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**COMMITTEE
ON EXTERNAL AFFAIRS
(2018-19)**

SIXTEENTH LOK SABHA

MINISTRY OF EXTERNAL AFFAIRS

[Action Taken by the Government on the Recommendations/Observations contained in the Twenty Second Report on the subject ‘Sino-India Relations including Doklam, border situation and cooperation in international organizations’]

TWENTY FIFTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

February, 2019 /Magha, 1940 (Saka)

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*Presented to Lok Sabha on 13.2.2019
Laid on the Table of Rajya Sabha on 13.2.2019*



LOK SABHA SECRETARIAT
NEW DELHI

February, 2019 / Magha, 1940 (Saka)

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COMPOSITION OF THE COMMITTEE ON EXTERNAL AFFAIRS (2018-19)

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2. Shri Sirajuddin Ajmal
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4. Prof. (Dr.) Sugata Bose
5. Shri Ranjit Singh Brahmpura
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16. Shri Mohammad Salim
17. Prof. (Dr.) Mamtaz Sanghamita
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19. Smt. Supriya Sadanand Sule
20. Shri Sharad Tripathi
21. Vacant

Rajya Sabha

22. Smt. Jaya Bachchan
23. Shri Jose K. Mani
24. Shri P. Bhattacharya
25. Shri Sambhaji Chhatrapati
26. Shri Swapan Dasgupta
27. Shri Chunibhai Kanjibhai Gohel
28. Smt. Kanimozhi
29. Shri Kumar Ketkar
30. Shri V. Muraleedharan
31. Shri D. Kupendra Reddy

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1.	Smt. Abha Singh Yaduvanshi	-	Joint Secretary
2.	Dr. Ram Raj Rai	-	Director
3.	Smt. Jyochnamayi Sinha	-	Additional Director
4.	Shri Maneesh Mohan Kamble	-	Under Secretary

INTRODUCTION

I, the Chairperson, Committee on External Affairs (2018-19) having been authorized by the Committee to present the Report on their behalf, present this Twenty Fifth Report (16th Lok Sabha) on action Taken by the Government on the Recommendations/Observations contained in the Twenty Second Report on the subject ‘Sino-India Relations including Doklam, border situation and cooperation in international organizations’.

2. The Twenty Second Report was presented to the Parliament on 4 September, 2018. The Action Taken Replies of the Government on all the Observations/Recommendations contained in the Report were received on 3 January, 2019.

3. The Committee considered and adopted this Report on Action Taken at their Sitting held on 11 February, 2019. The Minutes of the Sitting of the Committee have been given at Appendix-I to the Report.

4. An analysis of the action taken by the Government on the Observations/Recommendations contained in the Twenty Fifth Report of the Committee on External Affairs is given at Appendix-II.

NEW DELHI
11 February, 2019
22 Magha, 1940 (Saka)

DR. SHASHI THAROOR,
Chairperson,
Committee on External Affairs

CHAPTER – I

REPORT

This Report of the Committee on External Affairs deals with the Action Taken by the Government on the Observations/Recommendations Twenty Second Report on the subject ‘Sino-India Relations including Doklam, border situation and cooperation in international organizations’ which was presented to the Lok Sabha and laid on the Table of the Rajya Sabha on 4 September, 2018.

2. The Action Taken Notes have been received from the Ministry of External Affairs on all the 19 Observations/Recommendations contained in the Report. These have been categorized as follows: -

(i) Observations/Recommendations which have been accepted by the Government:-

Recommendation Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 14, 15, 16 and 18
Total- 15

(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the Government's replies:-

NIL

(iii) **Observations/Recommendations in respect of which replies of Government have not been accepted by the Committee and require reiteration:-**

Recommendation Nos. 11 and 19

Total- 02

(iv) Observations/Recommendations in respect of which final replies of Government are still awaited:-

Recommendation Nos. 13 and 17

Total- 02

3. The Committee desire that final replies to the comments contained in Chapter-I and Observations/Recommendations contained in Chapter-V of this Report should be furnished to them at an early date.

