with terrorism. Sh. Doval advocated for a new and comprehensive policy wherein all terror groups will be treated at par, adopting non-discriminatory approaches in delivering justice in terror related cases. The role of civil society is also important in negating the impacts of terrorism, groups affected with the viruses of religious fundamentalism needs to be distinctly identified and de-radicalized. Another important area where he reflected on was the questionable role of international agencies such as the United Nations with respect to the formulation of ambiguous treaties such as UN convention on terrorism. There also has been certain positive deliverables from the struggle in the last decade and a half like nations have maximized their internal security apparatus and capacities, special forces with technical expertise like anti-hijacking have come into action, there has been a large scale

technical up-gradation in defense armory of nations.

He concluded his address by mentioning the lessons for the future in dealing with the menace of terrorism. Nations must develop own internal capacity to fight terrorism with stronger national laws and capital efficiency for building security infrastructure. Internationally zero tolerance policy has to be mandatorily adopted with UN mandated sanctions on faltering states. More importantly rationalization of international laws on terrorism is significant for expediting trials, prosecutions and extraditions. At an ideological level, there is a need to fight the sponsoring over-ground organizations with a definite policy on such structures. Greater convergence can be achieved through developing common standards and procedures for dealing with this menace. The special address was thus ended with a rider that terrorists are now more mobile, resourceful and united and they can only be fought with collective determination of the international community. Sh. P.C Dogra, Former DGP, Punjab introduced the members of the organizing committee to the

audience. Sh. Bhupendra delivered the vote of thanks to conclude the session.

The **Inaugural Session** of the conference was attended by Sh. Rajnath Singh, Union Minister of Home Affairs, Smt. Vasundhara Raje Scindia, Chief Minister, Rajasthan, Sh. Gulab Chand Kataria, Home Minister of Rajasthan, General VP Malik, Former Chief of Army Staff and Sh. ML Kumawat, Vice Chancellor, Sardar Patel University of Police, Security and Criminal Justice, Jodhpur. General Malik initiated the session by mentioning the objective of the conference i.e. to discuss and evolve pragmatic solutions to terror related problems. Sh. Gulab Chand Kataria welcomed the delegates to the city of Rajasthan and conveyed his wishes for the successful organization of the entire conference. Smt. Vasundhara Raje underscored the relevance of events like these, which includes the perspective of both traditional and non-traditional stakeholders of the terror ecosystem. She observed, “Peace is a prerequisite for happiness and a bedrock on which the socio-economic infrastructure would grow”.

Religious fanaticisms have been the principle motivator behind the growth and extent of terrorism. The growing sophisticated usage of Internet and other technological tools for the advancement of terror is another area of concern. She also quoted Kofi Annan, “Human Rights is central to the global response on terrorism”. She concluded her observations by urging the delegates to come out with some actionable elements in the discussions and deliberations for a better, safe and prosperous future of the world. Sh. Rajnath Singh, the Chief Guest and the Union Minister of Home Affairs spoke comprehensively on the existing predicament. Events like these should be a consistent feature that discusses the ways and means for countering the menace of terrorism. He observed, “Influence of terror outfits like ISIS is a cause of concern to global community”. Terrorism is against pluralism and diversity. It destabilizes the democratic order. He mentioned that destruction of Bamiyan statues and other primitive relics reflects the destructive mindset of terror operatives and institutions. He expressed concerns on the online





propaganda that is used as a fuel for radicalization among the youth. Displaying a sigh of relief, he commented that a very miniscule amount of youths from India have been influenced by this and also said that, Indian Muslims are in essence a patriotic community with extremism alien to their nature and believes in peaceful coexistence. The source of local terror lies across the border in Pakistan, which has to rethink on its strategy of using terrorism as an instrument of proxy war against India. In the age of chemical, biological and radioactive warfare, the international community needs to display resonance and renewed faith in global bonhomie and cooperation. Inputs from think tanks and deliberations like this will be discussed in the government as policy prescriptions. He concluded his speech by urging the delegates to come out with new strategic discourse to deal with the growing menace of terrorism. Sh. Shaurya Doval, Director, India Foundation concluded the session by delivering the vote of thanks.

Two **Special Lectures** followed the inaugural session. Gen. Sarath Fonseka, Former Chief of

Defense Staff, Sri Lanka delivered the first special lecture sharing his experience of dealing with LTTE and uprooting it completely. General Fonseka made a detailed presentation of his tryst with the last stage of war with the LTTE on the ground. The speech mentioned of his fascination with the ideas of great Chinese strategist Sun Tzu. His war tactics of emphasis on specific areas where the terrorists were concentrated was greatly appreciated by the participating delegates. Mr. Amrullah Saleh, Former Director of National Directorate of Security, Afghanistan delivered the next lecture. He rightly pointed out that international coalition have failed to tackle the issue of terror sanctuaries across the Afghan border. Outlining the strategic operatives of the Taliban, He said it could be understood through three levels. The outermost circle consists of the people who get killed like fighters who do ambush and die on a daily basis. The mid level circle consists of the Taliban commander leading the action from the ground. The most influential is the inner circle; the strategist circle that is completely out of the reach

of Afghan forces staying in Karachi, Peshawar, and Quetta etc. It is this circle of leaders with whom the Pakistan wants Afghanistan to negotiate with. On the building narrative of negotiations with the Taliban, he advocated that reconciliation or cohabitation with the terrorists is out of question. The entire idea for reconciliation will embolden extremists and they will consider it as a victory and they will see the world creating space for them. Pakistan is creating impediments, as they want extra constitutional space for Taliban, as they know that Taliban will not survive the democracy. The entire philosophy of Taliban is redundant now. The way forward according to him is political reintegration of the Taliban. Praising the Afghan army he said, they have not lost an inch of territory in the history of the nation and the entire nation is solidly standing behind the army with unconditional support and faith. Good Afghanistan is civil society, democracy and Bad Afghanistan is ISIS, Taliban wherein Good is much larger and bigger than bad. He concluded by insisting that the international community should not compromise the good for the

bad. Sh. Shaurya Doval concluded the session summarizing the speech and extending a vote of thanks on behalf of the organizers.

