



Neighbourhood First in MEA's Aid Allocation

For Prelims: [Union Budget](#), [Development Assistance](#), [Neighbourhood First Policy](#), [Chabahar Port](#), [Humanitarian Needs](#), [Migration](#), [Border Security](#), [Line of Credit \(LOC\)](#), [Joint Military Exercises](#), [Maritime](#), [India-Myanmar-Thailand Trilateral Highway](#), [SAARC](#), [BIMSTEC](#), [Trade Barriers](#), [Indus](#), [Teesta](#).

For Mains: Role of India's Development Aid in Security and Stability in India's Neighbourhood.

[Source: IE](#)

Why in News?

In the recently announced [Union Budget](#) 2024-25, the **Ministry of External Affairs (MEA)** has outlined its [development assistance plans](#), focusing on strategic partners and neighbouring countries.

- It is geared towards promoting **regional connectivity, cooperation** and **stability** in line with India's [Neighbourhood First Policy](#).

How is the Development Aid Distributed Among Countries?

- A major chunk of the Ministry of External Affairs' outlay, Rs 4,883 crore, has been earmarked for **"aid to countries"**. It has been allocated as follows:
 - Bhutan:** It received the highest aid at **Rs 2,068.56 crore**, though slightly less than last year's Rs 2,400 crore.
 - Nepal:** It was allocated Rs 700 crore, up from Rs 550 crore last year.
 - Maldives:** It maintained a consistent allocation of **Rs 400 crore**, despite a higher revised amount of Rs 770.90 crore for the previous year.
 - Sri Lanka:** It received **Rs 245 crore**, an increase from Rs 150 crore last year.
 - Afghanistan:** Afghanistan receives **Rs 200 crore**, illustrating India's role in aiding the country's stability and development amidst ongoing challenges.
 - Maldives:** Maldives got **Rs 400 crore** despite the anti-India protests and remarks from its top leadership.
 - Iran:** [Chabahar Port Project](#) continues to receive **Rs 100 crore**, unchanged for the past three years.
 - Africa:** African countries **collectively** received **Rs 200 crore**, showcasing India's expanding **influence** and **engagement** with the continent.
 - Seychelles:** It receives **Rs 40 crore**, up from Rs 10 crore.

What are the Benefits of Development Aid Granted to Neighbouring Countries?

- Strengthening Diplomatic Relations:** By providing aid to neighbouring countries, India enhances **diplomatic ties**, fostering stronger **political** and **economic relationships**.

- **Promoting Regional Stability:** Financial support helps **stabilise** neighbouring countries, which can lead to a more **secure and stable region**, benefiting India's strategic interests.
- **Supporting Economic Development:** Aid contributes to **infrastructure projects**, development programs, and other initiatives that can boost **economic growth** in recipient countries, creating a more prosperous region. Eg. **Chabahar port in Iran**.
- **Encouraging Trade and Investment:** Improved infrastructure and economic conditions in neighbouring countries can lead to increased **trade and investment opportunities** for India e.g., **Agartala-Akhaura railway project** between India and Bangladesh.
- **Enhancing Strategic Influence:** Providing aid allows India to **exert influence** and build **alliances**, ensuring that neighbouring countries have positive engagements with India and align more closely with its interests.
 - Eg. **Bhutan**'s favour to India on **Doklam issue**.
- **Addressing Humanitarian Needs:** Aid often addresses urgent **humanitarian needs**, such as health care, education, and disaster relief, improving the quality of life in recipient countries.
 - Eg. India launched **"Operation Karuna"** to provide humanitarian assistance to Myanmar during **Cyclone Mocha**.
- **Strengthening Soft Power:** By investing in neighbouring countries' development, India bolsters its **soft power** and reputation as a responsible **regional leader**.
 - Eg. It helps in **alleviating** the **Big Brother syndrome** among India's **smaller neighbours**.

India's Neighbourhood First Policy

- The concept of the **Neighbourhood First Policy** came into being in **2008**.
- India's 'Neighbourhood First Policy' guides its approach towards the **management** of relations with countries in its **immediate neighbourhood**, that is Afghanistan, Bangladesh, Bhutan, Maldives, Myanmar, Nepal, Pakistan and Sri Lanka.
- The Neighbourhood First policy, inter alia, is aimed at enhancing **physical, digital and people to people connectivity** across the region, as well as augmenting trade and commerce.
- This policy has evolved into an **institutional priority** for all the relevant arms of the Government managing relations and policies with our neighbourhood.
- India's approach to engaging with its neighbouring countries is characterised by **consultation**, **non-reciprocity** and a focus on achieving **tangible outcomes**. This approach prioritises enhancing connectivity, infrastructure, development cooperation, security, and fostering greater people-to-people contacts.

Why is the Neighbourhood First Policy Important for India?

- **Terrorism and Illegal Migration:** India faces **terrorism** and **illegal migration** threats, including **the smuggling** of weapons and drugs, from its immediate neighbours.
 - Better relations can improve **border security infrastructure** and monitor **demographic changes** due to illegal migration.
- **Relations with China and Pakistan:** Relations with China and Pakistan are strained, particularly due to terrorism linked to **Pakistan**.
 - Engaging in **regional** and **multilateral organisations** can highlight Pakistan's role in terrorism and create a common platform for **counter-terrorism** under the Neighbourhood First Policy.
- **Investment in Border Infrastructure:** There is a deficiency in **border infrastructure** and the need to stabilise and develop border regions.
 - Improved connectivity infrastructure like **cross-border roads, railways, and ports**, and explore a regional development fund for such infrastructure.
- **Monitoring Line of Credit (LOC) Projects:** India's **LOC** to neighbours increased significantly, with 50% of global **soft lending** going to them.
 - It enhances India's influence in the region, expands Indian firms' presence and builds **economic linkages** with recipient countries.
- **Defence and Maritime Security:** Defense cooperation is crucial, with **joint military exercises**

conducted with various neighbours.