4. The Committee will now deal with the action taken by the Government on some of their Observations/Recommendations.

(Recommendation No. 3)

5. The Committee have noted that India does not accord any diplomatic recognition to Taiwan despite the flourishing nature of exchanges between the countries, such as in the fields of people to people contacts, trade and personal exchanges. The Ministry has argued that it does not want to upend this policy of the Government of India in deference to China's sensitivity on the matter. Nonetheless, it treats the relationship with Taiwan as a trade relationship rather than a diplomatic one, and has recently acquiesced in China's demand to refer to Taiwan as "Chinese Taipei". It comes as a matter of concern to the Committee that even when India is overly cautious about China's sensitivities while dealing with Taiwan and Tibet, China does not exhibit the same deference while dealing with India's sovereignty concerns, be it in the case of Arunachal Pradesh or that of the China-Pakistan Economic Corridor (CPEC) in Pakistan Occupied Kashmir (PoK). Given the fact of China's muscular approach of late while dealing with some of the issues pertaining to India, it is difficult for the Committee to be content with India's continuing with its conventionally deferential foreign policy towards China. Dealing with a country like China essentially requires a flexible approach. The Committee strongly feel that the Government should contemplate using all options including its relations with Taiwan, as part of such an approach.

Reply of the Government

6. The Ministry of External Affairs, in its Action Taken Reply, has stated:-

"The Government follows a consistent policy with respect to Taiwan. We do not have diplomatic relations with Taiwan. However, we do pursue engagement in trade, investment, scientific, culture, people-to-people and other such functional areas with Taiwan."

7. The Committee note the response of the Ministry wherin they have merely endorsed the commitment towards consistent policy with respect to Taiwan. They have merely stated "we do pursue engagement in trade, investment, scientific, culture, people-to-people and other such functional areas with Taiwan". The Committee, however, are keen to know the specific steps being taken to improve substantive relations with Taiwan in the areas mentioned by the Ministry.

(Recommendation No. 4)

8. The Committee have noted the significant inroads made by China in India's neighbourhood and their impact on India's outreach activities in these countries. Despite the Ministry's ambivalence on whether this reflects some sort of a deliberate encirclement policy of India by China, the Committee would be inclined to see it as

nothing less than a veiled containment policy. Therefore, it is imperative that India should urgently take up the business of re-energizing its ties with our neighbouring countries. It is clear that we now have to contend with the possibility of some of the countries in our neighbourhood playing the China card as leverage in their relations with us. In Committee's opinion India *vis-a-vis* China has the unbeatable advantage of having always been seen as a reliable and trustworthy partner. Therefore, to deal with the emerging situation, India needs to bring into play adroit and pro-active diplomacy on the one hand while significantly augmenting the delivery and efficiency of its development assistance in the Region on the other. The Committee desire to be apprised about the steps taken by the Government towards this end and both the short and long term outcomes of such endeavours.

Reply of the Government

9. The Ministry of External Affairs, in its Action Taken Reply, has stated:-

"The Government accords highest priority to India's relations with our neighbouring countries. Under its 'Neighbourhood First' policy, Government is committed to developing friendly and mutually beneficial relations with all its neighbours. India is an active economic partner of its neighbours and is involved in various development projects in these countries. India also has extensive ties with neighbouring countries in education, culture, trade and investments as well as defence and security cooperation.

India is of the firm view that as two large countries having wider regional and global interests, India and China must pursue their relationships with other countries in a manner that does not become a source of concern for each other, and is based on mutual respect and sensitivity to each other's concerns and aspirations.

