



India and South Asia

This editorial is based on [“S Asia is in a flux. India must show leadership”](#) which was published in Hindustan Times on 29/07/2022. It discusses the challenges related to regional cooperation in South Asia and role of India.

For Prelims: South Asian Association for Regional Cooperation (SAARC), Neighbourhood First Policy, Vaccine Maitreyi, Indian Ocean Island Nations, South Asian Free Trade Agreement, Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation

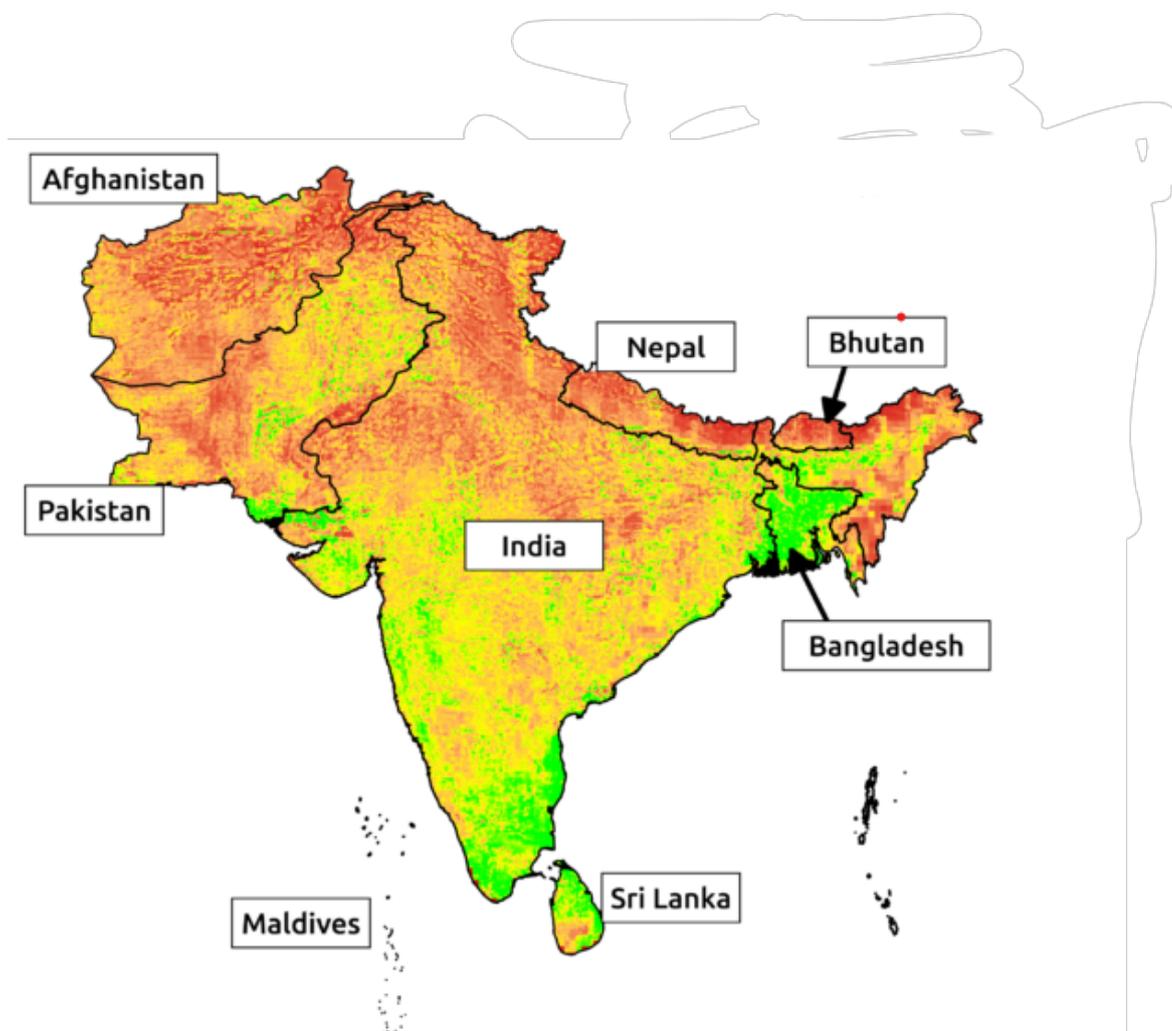
For Mains: Challenges regarding Regional Cooperation in South Asia, Role of India in Development of South Asia

South Asia is the southern region of Asia, which is defined in both geographical and ethno-cultural terms. The region consists of the countries of **Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka.**

India's vision of regional economic integration in South Asia is based on enhanced intra-regional trade, investment flows and regional transport and communication links in South Asia. **South Asian Association for Regional Cooperation (SAARC)** and **India's Neighbourhood First Policy** are the two vehicles in this process.