The special lectures were followed by various technical session and parallel workshops that discussed various dimensions of counter terrorism. The first parallel session was “**The Case Study of Ethno-National Terrorist Groups: LTTE & Chechen Rebels**”, Ms. Natalia Tereshchenko Researcher, Institute of Oriental Studies, Russian Academy of Sciences, Russia spoke comprehensively on the causes of growth and emergence of Ethno-National terrorist groups with special reference to Sri Lanka and Chechnya. The session was chaired by Lt Gen. A. S. Kalkat, Director Emeritus, Centre for Joint Warfare Studies, India. Running parallel to this session was a detailed discussion on “**Legal Regimes and Terrorism**”. Prof. Timothy Parsons Senior Lecturer in Policing and Criminology, London Metropolitan University, UK presented a comprehensive overview on the International legal framework on terrorism and





related activities. Shri G. K. Pillai, Former Home Secretary, Government of India succinctly chaired the session. The next session was on “**Maritime Terrorism and Piracy**”. Vice Adm. Shekhar Sinha, Former Chief, Western Naval Command, India, Adm. James Loy, Senior Counselor, Cohen Group, USA and Dr. Rahul Roy-Chaudhury, Senior Fellow for South Asia, The International Institute for Strategic Studies, United Kingdom spoke on the present predicament of maritime terrorism. Commodore C. Uday Bhaskar, Former Director, Institute chaired the session for Defence Studies and Analyses, India. Running parallel to this session was discussion on “**Terror Trade: Weapons, Narcotics and Fake Currency**”. Shri Balwinder Singh, Former Special Director, Central Bureau of Investigation, India, Ms. Cristina Albertin, UNODC Representative for South Asia, UNODC Regional Office, India and Dr. Amit Kumar, Fellow, Homeland Security and Counterterrorism, Centre for National Policy, USA presented their viewpoints on modes of finances of terrorism. Shri P. S. Gill, Former DGP of Punjab, India,

chaired the session. After the lunch, the subject of the Breakout session V was “**CBRN (Chemical, Biological, Radiological and Nuclear) Terrorism**”. Mr. Kyle B. Olson, President, Olson Group Ltd, USA, Group Capt. Ajey Lele, Research Fellow, The Institute for Defence Studies and Analyses, India and Dr. Jean-Francois Daguzan, Deputy Director, Foundation for Strategic Research, France spoke on the subject. Capt. (IN) Alok Bansal, Director, Centre for Security and Strategy, India Foundation, chaired the session. The next session was on “**Intelligence Sharing and Reforms**” Shri R. N. Ravi, Chairman, Joint Intelligence Committee, India, Prof. Andrea Margelletti, Chairman, Ce.SI - Centre for International Studies, Italy and Mr. Saut Situmorang, Centre of Strategic Intelligence, University of Indonesia presented varying perspectives on the topic. Shri N. C. Padhi, Former Special Director, Intelligence Bureau, India chaired the session. The next couple of breakout sessions also generated immense interest among the participating delegates. The topic of the session was

“Illegal Migration and Border Security”. Prof. Dr. John Nomikos, Director, Research Institute for European and American Studies, Greece, Mr. Thinlay Wangchuk, Director General, Department of Immigration, Ministry of Home and Cultural Affairs, Bhutan and Prof. Imtiaz Ahmed,

Professor of International Relations, University of Dhaka, Bangladesh spoke on the predicament and prognosis of terrorism on frontiers. Shri M. L. Kumawat, Vice Chancellor, Sardar Patel University Of Police Security And Criminal Justice, Jodhpur chaired the session. The parallel session was on **“Cyberspace, Social Media and Terrorism”**. Shri Nandkumar Saravade, Former Director, Cyber Security and Compliance, India and Shri Subimal Bhattacharjee, Cyber Security Expert, India spoke in the session. Shri Prafulla Ketkar, Editor, Organizer Weekly, India chaired the session. The next breakout session was on **“Left Wing Extremism: Terrorism under the Garb of Empowerment”**. Gen. Rookmangud Katawal, Former Chief of Army Staff, Nepal, Shri M. A. Ganapathy, Joint Secretary

(Internal Security-I), Ministry of Home Affairs, Government of India and Shri K. Vijay Kumar, Senior Security Advisor, Ministry for Home Affairs, Government of India shared their respective expertise and experiences on dealing with the red brand of terrorism. Shri Prakash Singh, Former Chief, Border Security Force, India chaired the session. The tenth breakout session deliberated upon **“Technology and Equipment for Counter-Terrorism”**. Dr. Rao Tatavarti, Director and Senior Professor, GVP-SIRC and Gayatri Vidya Parishad College of Engineering (Autonomous), India and Dr. Darko Trifunovic, Faculty of Security Studies, University of Belgrade, (Representative for Serbia and Montenegro, The International Strategic Studies Association, Defence & Foreign Affairs) Serbia spoke on the issue. Lt. Gen. K.T. Parnaik, Former GOC-in-C, Northern Command, Indian Army chaired the session. The day ended with a fabulous cultural event based on Ramayana, which was then followed by Dinner hosted by Smt. Vasundhara Raje Scindia, Chief Minister of Rajasthan.





The next day started with the third **Special Lecture** that was delivered by Dr. Daniel Pipes, President, Middle East Forum, USA and chaired by Dr. Sreeradha Dutta, Director, Maulana Abul Kalam Azad Institute of Asian Studies (MAKAIAS), Kolkata, India. Mr. Pipes shared from his wealth of experience in the area of strategic affairs and terrorism studies.

