

RISING INDIA: CHALLENGES AND CONSTRAINTS

India is perceived to be a rising power, based on its recent economic performance. However, there are a series of constraints, both geopolitical and domestic, which limit its potential. The country feels threatened by a strategic partnership between China and Pakistan, aimed at containing its influence. It has been partially blocked from Central Asian energy supplies, and remains suspicious of the United States. Corruption and poor governance also pose major problems.



Indian soldier opens a gate at border with Pakistan in Suchetgarh, 12 Jan. 2010 REUTERS/Mukesh Gupta

There is a widespread view in the West that India is a rising power. Business and media commentary has focused on the country's high economic growth. Between 2005 and 2008, the Indian economy grew at 9% annually, and has been among the first to recover from the global recession. With a population of nearly 1.2 billion people, India is feted as the world's largest democracy. Its growing middle class, variously estimated between 30 and 300 million, is seen as a gigantic consumer market for Western manufactured goods. New Delhi, having acquired a nuclear weapons capability, is being courted for its support on the Iranian nuclear issue since its opinion is thought to carry weight internationally.

This trend feeds into a widespread self-perception among the Indian political elite that their country is destined for greatness. In a parallel with Chinese strategic narratives, they see India as representing an ancient civilisation rebounding from centuries

of colonial enslavement. Fixated on historical studies which suggest that between 1 and 1700 AD, India contributed 25% to 33% of world GDP, they believe that economic reforms introduced since 1991 will help the country regain a major share of the world market. They also believe that a defensive security policy would lead to the great powers welcoming India into their ranks.

Due to its recent economic performance, India has been compared to China, leading to the two nations being bracketed under the label 'Chindia'. However, the Indian economy is currently much smaller than the Chinese. In addition, India faces long-term challenges which reduce the prospects of its attaining strategic parity with China. These are: a military partnership between China and Pakistan targeted at India, a growing dependence on energy imports, fragile relations with the United States, infrastructure shortfalls, and domestic militancy.

The Sino-Pakistani partnership

The biggest geopolitical obstacle to India's rise is strategic collaboration between Pakistan and China, which has diverted Indian finances from poverty alleviation to military defence. Until 1962, New Delhi and Beijing had maintained cordial ties: China had even expressed sympathy for India in its conflict with Pakistan. India reciprocated by championing China's admission into the United Nations, in the face of strong American opposition. The bonhomie did not last, as a dispute emerged over the delineation of the Sino-Indian border. Tensions mounted, culminating in a 31-day war in 1962, which ended in Indian defeat. Pakistan then entered into a military alliance with China and three years later, attacked India with the intention of annexing Indian-administrated Kashmir.

From the mid 1960s onwards, India felt besieged on land by two hostile powers (China and Pakistan), with a potential third (the United States) threatening it from the sea. The US had been drawn toward Pakistan because of the country's willingness to choose a clear side in the Cold War (unlike India, which remained non-aligned). In this context, India sought an indigenous nuclear deterrent. Immediately after the first Chinese nuclear test in 1964, India declared that it too would acquire nuclear weapons. Ten years later, the country conducted its first nuclear test, whereupon Pakistan pledged to follow suit. Technical support from China (which had not yet signed the Non-Proliferation Treaty) was among the factors which allowed Pakistan to develop a nuclear capability by 1990. From behind this nuclear shield, the Pakistani military began sponsoring Islamist rebels in Indian territory.



Since 1990 therefore, proxy warfare has been added to the threat of a two-front conventional attack upon India by Chinese and Pakistani forces. Although the Indian Army is twice the size of its Pakistani counterpart, it is only half that of China. Given that it has to guard a 3323-kilometer border in the west, and a 3488-kilometer border in the east, the Army's operational capacity is stretched. In the past decade, India has managed to partially rectify equipment shortfalls through increased defence expenditure, thus acquiring a battlefield advantage over Pakistan. This process started in 1999, when Pakistani troops attempted to seize territory in the Kargil region of Kashmir. The attack was only repulsed by Indian forces after intense fighting. Since then, the threat of overt attack from the western border has been replaced by one of cross-border terrorism.

Concurrently, China has grown concerned that India's growing military capability would elevate it to the position of a strategic rival. Since 2007, Chinese troops have intruded frequently into Indian territory, in what New Delhi perceives as shows of strength. With anti-American sentiment now high in Pakistan, New Delhi is concerned that the West would not have the leverage to restrain Sino-Pakistani military collusion, should tensions with China lead to armed conflict. Perceptions of a hostile regional environment thus continue to drive Indian security policy.