Details of India's engagements with major countries in the Indian Ocean Region are enclosed at **Annexure - A.**"

10. While noting the significant in-roads made by China in India's neighbourhood and their impact, the Committee had recommended the Ministry to re-energize its ties with neighbouring countries and also bring in pro-active diplomacy by augmenting the delivery and efficiency of its developmental assistance to these countries. The Committee acknowledge the Government's efforts towards developing an active economic partner in these neighbouring countries and its involvements in various developmental projects. However, the Committee find lacunae in implementation of 'Neighbourhood First' Policy and feel that there is an inordinate delay in completion of several Projects due to various reasons

including resources crunch. The Committee find that the ongoing development of projects that are seemingly tantamount to encirclement of India by China is certainly a matter of concern for India. The Committee, therefore, reiterate that there is an urgent need to augment the developmental assistance to neighbouring countries to counter the Chinese assertiveness in the region with an objective to bring in an adroit and proactive diplomacy. The Committee may be apprised about the long term and short term policy changes in that direction and its impact thereon.

(Recommendation No. 5)

11. The Committee have noted that while China is resorting to containment of India in South Asia, its own vulnerabilities in South-East Asia are adequately exposed and could be appropriately taken into account by India. Due to historical and contemporary factors, China's ties with some of the countries in the region have come under strain and this presents India with the right opportunity to develop counter pressure on China. The Committee are pleased to note that the Government is sensitive about the issue and has already started taking steps in the desired direction by significantly augmenting projects assistance to Bangladesh and by signing a first time LoC of \$ 500 million with Vietnam for defence purchases. India has also taken a firm stand on the Belt and Road Initiative. Further, the Foreign Secretary in his candid submission before the Committee has emphasized the need to look after our neighbourhood and the Indian Ocean. Therefore, the Committee would desire that these isolated measures notwithstanding, the Government should very proactively pitch for an enhanced role in South-East Asia and the Indian Ocean region as a foreign policy tool in the medium and long term. India's model of assistance as has been stated previously is being seen as more favourable to the interests of the recipient countries, but is sometimes short on timely delivery. Wherever India forays, it has the advantage of this positive image of trust and reliability built assiduously and painstakingly over decades.

Reply of the Government

12. The Ministry of External Affairs, in its Acton Taken Reply, has stated:-

“The Government of India under its Act East Policy has taken several proactive measures to engage with the countries of the Indo-Pacific region, especially in South-East Asia.

The Act East Policy which was upgraded in 2014 from the Look East Policy -- major pillar of our foreign policy since the early 1990s -- focuses on the extended neighbourhood in the Indo-Pacific region. The policy which was originally conceived as an economic initiative, has gained political, strategic and

cultural dimensions including establishment of institutional mechanisms for dialogue and cooperation. The key principles and objectives of Act East Policy is to promote economic cooperation, cultural ties and develop strategic relationship with countries in the Indo-Pacific region through continuous engagement at bilateral, regional and multilateral levels thereby providing enhanced connectivity to India's Northeastern States with other countries in our neighbourhood.

India has strategic partnership with a number of countries in the region, including Indonesia, Vietnam, Malaysia, Japan, Republic of Korea, Australia, Singapore and Association of Southeast Asian Nations (ASEAN) and forged close ties with all countries in the Indo-Pacific region. Apart from ASEAN, ASEAN Regional Forum (ARF) and East Asia Summit (EAS), India has also been actively engaged in regional fora such as Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), Asia Cooperation Dialogue (ACD), Mekong Ganga Cooperation (MGC) and Indian Ocean Rim Association (IORA), all of which contribute to the realisation of India's Act East Policy.

In addition, various plans at bilateral and regional levels include steady efforts to develop and strengthen connectivity of India's Northeast with the ASEAN region through trade, culture, people-to-people contacts and physical infrastructure (road, airport, telecommunication, power, etc.). Some of the major ongoing projects include Kaladan Multi Modal Transit Transport Project, the India-Myanmar-Thailand Trilateral Highway Project, Rhi-Tiddim Road Project and Border Haats. A Line of Credit of US\$ 1 billion has also been offered by our Prime Minister at the ASEAN-India Summit for enhancing physical and digital connectivity between India and ASEAN.