The first **Plenary Session** was dedicated to the 26/11 Mumbai attacks. The topic of the first plenary was “**Narrative: Modus Operandi of the Terrorists, Operation against Terrorists: A Critical Analysis**”. Maj. Gen. (R) Afsir Karim, Editor, Aakrosh Journal, India chaired the session. Shri Ram Pradhan, Member, High Level Enquiry Committee for 26/11 Mumbai Attacks, India and Shri Nitin Gokhale, Author & Defence Analyst, India. Both the speakers shared their respective real time experiences from the incidents and the lessons learnt from the disaster.

Sh. Dhruv Katoch, Former Director, CLAWS, India chaired the second plenary session on

“**International Aspects and Impact, Failure to Detect Infiltration, Role of Media and Stakeholders**”. Shri Rana Banerji, Distinguished Fellow, Institute of Peace and Conflict Studies, India and Shri Rajan Medhekar, Former Director General, National Security spoke on the role and relevance of media and other stakeholders in the fast changing dynamics of global terrorism.

The next **Special Lecture** was delivered by Shri Shuja Nawaz, Distinguished Fellow, South Asia Centre, Atlantic Council, USA on the growing menace of terror in the region. The session was chaired by Prof. Dr. Klaus Lange, CEO, Institute for Transnational Studies, Italy.

The Third Plenary session discussed “**Counter-Terrorism Capacity and Infrastructure: Need for Political Consensus, Preventive Steps-Administration, Security and Legal**”. Shri P. C. Dogra, Former DGP of Punjab, India, chaired the session. Shri Ujjwal Nikam, Special Public Prosecutor, Mumbai Police, India, Ms. Lisa Curtis, Senior Research Fellow, The Heritage Foundation, USA and

Dr. Namrata Goswami, Research Fellow, Institute for Defence Studies and Analyses, India presented there viewpoints and perspective on building proper legislative framework and security infrastructure.

The Fourth Plenary session was titled as “ **Cross-Border Terrorism**” Shri Tariq Karim, Former High Commissioner of Bangladesh, India chaired the session. Lt Gen. Syed Ata Hasnain, Former General Officer Commanding 15 Corps, India, Dr. Stephen Tankel, Assistant Professor, American University, USA and Dr. Christine Fair, Assistant Professor, Centre for Security Studies, Georgetown University, USA comprehensively presented multiple perspectives and solutions to deal with the virus of terrorism.

After a day of full throttle deliberations and brainstorming, the delegates were welcomed at the historic Amer Fort with a telling sound and light show. The Special Dinner was followed by the event at the fort itself.

The plenary sessions on the last day were broadly themed on “ Global Terrorism” . The day started with the Fifth Plenary session on “**Talibanisation of Pakistan-Afghanistan Region: State Sponsors and Non-State Actors**”. The session was chaired by Shri Shakti Sinha, Director, South Asian Institute for Strategic Affairs, India. Dr. Habil. Christian Wagner, Senior Fellow, Stiftung Wissenschaft und Politik, German Institute for International and Security Affairs, Germany, Shri Senge Hasnan Sering, President, Institute for Gilgit Baltistan Studies, USA and Prof. Marvin Weinbaum, Scholar-in-Residence, Middle East Institute, USA spoke on role of state and non state actors amidst the growing turbulence in the Af-Pak region.

Plenary Six was titled as “ **New Caliphate in West Asia, Its Impact on Al Qaeda and Global Jihad**”. Capt. (IN) Alok Bansal, Director, Centre for Security and Strategy, India Foundation, India chaired the session. Dr. Yossef Bodansky, Director

of Research, The International Strategic Studies Association, USA. Dr. Wael Awwad

Senior International Correspondent, Syrian Arab News Agency, India, Dr. Thomas F. Lynch III, Distinguished Research Fellow, Institute for National Strategic Studies, National Defense University, USA and Shri M. J. Akbar, Author of “ The Shade of Swords: Jihad and the conflict between Islam and Christianity” spoke passionately on the multiple dimensions of the ISIS.

The last plenary session of the conference discussed “ **De-radicalization: Approaches and Strategies**” Prof. Efraim Inbar, Director, Begin-Sadat Center for Strategic Studies, Israel chaired the session. Prof. Rohan Gunaratna, Director, International Centre for Political Violence and Terrorism Research, RSIS, Singapore, Shri Sultan Shahin, Founder & Editor, New Age Islam, India, Dr. Ayesha Siddiqi Charles Wallace Fellow, Oxford University, England and Shri Farooq Sobhan President & CEO, Bangladesh Enterprise Institute, Dhaka spoke on global best practices and methods of de-radicalization.

Shri Tarek Fatah, Author and Weekly Columnist for The Toronto Sun, India delivered the last **Special Lecture**. In his lecture he broadly suggested four recommendations for the government.

- “ Disengage with Pakistan completely. No talks, no visits, no trade.
- Since Pakistan itches for parity with India, please shut down the silly March of the Roosters at the Wagah border cross point. This is the single most spectacular circus that puts the rogue state of Pakistan at par with the democratic, secular and dignified Republic of India.
- End the ridiculous “ Aman ki Aasha” that is a one-way traffic of ISI aunties coming to India and running circles around Indians, and even cause the fall of one of India’ s brightest sons. ‘ Aman ki Aasha’ is nothing but a shameful

exercise by Pakistan's upper class Hindu-hating, pan-Islamist Jinnah's Orphans who benefit enormously. An entire industry has been created that is milking Indian goodwill to do the Pakistan military-civilian establishment's bidding and propaganda.