Although there are common cultural roots, there are a number of **cross-sub regional challenges like political and economic instability ([Sri Lankan Crisis](#) and [Afghanistan Crisis](#)) , high inflation, depleting [foreign exchange reserves](#), and domestic unrest** that continue to simmer in the South Asian region, which hosts around a quarter of the world's population.

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What is India's Neighbourhood First Policy?

- **India's Neighbourhood First policy** embodies India's vision of building a **Vasudhaiva Kutumbakam** (the world as one family).
- **Development Assistance:** The Indian government has **allocated INR 62,920 million in its budget for 2022-23 for development assistance** to countries in **India's neighbourhood and Africa and Latin America**.
- **Vaccine Diplomacy:** As part of India's neighbourhood First policy, India, through its vaccine diplomacy (**Vaccine Maitri**), extended help to many countries of the world **especially neighbouring countries** during the **Covid-19 pandemic**.

What are the Challenges regarding Regional Cooperation in South Asia?

- **Low Inter-Regional Trade:** South Asia's intra-regional trade is the **lowest globally, constituting only 5% of the region's total trade**. The current economic integration is just one-third of its potential with an annual estimated gap of 23 billion dollars.
- **External Influence in South Asia:** Smaller neighboring countries are quite predictable in seeking to **balance India's influence through closer relations with external powers**, in the past this was the US at the moment it is **China**.
 - Recent Chinese actions and policies in South Asia as well as its maritime neighbours, including **Indian Ocean island nations**, have made it necessary for India to take its neighbours very seriously.
- **Territorial Issues:** Territorial disputes in South Asia remain a **challenge to the peace, stability, and prosperity of the region**.
 - Of all interstate disputes, those over territory tend to be more likely to lead to **armed conflict**.

- **Inefficient Management of Global Supply Chain:** South Asia's international **trade integration is lower than the global average**, and it is way less integrated into global value chains **compared to East Asia**.
 - The countries have abysmally low exports due to the low productivity of many countries in this region.

What Role India can Play For the Development of South Asia?

- **Boosting Regional Trade:** India can leverage regional trade, connectivity and investment, and strengthen the [South Asian Free Trade Agreement](#) as a game-changer for the region.
 - **Galvanizing economic energies**, which would **lower barriers** to intra-regional food trade and encourage regional supply chains.
- **Providing Ecological Blueprint:** South Asian countries can benefit from India's eco-blueprint by focusing on the [protection of biodiversity](#) and responding to the climate crisis. The linkage between **effective governance and sustainable development** also needs to be acknowledged in South Asian countries.
- **Highlight the Need of Food Security:** Regional food security is another area that India could take a major initiative in with an eye to the future and can be an integral facilitator and component to this economic bloc for food security.
 - **Increasing the capacity of the SAARC Food Bank** that currently stands at less than 500,000 MT.
- **Promoting Sub-Regional Initiatives:** India can increase the **convening capacity** of sub-regional initiatives such as the [Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation](#).
 - The border regions can be effective partners in shaping India's regional engagement by steering sectoral regional dialogues on **cross-border trade, transport and health**.
 - By extending necessary assistance, **India can strengthen its position in the region and achieve both economic and strategic depth vis-à-vis China**.
- **Voice of South Asia in International Forums:** To **promote the interests of South Asian nations** as a group, **India can be the voice of South Asia** in international forums. A secure regional environment will also help India reach its ambitious development goals.

What Should be the Way Forward?

- **Strengthening Existing Associations:** Existing associations like **South Asian Association for Regional Cooperation (SAARC) haven't been able to significantly advance regional cooperation here**.
 - **Delinking domestic sentiments from the economic rationale, engaging in diplomacy to allay concerns** should be the way forward for South Asian countries which do have qualms about the integration.
- **Towards Self-Reliant South Asia:** Self-reliance of South Asia range from offers of **freer transit trade through the region, the development of supply and logistic chains, digital data interchange, single-window and digitized clearance systems**, risk assessment and minimisation measures, **wider use of trade lines of credit (presently abysmally low)**, denser connectivity, **smoother cross-border inspections**.
- **People-to-people Connect:** Priority should be given to people-to-people connections and deep cultural affinities for sustained cordiality and stability. Further, focus should be given to prompt delivery of multilateral commitments for the overall development of the region.

Drishti Mains Question

Evaluate the economic and strategic dimensions of India's Neighbourhood Policy in the context of recent political unrest in South Asia.

UPSC Civil Services Examination, Previous Year Question (PYQ)

Q. Consider the following statements: (2020)

1. The value of Indo-Sri Lanka trade has consistently increased in the last decade.
2. "Textile and textile articles" constitute an important item of trade between India and Bangladesh.
3. In the last five years, Nepal has been the largest trading partner of India in South Asia.

Which of the statements given above is/are correct?

- (a) 1 and 2 only
- (b) 2 only
- (c) 3 only
- (d) 1, 2 and 3

Ans: (b)

Q. Which one among the following South Asian countries has the highest population density? (2009)

- (a) India
- (b) Nepal
- (c) Pakistan
- (d) Sri Lanka

Ans: (a)