- It helps in enhancing [maritime domain awareness](#) in the extended neighbourhood.
- **Development in the North-Eastern Region:** The **North-Eastern region's** development is crucial for the **Neighbourhood First** and **Act East Policies**.
 - Countries like **Myanmar** and **Thailand** can help improve connectivity, economic development, and security in the North-Eastern Region e.g., the **India-Myanmar-Thailand Trilateral Highway**.
- **Tourism Promotion:** India is a major source of tourists for **Maldives** and **Bangladesh** and a destination for **Nepali religious tourism**.
 - Tourism fosters **cultural exchange**, which can lead to increased interest in Indian culture and businesses, potentially boosting exports of **Indian cultural products and services**.
- **Multilateral Organisations:** India's engagement with neighbours is driven by regional mechanisms like **SAARC** and **BIMSTEC**.
 - Both help India assert its leadership role in **South Asia** and counterbalance the influence of other major powers in the region.

What are the Challenges in India's Relationship with its Neighbouring Countries?

- **Border Disputes:** Disagreements over **borders**, especially with **China** and **Pakistan**, lead to tensions and conflicts.
 - **China's** growing influence in the South Asian region and its close ties with Pakistan pose **strategic challenges**.
- **Terrorism:** Pakistan has continuously provided **support, safe havens** and **funding** to various militant groups, such as **Lashkar-e-Taiba (LeT)** and **Jaish-e-Mohammed (JeM)**, which have carried out attacks in India.
- **Illegal Migration:** The influx of **illegal migrants** from Bangladesh into India causes demographic and security concerns.
- **Trade Imbalances:** Economic issues and [trade barriers](#) with neighbours like Pakistan, Bangladesh, and Nepal affect relations.
 - Issues related to **trade restrictions** and tariffs have often exacerbated diplomatic tensions.
- **Water Disputes:** Conflicts over sharing river waters, such as the [Indus](#) and [Teesta](#) rivers, strain ties with **Pakistan** and **Bangladesh** respectively.
- **Internal Conflicts:** **Political instability** or disputes in neighbouring countries, like Nepal and Bangladesh, impact bilateral relations.
- **Diplomatic Relations:** Issues such as the treatment of **minorities** in Sri Lanka and India's stance on **Myanmar's** government create friction.
 - E.g. [Free Movement Regime \(FMR\)](#) issue with Myanmar.
- **Environmental Issues:** Natural disasters and environmental problems, like **flooding** in Bangladesh, require joint efforts and can affect relations.
 - E.g. Bhutan's concerns over the environmental impact of [BBIN](#) and tourism on its fragile ecology.
- **Regional Cooperation:** Disagreements within regional organisations like **SAARC** and **BIMSTEC** can hinder effective cooperation.

Initiatives by India to Improve Relationships with Neighbours

- [Neighbourhood First Policy](#)
- [Act East Policy](#)
- [SAGAR \(Security and Growth for All in the Region\)](#)
- [Project Mausam](#)
- [BIMSTEC](#)
- [SAARC Rejuvenation](#)
- [Gujral Doctrine](#)

Way Forward

- **Strengthening Diplomatic Engagement:** Establish and **maintain regular diplomatic dialogues** and high-level meetings to address and resolve issues.
 - Develop and **institutionalise mechanisms for resolving disputes**, such as joint committees and arbitration panels.
- **Enhancing Economic Cooperation:** Negotiate and implement **fair trade agreements** that address imbalances and promote mutual benefits.
 - Collaborate on roads, railways, and energy corridors, to improve connectivity and economic integration.
- **Promoting Security and Stability:** Coordinate on **regional security initiatives to address common threats** like terrorism and illegal migration.
 - Establish joint task forces and intelligence-sharing mechanisms.
- **Fostering People-to-People Connections:** Increase educational and **tourism initiatives** to build mutual understanding and goodwill among populations.
- **Addressing Environmental and Humanitarian Issues:** Synergize on natural disasters and environmental problems using joint efforts and regional plans. Provide **humanitarian assistance** and support in times of crisis, fostering goodwill and cooperation.
- **Strengthening Regional Organisations:** Actively participate in regional organisations like **SAARC and BIMSTEC** to address regional issues and **improve their mechanisms for decision-making and implementation.**
- **Addressing Internal and External Factors:** Ensure that domestic policies do not adversely impact relations with neighbouring countries.
 - Strive for **balanced policies that consider both domestic and international implications** aligning with the principles of the [Gujral Doctrine](#).

Read more: [MEA's Development Aid](#)

Drishti Mains Question:

Why does stability in India's neighbourhood hold a significant position for India's internal security in the changing geopolitical scenario? Discuss.

UPSC Civil Services Examination, Previous Year Question (PYQ)

Q.Critically examine the compulsions which prompted India to play a decisive role in the emergence of Bangladesh. **(2013)**

Q.Project 'Mausam' is considered a unique foreign policy initiative of the Indian government to improve relationships with its neighbors. Does the project have a strategic dimension? Discuss. **(2015)**

Q.What is meant by Gujral doctrine? Does it have any relevance today? Discuss. **(2013)**

Q."The diverse nature of India as a multi-religious and multi-ethnic society is not immune to the impact of radicalism which is seen in her neighborhood." Discuss along with strategies to be adopted to counter this environment. **(2014)**