Our engagement with the countries of the South East Asia was further reinforced through the ASEAN-India Commemorative Summit, which was hosted by India on 25 January 2018 in New Delhi to mark the 25th Anniversary of ASEAN-India Dialogue Relations. During the Summit, all ten States of the ASEAN agreed with India to further strengthen and deepen the ASEAN-India Strategic Partnership for mutual benefit, across the whole spectrum of political-security, economic, socio-cultural and development cooperation, for building of a peaceful, harmonious, caring and sharing community in our region.

Details of India's engagements with major countries in the Indian Ocean Region are enclosed at **Annexure - A.**

Details of India's engagements with South East Asia may be seen at **Annexure - B.**

13. The Committee had recommended to the Government to proactively pitch for an enhanced role in both the regions as a part of its foreign policy toolkit. In their reply, the Ministry has merely supplied the information about a general status of bilateral relations with the countries

in these regions and has not elaborated further on the efforts made by the Government to enhance their role. This shows the Ministry is still tentative about specific actions to be undertaken in those regions. The Committee, therefore, reiterate that the Ministry should come out with a defined policy to play a pivotal role in the development of the countries in Indian Ocean region in cooperation with neighbouring South East Asian countries as well as to establish peaceful & harmonious bilateral relations with them.

(Recommendation No. 11)

14. India and China have a protracted boundary dispute where China is in illegal occupation of several thousand square kilometres of Indian territory. China disputes the international boundary between India and China. In the eastern sector, China disputes the legality of the McMahon Line by asserting that it was drawn by the imperialist British power (though this objection has not prevented it from accepting the same “imperialist” McMahon Line as its border with Myanmar) and China claims approximately 90,000 sq. Km. Of India territory in the State of Arunachal Pradesh as South Tibet. China remains in illegal occupation of 38,000 sq. Km. in the State of Jammu & Kashmir. It has also acquired illegally 5180 square kilometres of territory from Pakistan in Pakistan Occupied Kashmir and further claims about 2,000 square kilometres in the States of Himachal Pradesh and Uttrakhand. China also disputes alignment of its boundary with India in the Sikkim sector. The fact that Arunachal Pradesh is an integral and inalienable part of India has been clearly conveyed to the Chinese side on several occasions including at the highest level. From time to time, the issue of inaccurate depiction of India’s boundaries is being taken up with concerned foreign country. The Committee view this matter very seriously and urge that India’s diplomatic energies be channelled to ensure that instances related to inaccurate depictions of India’s boundaries are taken up forcefully and with urgency with the respective countries. Though negotiations on the boundary dispute are going on simultaneously with China, it must also be ensured that such baseless claims which are devoid of any amount of credibility or justification are fully exposed before the international community.

With regard to the land boundary alignment in Sikkim, the Committee view it to be a clear case of deliberate misrepresentation by China. First, in 2006 they asked for working out the alignment there as an early harvest and later repudiated it by arguing that the alignment in the Sikkim sector has already been decided. The Committee desire that Indian position should remain firm on the ground that the 1890 Anglo-Chinese Convention can at best provide the ‘basis of alignment’ of the boundary but not dictate the actual demarcation. They also desire that India should make it amply clear to China that India will adhere to the 2012 Understanding reached by the Special Representatives that the tri-junction boundary points between India-China and third countries will be finalized in consultation with the concerned countries only.

Reply of the Government

15. The Ministry of External Affairs, in its Acton Taken Reply, has stated as under:-

“The Boundary Dispute: India and China have appointed a Special Representative (SR) each to explore the framework for a boundary settlement from the political perspective of the overall bilateral relationship. Twenty-one meetings of the SRs have been held so far. The last meeting was held in Chengdu (China) on 24 November 2018.

The two sides have agreed on a three-stage process for the resolution of the boundary question. The first stage was completed with the signing of the “Agreement on the Political Parameters and Guiding Principles for the Settlement of the India-China Boundary Question” in April 2005. On the basis of these political parameters and guiding principles, in the second stage, the two Special Representatives, have initiated discussion to reach a consensus on an “Agreed Framework” of the boundary settlement.