- Finally. Please don't wait for a second Mumbai to create a Balochistan. Please start assisting the brave men and women of Balochistan today.'

The session was chaired by Shri A. Mukhopadhaya, Addl. Chief Secretary (Home) of Rajasthan, India.

The **Valedictory Session** was attended by Shri Kiren Rijiju, Hon' ble Minister of State for Home

Affairs, Government of India, Sh. Shaurya Doval, Director, India Foundation and Sh. ML Kumawat, Vice Chancellor, Sardar Patel University of Police, Security and Criminal Justice Jodhpur. Sh. Ram Madhav, National General Secretary, BJP chaired the session. Sh. Ram Madhav said that an Institution catering to research, studies and action in the field of counter terrorism is on the anvil. India Foundation will make continuing efforts in the field of knowledge related to security, strategy and counter-terrorism. Sh. Kumawat delivered the vote of thanks wherein he expressed gratitude to the participating delegates, volunteers with a promise to meet again.

The 1st International Counter Terrorism Conference ended with the National Anthem.

Note

- *This is just a summary report of the conference. Complete videos of the presentations and speeches from every session will be uploaded on the website of the India Foundation. India Foundation intends to bring out a detailed conference publication consisting of papers and presentations made by the participating delegates.*



Discussion on “Worldwide Terror Trends: Terrorist Tactics, Targets and Weapons”

13 April 2015, New Delhi



India Foundation, New Delhi organized a Discussion on “**Worldwide Terror Trends: Terrorist Tactics, Targets and Weapons**” at the India International Centre (IIC), New Delhi on April 13, 2015. The Keynote Speaker was **Prof. Gary LaFree**, Director, National Consortium for the Study of Terrorism and Responses to Terrorism (START), University of Maryland, USA.

The discussion initiated with the welcoming of Prof. Gary LaFree. Capt. Alok Bansal, Director, India Foundation delivered the Opening Remarks by observing that terrorism has become the biggest threat to global peace in the 21st Century. There is a dire need for nations across the world to come together and collaborate to tackle this global menace. Over the years, India Foundation has been dedicated to come up with path breaking ideas and initiatives to counter terrorism. Recently, the Foundation had

organized the 1st International Conference on Counter-Terrorism in Jaipur, Rajasthan that was hugely participated and appreciated by the experts and academics from across the world.

Prof. LaFree began his note by thanking India Foundation for giving him this opportunity to speak on this significant topic. He went on to describe the activities and objectives of the research organization, Study of Terrorism and Responses to Terrorism (START). START advances science-based knowledge about the human causes and consequences of terrorism as a resource for homeland security policymakers and practitioners. It has been recognized by Department of Homeland Security, USA for outstanding contributions to the security of the United States for its long-term support of the Global Terrorism Database (GTD), an open-source database including information on more than

1,25,000 domestic and international terrorist events around the world since 1970 through 2013.

Prof. LaFree, referring to the database generated by START since 1970 till 2013, demonstrated that there has been a rapid increase in the number of terrorist attacks over the past four decades with the lowest number of attacks in 1970-72 and 1998-99. However, since then, the terrorist activities have been on rise with the highest in 2012-13. He then talked about the Terrorism Hotspots. According to GTD, the concentration and intensity of the terrorist attacks depending upon the combination of incident fatalities and injury can be seen in most parts of Pakistan, Afghanistan, Iraq, Bangladesh and Eastern and South Eastern region of Indian subcontinent.

Prof. LaFree, through his well-consolidated database in the presentation, pointed out the topmost countries with most terror attacks and fatalities from 1970 to 2013. Iraq is the one country with most terror attacks and fatalities while India being at number 3 with a total of 8207 attacks resulting in 17496 fatalities. Moving on to the different types of weapons used in terrorist attacks, he observed that explosives,

bombs, dynamites are the most common weapons including firearms. Also, in the course of his presentation he identified the top twenty perpetrator organizations around the world that included Taliban with most number of attacks and fatalities along with ISIL, Al-Shabaab, Boko Haram and Naxal wing of Communist Party of India. On the other hand, the top terrorist groups that have been active in India over the last four decades include (CPI-M), Sikh Extremists, Maoists, United Liberation Front of Assam, etc.

The most important concept introduced by Prof. LaFree during his presentation was the concept of understanding terrorism according to David Rapoport's "Waves". Rapoport theorized that terrorist activity could be uniquely characterized by "Waves" of specific types of terrorism. He also categorized different types of terrorist "Waves" including Anarchist Wave (1880s-1920s); Anti-Colonial Wave (1920s-1960s), New Left Wave (1960s-1990s) and Religious Wave (1979-current).

The discussion was then followed by an interactive question and answer session. There were





varied questions ranging from collection of data, data related issues and analyzing nature of terrorist attacks in the recent past.

Sh. Manohar asked, “What do you think is the reason for less number of suicide attacks in India, particularly in Kashmir?” To which Professor LaFree responded, “We have found dramatic differences in the data of different countries as per the suicide attacks are concerned. We have observed that over the time, a higher number of groups (but specific groups) have started adopting suicide attacks.” Sh. Ram Madhav, Director, India Foundation observed, “India has witnessed such attacks in which there is no escape for the perpetrators – they are quite similar to the suicide attacks.”

Sh. Nalapat made an observation on the ‘Idea of waves’ that goes up, peaks and comes down. He subsequently questioned, “What are the reasons and causes behind the waves of terrorist attacks/groups?” To which Professor LaFree observed, “Our data includes all major attacks that have had the highest

number of fatalities and also the attacks that didn’t kill anyone. It is quite impossible to club these groups and determine some common causes behind their attacks.”