Dependence on energy imports

Tensions between India and Pakistan are not limited to Kashmir. Pakistan lies on potential trade routes to Central Asia. Ever since the Soviet-Afghan War (1979-1989), Islamabad has been keen to convert this geo-

graphic asset into strategic leverage over India. Pakistani analysts and some Western ones argue that India's further rise is conditional upon a compromise with its western neighbour. This argument is grounded in beliefs that further Indian economic growth will be driven by energy imports. India already procures almost 70% of its oil from the Persian Gulf. By 2030, this figure would rise to 90%. Central Asia is therefore, not only attractive but also essential as an alternative source of energy.

Under the Doctrine of Strategic Depth, the Pakistani military has sought to monopolise access to Afghanistan. Towards this end, it has propped up jihadist proxies, the most famous being the Taliban. India has responded by building close ties with Iran, the Karzai government in Afghanistan, and Central Asian states. The objective is to bypass Pakistan by creating alternative supply routes, which would permit oil to be shipped into Indian ports. However, with the Obama administration keen to withdraw from Afghanistan and seeking Pakistani assistance in this process, India faces limitations on its role in Central Asia. Washington's pressure on New Delhi to support sanctions against Iran, in connection with Tehran's nuclear programme, has also complicated Indo-Iranian cooperation.

Meanwhile, China's growing naval footprint in the Indian Ocean is of concern to India. Already among the world's biggest energy consumers, India is in direct competition with China for energy resources. Considering that Chinese firms are currently outbidding their Indian counterparts in major energy contracts, an increased Chinese naval profile would tilt the resource race further in China's favour. Furthermore, it would

challenge the predominance of the Indian Navy, which views the waters from the Persian Gulf to the Straits of Malacca as representing its sphere of influence.

Given that 95% of Indian trade is sea-borne, naval expansion will be central to Indian economic growth in future decades. Recognising this, the Indian government has made new acquisitions for the Navy a strategic priority. However, since the decade between 1985 and 1995 was marked by budgetary constraints, most of the allocated funds will be spent on replacing old vessels. Over the next decade, the Navy is projected to increase from 130 to 170 vessels. This might not be enough to safeguard important shipping lanes if additional energy supplies need to be brought in. Particularly given the tense situation along India's land borders, naval requirements are not likely to be met due to budgetary contests with the Army and Air Force.

Uncertain relations with the US

In 2005, the Bush administration declared that it would assist India in becoming a world power. Its pronouncement conjured up visions of a strategic alliance – a kind of democratic axis. Indo-US relations had been growing close ever since the 1999 Kargil Crisis, when the United States sided with India. The new warmth between the US and India manifested itself in the form of an agreement on civilian nuclear trade, which was largely intended to meet India's burgeoning energy demands. The agreement was controversial since India remained outside the NPT. It was however, an indication of the trust that Washington reposed in India as a democratic nation which had not engaged in nuclear trafficking. Both countries were also concerned about the rise of China, and the implications that this would have for their national security interests. At a more ideological level, India represented a counter-weight to the Chinese governance model.

This warmth has reduced since the Obama administration came to power. Delhi believes that the American president is buying Pakistani cooperation on Afghanistan, and Chinese cooperation on the global economy, by sacrificing Indian interests. In particular, Indian officials suspect that Washington is covering up the involvement of Pakistani officials in the November 2008 Mumbai terrorist attacks. Indian investigators are convinced that the attacks were jointly planned by the Pakistani military and jihadist groups. They are inclined to take a

dim view of American requests to cooperate with Pakistan, seeing them as representative of 'double standards' in counterterrorism.

The fact remains however, the Indo-US relationship is inherently asymmetrical. India needs American help to develop its economy and strengthen its international position far more than the US needs India. While both countries remain at loggerheads on trade issues and strategic priorities, it is likely that their common commitment to democratic values will prevent a serious break in relations. Whether this ideological affinity would bolster closer security cooperation seems far less certain.

Infrastructural deficiencies

Apart from external constraints, India faces domestic obstacles to its continuing rise. The country's two biggest weaknesses are inadequate educational and physical infrastructure. Only 65% of the adult population is literate ie., able to write in a vernacular language. While 20% can understand English, 0.03% use it as a first language. Considering that the country's economic growth in the last 20 years has been services-driven, this lack of international exposure raises doubts about India's further growth potential.