With regard to the India-China boundary in the Sikkim sector, there are still steps to be covered before the boundary is finalized. Further, as per the agreement reached between the Governments of India and China in 2012 the tri-junction boundary points between India, China and third countries is to be finalized in consultation with the concerned countries. Since 2012, no discussion has been held on the tri-junction with Bhutan. Nonetheless, the Common Understanding of 2012 provided a strong basis for India to object to China’s attempts to change the status quo with regard to the tri-junction between India, China and Bhutan.

It is part of the mandate of our Special Representatives who are engaged in discussions to find a fair, reasonable and mutually acceptable settlement of the boundary question, including in the Sikkim sector. Further discussions regarding finalization of the boundary have been taking place under the Special Representatives framework. India has consistently taken a positive approach to

the settlement of its own boundary with China, along with the associated issue of the tri-junctions.

Wrongful depiction of Indian maps: From time to time, we come across instances of inaccurate depiction of India's external boundaries in foreign maps. Government of India strongly takes up such inaccurate depiction of India's external boundaries with concerned foreign governments."

16. Observing the long pending boundary dispute between India and China in almost all the boundaries in the states of Arunanchal Pradesh, Jammu & Kashmir and also of Himachal Pradesh and Uttrakhand the Committee had recommended that the Ministry should take specific measures for an early boundary settlement. The Ministry in their action taken reply have merely stated the facts about the developments taken so far after the appointment of a Special Representative from both the sides to explore the framework of boundary settlement.

The Committee had considered the issue of illegal occupation of significant Indian territory by China and inaccurate depiction of India's boundaries indicates a continued desire to keep the dispute simmering on the part of China. As the reply of the Ministry does not specifically state any of the steps taken to rectify the situation, the Committee are not convinced that the Ministry is taking up this matter of inaccurate depiction of boundaries seriously. They, therefore, reiterate that India should introduce an element of urgency into the border dispute resolution negotiations, and urge China to adhere to the 2012 understanding reached by Special Representatives of India and China that tri-junction boundary points between India-China and third countries should be finalized in consultation with concerned countries. The Committee would like to be apprised of progress in this regard.

(Recommendation No. 14)

17. The Committee are perturbed to note that despite a marked progress in recent years, the border road infrastructure on the India-China border is grossly inadequate, as confirmed by its own observations from its visits to sections of the border regions. In fact on a number of important sectors we are dependent on single access routes, a

risky proposition in times of conflict. Worse, many roads are not built to withstand military traffic. Chinese had specifically taken advantage of this in the 1962 war and therefore we ought to draw lessons from the past on this matter. The Committee have been assured by the three Ministries *viz.* Ministry of Defence, Ministry of External Affairs and Ministry of Home Affairs about likely improvements in the state of border roads. The Committee have been seized of the problems related to inadequate infrastructure including roads along the India-China border and desire that BRO works to achieve full connectivity. The main reasons attributed to the delay as stated by the Ministry of Defence is terrain, delay in getting environment clearances, inadequate infrastructure with BRO, etc. Considering the gravity of the situation, and given the recent Doklam crisis, the Committee are of the strong views that the Government should significantly enhance the level of priority it gives to border roads. During its visits to the India-China border areas, the Committee were shown pictures of infrastructure developed on both the sides of the border and major discrepancies were clearly visible. The Committee therefore, feel that the India side needs to do a lot more. It goes without saying that better connectivity clearly gives an advantage to China in terms of defence preparedness. The Committee, therefore, desire that for a strong Indian presence on the border, better infrastructure should be created for habitation and transportation so that our armed forces may not feel any difficulty in accommodation, logistics, movement and infrastructure as well as storage and movement of arms and ammunition in emergency.