Sh. Ram Madhav asked, “Do u have any data that highlights the motivations behind terrorist attacks?” To which Prof. LaFree observed, “This is virtually impossible for an organization like us to determine the motivation of groups around the world. We have data primarily for US. We can identify factors – sociological issues, radicalizing groups, social and political movements, etc. But it is beyond our ability to come up with a consolidated data for the world.”

After the fruitful discussion, Capt. Alok Bansal, Director, Centre for Security & Strategy (CSS) delivered the vote of thanks with a special mention to Prof. LaFree for taking time out of his busy schedule and presenting a brilliant discourse on trends, tactics, targets and weapons in International Terrorism.



Seminar on “Gilgit-Baltistan: Gateway to Inner Asia”

13 April 2015, New Delhi



The Chair for the day Major General (Retd.) Dhruv Katoch welcomed the diverse gathering ranging from strategic thinkers to research scholars. He formally welcomed the speakers and briefly introduced them to the audience.

Shri Alok Bansal, Director, Centre for Security and Strategy, India Foundation initiated the proceedings by setting the context and providing a brief background about the Gilgit-Baltistan (GB) region. He highlighted the differences between GB and Mirpur-Muzaffarabad. GB is the most strategically significant part of J&K, and connects Pakistan and China. Analyzing the strategic significance of the region, he gave a succinct presentation to the audience about the people, the land, the historical background, the changing demography, the resources, the culture and the economic exploitation of GB region.

The chair for the day Major General (Retd.)

Dhruv Katoch then welcomed Shri Senge H. Sering, President, Institute of Gilgit-Baltistan Studies, Washington to speak on the subject. Sh. Sering said that he is extremely grateful to India Foundation and Jammu Kashmir Study Centre for organizing discourses and discussions on the otherwise ignored issue of Gilgit Baltistan region. He started by observing that, “It was the people of Baltistan who gave Buddhism to Central Asia, and thus the relationship with this region goes far back than 1947.” While the area is very commonly associated with the Silk Route, there are other important trade routes as well. The China-Pakistan economic corridor is expected to cut distance from China to Pakistan from 22 days to less than 3 days. It is an important location geographically which is a key for development, trade ties, geo-politics etc. Speaking on peace he said, “Gilgit is more peaceful than Afghanistan, so it is more ideal for China to invest in.” He gave some of the



precious insights into the living condition of the people. He also talked about the increasing Chinese influence in the G-B region. The influence can be seen everywhere, as many of the roads and highways in G-B are being built by China. Chinese presence can be felt at the grass root level too as they are coming up with Chinese markets, local street shops, and even schools and cultural centers. It can be easily said that China will be able to dominate G-B in the next 15-20 years.

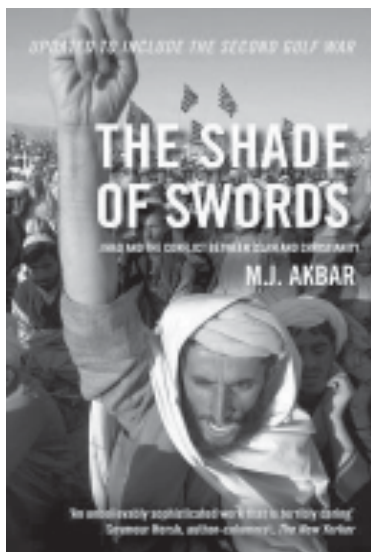
On concerns he said, “There are two main issues in the region that we must look into: Violence and Terrorism. It is important to note that economic development, infrastructure development, improving trade routes, revival of culture, opening borders etc. will all help in combating terror and reducing violence in the region. Another major concern that he pointed out was the plight of the local populace wherein he observed, “There is no structured policy or program to benefit the locals. Eventually, they might even face the fate of Tibetans. They are technically not part of any nation, so it does not help!”

After the detailed presentations, the Chair opened

the floor for questions. Questions were raised on current status, nationality and growing Chinese influence in the region; to which Sh. Sering replied, “If China wants this land to be peaceful, they must condemn and fight all forms of terrorism – not only select issues or types. There is expected to be over 100 Billion dollars of Chinese investment in this region.” On point of nationality he said, “We have a Pakistani passport, which serves as a travel document, but apart from that it being of Pakistani nationality does not help much – we can’t vote, we can’t access the judicial system etc.” As a solution to which he suggested, “A civil society movement is needed to really see big changes in the way this region and its people are treated. Therefore, more awareness is crucial so that the region starts talking about issues such as Human Rights etc.”

The concluding remarks were given by Chair General Katoch, “Both universities and institutions must play a key role in raising awareness about this important issue.” Gen. Dhruv Katoch subsequently thanked everyone for participating in the Seminar and making it a fruitful discussion.





The Shade of Swords - Jihad and the Conflict between Islam and Christianity

Author : **M. J. Akbar**

Publisher : **Routledge; Revised edition** (2 October 2003)

Price : **Rs.338**

The Shade of Swords traces a line that begins in the deserts of Arabia and flows through the lifeblood of a decisive battlefield in the war against terror, Pakistan and Afghanistan.

This book is an effort to sift the difference by a search through text and history. The temptation to reinterpret both text and history to suit contemporary ‘politically correct’ requirements is the first trap to be avoided. There are Muslims today, for instance, who will convert jihad into a holy bath rather than a holy war, as if it is nothing more than an injunction to cleanse yourself from within.

It is true that the Prophet insisted that a greater jihad was the struggle to cleanse impurity within, but that does not take away from the fact that lesser jihad inspired the spirit that once made Muslim armies all-conquering, enabled Muslims to protect their holy places, and ensured that most of the community lived within the protection of Muslim power despite formidable challenge from Christian alliances in a world war that was virtually coterminous with the birth of Islam.