Government estimates suggest the country's young demographic profile could lead to difficulties within another 10 years, if the number of higher education institutes is not increased by at least 150%. Only 12.4% of Indian students currently enter university, where the quality of education provided is below international standards. The few institutes with a reputation for excellence are confined to three fields: information technology, biotechnology, and space research. It is their alumni who have gone on to build up the country's image as an economic superpower with a highly skilled workforce. This image obscures the fact that 60% of Indian workers are still engaged in agricultural labour.

Shortfalls in physical infrastructure meanwhile, have depressed economic growth rates by two percentage points. At present, 2% of India's roads carry 40% of its traffic, the remainder being unable to support heavy vehicles. Power cuts caused by growing demand are worsened by inefficient distribution grids. Since economic activity is concentrated in the cities, rural areas have received little attention from policymakers. This has fuelled a Maoist insurgency across central India affecting, to varying degrees, 40% of the country's land area and 35% of

its population. Although the insurgency has been contained by massive deployments of security forces, it is symptomatic of broader inequities for which democratic politics is yet to provide a solution.

The Indian manufacturing sector has been squeezed between resource constraints and regional politicians, who often champion populist causes and damage investor confidence. Economic reforms implemented since 1991 have run their course, and more reforms are needed to sustain economic growth. However, such reforms could render an even larger percentage of the Indian workforce uncompetitive in the international job market. Given that India has an extremely low police-to-population ratio (125:100000 as against the United Nations norm of 450:100000), its law enforcement capacity could be overwhelmed by the side-effects of further economic liberalisation.

Prescriptions and prospects

Many Indian and Western analysts prescribe bold initiatives that, according to them, would help India rise further. Chief among these are: improving relations with Pakistan, strengthening economic ties with China, and entering into close defence cooperation with the United States. They also prescribe drastic improvements in the quality of governance, as a way of ameliorating the grievances of marginalised sub-groups within Indian society.

A closer look at the manner in which Indian democracy functions questions the advisability of dramatic policy shifts. Relations with Pakistan have deteriorated since 1999, largely because Indian public opinion was outraged by repeated terrorist attacks planned from across the border. The Pakistani intrusion at Kargil was perceived by Indian policymakers as a betrayal, since they had previously invested considerable effort into improving bilateral relations. Most recently, the 2008 Mumbai attacks have made it difficult for the Indian government to negotiate with Pakistan, unless Islamabad first punishes the individuals involved.

Similarly, closer economic relations with China may not materialise, as sections of the Indian business class are apprehensive of low-priced Chinese goods flooding the Indian market. With the delineation of the Sino-Indian border still a contested issue and border incidents continuing to occur, the scope for cooperation remains limited. Considering that China remains Pakistan's closest military ally, it is also hard for New

Delhi to ignore the adverse implications of Sino-Pakistani strategic collaboration for its own security.

While the United States and India have no conflict of interests, doubts persist as to whether there is scope for closer defence cooperation. India is unwilling to give up its strategic autonomy, believing that doing so would reduce its status. Despite the Indo-US nuclear deal having provided a partial solution to India's energy problems, sections of the Indian Muslim population and leftist parties are hostile to it. Indian strategists are also wary of any suggestions that the country agree to roll-back its nuclear arsenal, in exchange for enhanced civilian nuclear trade.

Lastly, governance in India is influenced by local and provincial politics, which the central government in Delhi has very limited power to control. Corruption and clientelism are high due to the growing power of regionalist politicians relative to national-level ones. Although improvements in infrastructure are planned for border areas, in order to improve military defences, regions in the interior of India remain a low strategic priority for policymakers.

The way forward would therefore have to involve small and non-controversial policy changes. For example, in the field of energy security, increased reliance could be placed on solar and wind energy. This would reduce dependence on energy imports and could partially meet demands for rural electrification, thus ameliorating societal discontent within poorer regions. For economic diversification, India could expand trade relations with continental Europe and thereby create a stronger foundation for economic growth. Increased cultural exchanges with Europe would also promote international exposure among the Indian workforce and make it more competitive, thus increasing the likelihood of further economic reforms. For the foreseeable future however, India will remain a rising power with growing yet limited international influence.

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- Author: Prem Mahadevan
mahadevan@sipo.gess.ethz.ch
 - Responsible editor: Daniel Möckli
sta@sipo.gess.ethz.ch
 - Other CSS Analyses / Mailinglist:
www.sta.ethz.ch
 - German and French versions:
www.ssn.ethz.ch