So often did Muslim armies, whether in the west or the east, triumph against odds that it conjured up a sense of a self-replicating miracle. Faith in Allah’s

bargain was reinforced by each victory, particularly against Christian armies who mobilized repeatedly not only to destroy Muslim empires but also Islam, which they called a heresy against Christ.

After the collapse of the Caliphate in 1922, and its abolition by Mustafa Kemal Atatürk in 1924, Muslim nations have not really been able to find a modern idiom for governance. The Caliphate, a remarkable institution that took nearly thirteen centuries to outlive its utility, is synonymous with the history of Islam. The first caliph, Abu Bakr, took charge of the umma after the death of the Prophet. As the community grew at an unforeseen pace, it was impossible for one caliph to remain the executive head of every Muslim. A mixture of temporal and spiritual responsibility devolved on what might be called the pre-eminent power within the Muslim world. This was based in Medina to begin with. It shifted to Damascus and Baghdad, and then to Constantinople where the Ottomans provided the last line of caliphs. For all his actual and vaunted power, the caliph was never omnipotent. After the Caliphate withered, defeated in its last jihad (the First World War), Muslim nations have been unable to create a sustainable representative system of government.

It is extraordinary that after so many centuries of proximity, the worlds of Christianity and Islam should remain so widely separated by misunderstandings over religion, culture and power. Plastic images abound. Sometimes it seems as if Bede the Venerable¹ were still alive to shape the discourse. In the 8th century he argued that since the Arabs of Mecca were descended from the spurned wife of Abraham, Hagar, and their son Ishmael, the whole race was illegitimate. The lineage was then stretched back to Cain, making Muslims by extension responsible for the second original sin, fratricide. Revenge became thereby obligatory on the descendants of the other children of Adam (Christians were said to have descended from Seth, through Noah). Muslims are equally willing to demonize the ‘Christian’ West when reality is subtler than the dark claims made by fundamentalists.

The spirit of jihad entered Islam at Badr. It is a spirit that inspires among believers a heroism beyond the bounds of reason; equally, it inspires dread among those outside the fold of Allah. Its root lies in the Arabic jihad, meaning exertion or striving. Its resonance comes from the nature of this strife: jihad is the holy war, the war of righteousness, the struggle against tyranny. It is a passion indifferent to the fate of battle because the jihadi wins either way: in the long run, the war will be won; and in the short run, death will bring martyrdom and paradise. Simultaneously, the strife is also to cleanse one’s soul, for no martyrdom is possible without that inner purity.

The greater of the two kinds of jihad, the Jihad al Akbar, is the war against the enemy within; against one’s own weakness and wandering. It is the Jihad al Asghar, or the lesser jihad, that is fought on the battlefield.

Islam, as the word itself implies, does not seek violence. Equally, Islam does not permit meek

surrender either. There are circumstances in which all Muslims are commanded to fight to defend their faith. In such times war becomes a duty, and those who shirk it are condemned by the Quran. It may only be a lesser jihad, but for some twelve hundred years only a comparative handful of infidel armies emerged from the lesser jihad either with their pride or their power intact.

Uhud is triumph through inner cleansing, and therefore the greater jihad. The 286 verses of the second Surah of the Quran, the Al Baqarah, constitute the longest chapter in the Quran and set out its moral principles, just as the seven verses of the opening chapter, Al Fatiha, sum up its essence. (The ‘Verse of the Throne’, or the Ayat-ul-Kursi, that describes the attributes of Allah, is in this Surah, Verse 255.) The defining story of jihad is one that should be as familiar to Jews and Christians as it is to Muslims. It is the story of David and Goliath.

The very first of these verses is quite emphatic in its rejection of terrorism. ‘Fight in the cause of Allah those who fight you, but do not transgress limits; for Allah loveth not transgressors.’ What are these transgressions? Abdullah Yusuf Ali explains: ‘War is permissible in self-defence, and under well-defined limits. When undertaken, it must be pushed with vigour [but not relentlessly], but only to restore peace and freedom for the worship of Allah. In any case strict limits must not be transgressed: women, children, old and infirm men should not be molested, nor trees and crops cut down, nor peace withheld when the enemy comes to terms.’

There is enough space in Islamic jurisprudence to accommodate the flux of history, but none for the imposition of another law. The problem arises with degrees of influence from the rest of the world – other civilizations, if you must. These tensions of influence and space are familiar in the contemporary

world, particularly when the mores of non-Islamic, Western societies are advertised as synonymous with a modern, scientific ethos and the Islamic past denigrated as primitive. The excesses of the purdah in certain Muslim countries do not help the Muslim argument; and the excesses of the hamburger do not help the Western model, but neither the burqa nor the hamburger take away from the importance of this debate and modern tension. Islamic history has witnessed such tension from a foreign influence before.

When the Prophet, in his last days, asked Muslims to ensure that no two religions were left on the Arabian peninsula, what did he mean? It is obvious that he did not say that no two religions should be left anywhere in the world. A whole canon of Islamic jurisprudence deals with the behaviour towards infidels; implicit therefore is the fact that there will always be those who will not accept Islam. Which religion could have been on the Prophet's mind when he asked Muslims not to let two religions exist on the Arabian peninsula? There was a mighty empire to the north of Medina, ruled in the name of a religion that Muhammad had been sent by Allah to replace, for Muhammad was the Prophet after Jesus. The third on Aisha's list of those who had troubled nascent Islam were the Christians.

Such raw passions have eased in a thousand years, but each age offers its own variation on a confrontation that begins with the birth of Islam. This is not a 'clash of civilizations' because both Islam and Christianity embrace more than one civilization and culture. At the heart of this conflict, often manifest as a political struggle for territory and power, is a basic, even fundamental, theological and ideological difference.

For Muslims, Muhammad is a man and the last prophet in a sequence that begins with Adam and

includes Jesus; for Christians, Jesus is divine, and the final redemption of mankind. It is consequently incumbent upon the Church to declare Muhammad an impostor. To do anything else would be to make Christianity a 611-year-old religion and Christ's mission could not be deemed eternal. The Quran repeatedly tells Christians to return to the monotheism of Abraham, renounce the concept of the Trinity, and accept Muhammad as the Last Messenger. The Quran venerates Jesus; for the Church to return the compliment would be suicide.

The first Islam-Christianity conflict, between the Arabs and the Byzantines, was fierce, but it was not vitiated by an excess of venom. St John of Damascus, born about forty years after the Prophet died, established the dialectic of the Christian theological response, first rebutting the Quran's verses on Christianity, then disputing the basic concepts: was the word of God created or uncreated? Was God ever wordless? Then came the ridicule that was to become a constant Christian theme, accusing the Prophet of sexual indulgence. A doctrine of Christian sin complemented this dialectic. The only explanation for the defeat of mighty Christian kingdoms was that God had punished them for their sins. The similarity to the Muslim lament during their moments of distress is striking: Muslims had exactly the same complaint against Allah when the age of Christian victories came. It is a syndrome that has been well-described as half self-pity and half bravado. Future compensation is generally inadequate balm for such a mood.

Muslim power had fractured by the last century of the millennium when Christian kings were uniting, or at least being forced by the Popes and public opinion to set aside their formidable differences and take on Muslim empires. Muslims were then blessed with a man called Saladin. He inherited another

conviction from his mentor: that the key to this jihad lay in the unification of Syria and Egypt. As long as Arab power was split, the Kingdom of Jerusalem was unshakeable. Understandably, the official policy of the Franks, holding the space in between, was to keep the two divided.

As Saladin gathered Muslims into one kingdom under the banner of the true jihad, the disease that had cost the Muslims Jerusalem now grew rampant among Christians: disunity. The principal schism was around, inevitably, the policy towards Muslims between the peace party and the war party. The argument travelled from the bottom to the top. At a social level, the raw and powerful Crusader spirit had been replaced by settler comfort amongst second and third generation Christians. Many of them, some with eastern mothers, had begun to think of themselves as Orientals.

They took something as decadent as a bath, used soap, spoke Arabic, listened to local music, wore the keffiyah, and some women even took to the veil when shopping. It was convenience rather than conversion. Inevitably, Europeans married local women, and a mixed race called the poulains was born. The problem became far more serious as it reached the decision-makers at the top. The hawks wanted permanent holy war, while the doves argued that the realities of the neighbourhood demanded a spirit of accommodation.

On 2 October 1187, or 27 Rajab 583 by the Islamic calendar, Saladin entered Jerusalem. It was the day on which Muslims celebrated the ascension of the Prophet to heaven from Jerusalem. Saladin kept his word. Not a single Christian was killed. Saladin had, consciously, emulated the Caliph Umar, and taken Jerusalem without bloodshed or destruction.

The nineteenth was the century of loss for

Muslims. As early as in 1808 the Serbs were encouraged to revolt, and by 1830 a Serbian state had been established. In 1821 it was the turn of Greece, encouraged by the music of Byron's poetry, to demand freedom from the Ottomans. Greece became independent in 1833. In the Caucasus, Russia moved into the Turkish penumbra. In 1839 Britain occupied Aden to consolidate her control over the sea routes to the jewel in her crown, India. Aden became the base from which Britain operated through the Arabian Peninsula, eventually creating alliances with the Trucial States, Abu Dhabi, Dubai, and Sharjah. France occupied Algiers. In contrast to the British experience in India, the capital was occupied before the country.

Russian insults provoked the students of Turkey's medressas (the Taliban of their time) to come on to the streets, and Abdulmecid obtained a fatwa to declare war on Russia on 4 October 1853. This was however one war that the House of Osman could not fight alone. Britain and France, determined to keep Russia out of what would become their prize, joined Turkey in what is famous as the Crimean War. By 1856 the alliance had defeated Russia and Abdulmecid presented himself with a new palace, deserting Topkapi.

There was however a price to a seat on the same table as England and France. In 1856, for the first time since 1453, church bells were permitted to ring, by the authority of an imperial decree, in Constantinople. Many Muslims declared it a day of mourning. By 1877 Bulgaria had been given autonomy; Crete won similar terms in 1898 (and joined Greece in 1913). The weakness of Constantinople had gone to the heart. It was in huge external debt, and its revenues were being scanned by lenders. Muslims all over the world shuddered when a Bulgarian army reached the walls of

Constantinople during the Balkan wars.

The largest Muslim population in the world at that time was not in the Ottoman empire but in the British empire, in India. Agitated by the fate of their Caliph, Indian Muslims sent a medical mission to Turkey during the Balkan wars under the leadership of Dr M.A. Ansari. That mission of 1912 initiated a wave that became tidal in ten years.

The nineteenth century had also been fatal to the other great Muslim empire in the world, the Mughal, in India. The Mughal Empire of India had, during the glory years of Akbar, Jehangir and Shah Jehan, considered itself superior to the Ottoman, a claim that the fellow-Turks of Constantinople shrugged off as insolence. After a century of dismal degeneration, the British buried the Mughals in 1857 after a war that changed the British as much as it changed India. The Mughal Empire died unwept, but not unloved.

As we have seen, Muslim armies began incursions into India, and a lot of it too, during the first decades of the eleventh century, a little before the Crusades began in West Asia. India's wealth whetted the appetite for more. In the mid-twelfth century, Muslims established themselves in Delhi, and did not leave until the British prised them out after a bitter war of blood and nerves in 1857. India was always a Hindu-majority region, but Muslim power lived on, or sometimes limped on, till Britain eliminated it.

The Muslim response swung between anger and anxiety. The jihads of the nineteenth century were crushed by the British; the spirit revived early in the twentieth century, where it merged with the larger nationalist movement under Gandhi. In a unique departure, Gandhi persuaded Muslims into their only experience of a non-violent jihad. It failed.

A history of anger and a literature of revenge divided India and created Pakistan. Jinnah won the

argument in India before 1947. Pakistan's tragedy was that he lost the argument after 1947. How did a homeland for Muslims become a homeland for Muslim terrorists? Fundamentalists who could not capture power at the inception of Pakistan gradually created a parallel state with two objectives: the indoctrination of young minds through those medressas that were under their control, and the declaration of jihad against a succession of enemies: India, Russia, the United States of America and, periodically, their own government. Afghanistan under the Taliban became a formal ally of this state within a state. More important and less obvious was the use they made of one government or the other for their wars. Funds came, discreetly or in the name of a higher cause like religious education, from Saudi Arabia; no one questioned where those funds went. There were other security blankets. The jihad against the Soviet Union was of course financed and armed by the West and most of the Muslim world, and resources poured into that war are still visible in the Kalashnikov culture. The United States and Britain have long distanced themselves from that jihad, but the parallel state of Pakistan continues the holy war against Russia through its support for Chechens.

The jihad against America came into its own in the 1990s and was not without its friends in the Pakistan and Saudi establishments. Washington's influence has made it impossible for a contrary voice to be heard after 11 September 2001, but it cannot prevent the contrary whisper.

So what happened to democracy in Pakistan? The only Muslims in the world to enjoy sustained democratic liberty are not in Pakistan, but those who remained in India. Indian Muslims have had more problems than anyone deserves, paying the price for their ancestors, on the one hand, and the success of

the Muslim League, on the other, but they remain the only Muslims – and there are now over 150 million of them – with guaranteed democratic rights. It would be foolish to say that democracy has removed their grievances; it has not. As in the case of the wanton destruction of the Babri mosque in 1992, it may have even added to their problems. Resultant riots are often an exercise in lynch mob barbarism, with the administration giving a friendly nod to violence, as in Gujarat in 2002. But democracy has given Indian Muslims the means to punish governments and political parties who are either antagonistic to their sentiments or have betrayed their interests.

In an age of despair the need for a hero who can inspire pan-Islamic victories becomes acute. The situation today is akin to a thousand years ago, when Crusaders conquered Jerusalem and Christians established powerful states in the heart of Palestine, in territory approximate to where Israel exists today. A revival by Zengi, Nuraddin, and above all Saladin lifted Muslims from a morass then. There is no such hero on the horizon now. Despair can become a breeding ground for mavericks who believe in themselves and their version of the faith.

There may be a lesson here for modern times. When Saladin gave a call for a jihad against Richard II, response came from as far away as India. The street is still ready, but there is no Saladin. Dictators like Saddam Hussein exploit this disenchantment to divert some of the anger against their own tyranny. The United States, most Muslims believe, only dispenses with those dictators who fall out with Washington; in other words, it is Washington's interest that must always be served, not theirs. The Saud family remains the outstanding example of Washington's tolerance for obedient kings. 'King' is not the most important of the titles of the Saudi-

monarch; he is also custodian of the holy places. To many Muslims, the Saud family is only the custodian of American oil.

There were no limits to covert operations. Regime change is not a 21st century war cry. It was part of a superpower's strategic needs, and the United States sought to destroy governments in every continent, whenever it felt its interests were sufficiently threatened, with full authority from the President in each case, for the rest of the 20th century. As long as it lasted, the Soviet Union did the same thing more brutally, and bled to death when a regime change in Kabul went wrong. The United States and the Soviet Union had defined their line of control across Europe. The rest of the world was open game for their diplomatic, defence and intelligence establishments.

The most successful American covert action did not take place in East Europe, since it was off limits, but in an oil-soaked nation on the borders of the Soviet Union. The most vital of interests was involved, oil. The year was 1953, and it was an authentic Dulles triumph that sent church bells pealing through the establishment. The methodology was very different, but the mission in 1953 was much the same as the mission in 2003: a government that had become hostile and western interests had to be removed. In 1953 the means was covert action; in 2003 it was called preemptive strike. In the first instance, it was Iran; in the second, Iraq.

The American-British-Australian invasion of Iraq in March 2003 is the penultimate chapter of a conflict that began on 2 August 1990 as a consequence of a war that Saddam Hussein launched against Iran on 22 September 1980.

The credibility of the war had self-destructed even before it began. This was why George Bush managed the unique feat of creating a peace move-

ment before any war had begun. What Bush could not appreciate was that anti-war sentiment did not correspond to support for Saddam. This was especially true of the Muslim reaction. Many Muslims saw a much larger picture, in which Saddam was not their ally, but a dangerous irritant and intrusion. This larger picture was painted on evidence provided by a few friends of George Bush. Is it any wonder that Muslims increasingly believe that 'weapon of mass destruction' that the American Right, its temporary leader George Bush, is searching for is not chemical or nuclear arms, but Islam.

This might be a worst-case scenario, but the Muslim street saw the Iraq war in ways significantly different from the best intentions that Washington and London might have had. This is why events are being overtaken by the law of unintended consequences. The Anglo-American occupation of Iraq has induced a radical response among the previously uncommitted, or indifferent (it would be a mistake to consider radical a fundamentalist, even if all fundamentalists are of the radical response). Ibn Khaldun's theory of rise, fall and renewal, that destiny can be changed by a return to principles, is at work!

References:

¹ Also referred to as Saint Bede or the Venerable Bede was an English monk at the monastery of Saint Peter at Monkwearmouth and its companion monastery, Saint Paul's in modern Jarrow, Northeast England, both of which were located in the Kingdom of Northumbria.