The Committee have a distinct feeling that BRO as an organization with antiquated rules of delegation needs a thorough overhaul in the changed circumstances. The Committee were informed that the Border Roads Organization (BRO) has been extensively re-organized, that the responsibilities of BRO have been shifted from the Ministry of Road Transport to the Ministry of Defence, and that work of border roads has been taken up with urgency. The Committee recommend that Government should make concerted efforts to improve border road infrastructure along the India-China border and a status note on the progress achieved should be furnished to the Committee at the action-taken stage.

Reply of the Government

18. The Ministry of External Affairs, in its Action Taken Reply, has stated as under:-

“The infrastructure in border areas is an essential pre-requisite to support our defences, facilitating rapid mobilization, application of combat potential and sustenance of forces. It is one of the key imperatives of operational preparedness. Due impetus to upgradation and development of infrastructure along India-China borders is being given, in particular, with a number of initiatives taken to focus the efforts of Border Roads Organization (BRO) towards timely development of road infrastructure as per operational priorities.

To support our defence preparedness to meet any contingency, development of requisite infrastructure has been planned to support operational and logistic requirements. This includes construction of roads along border areas, strategic railway lines and tunnels, to ensure all weather connectivity. Details of various actions, including policy measures, which have been undertaken by the Government to augment infrastructure development by BRO are as follows:

- (a) Government has taken various initiatives to improve the road infrastructure development process. The initiatives include enhanced powers to BRO to expedite sanctioning of various jobs and hire/procure additional resources, increased powers for procurement of indigenous/ex-import equipment and mechanisms to resolve relevant issues with State Governments.
- (b) To increase their functional capability, BRO has been instructed to incorporate latest technology for construction of roads over permafrost regions/difficult areas to enable all weather connectivity to forward areas. To expedite forward connectivity towards India-China border, BRO resources are being re-deployed to these forward areas and a number of roads in the hinterland have been handed over to other agencies.
- (c) Procurement of modern equipment for BRO has been planned to overcome terrain difficulties in areas where BRO is deployed.
- (d) Further, outsourcing of roads to reputed contractors/firms, execution of road projects in Engineering, Procurement and Construction (EPC) mode has also been incorporated, as a change in road construction philosophy of BRO.”

(Recommendation No. 15)

19. The Committee are further perturbed to note that only some of the border posts are connected by all weather roads. This sorry situation has accumulated over the years. The Home Secretary during oral deposition has admitted that our state of infrastructure should have been much better. Now there are concerned efforts to address this infrastructure deficit. Not all the roads sanctioned by the Government have become operational. It is expected that the remaining roads will be operational by the year 2020. The Committee strongly desire the government to take timely steps to complete the remaining roads without any further delay.

Reply of the Government

20. The Ministry of External Affairs, in its Action Taken Reply, has stated:-

“The Government has taken various measures to improve infrastructure along India-China border (please also see response to Recommendation No. 14). Government had approved construction of 25 roads measuring 751.58 km under Indo-China Border Road Phase (ICBR-I) for providing better connectivity to ITBP Border Outposts. Out of 25 roads, 14 roads have been completed and connectivity has been established on 7 additional roads. The project is expected to be completed by 2020.”

21. Observing the visible discrepancies in the border roads infrastructure on the Indian side, and acknowledging the importance of better connectivity in the border areas alongside India-China border in view of Doklam issue, the Committee had desired that the Government should accord priority for constructing border roads. The Committee note from the action taken reply that upgradation and development of infrastructure along the Indo-China border is proceeding. Among the several steps taken by the Government in this regard are the enhancement of power of BRO, initiatives to incorporate latest technologies for construction of roads, procurement of modern equipment, and outsourcing of works to other agencies. However, the Committee note that out of 25 roads approved for construction for providing better connectivity to ITBP border outposts, only 14 roads have been completed and connectivity has been established on 7 additional roads. The project is expected to be completed by 2020. The Committee also note that despite the assurances provided by the MoD, MEA and MHA, nine roads are yet to be constructed. Therefore, the Committee wish to reiterate their recommendation to make concerted efforts to complete the roads without any further delay as they form an integral part of military transport of arms and ammunition and also movement of Territorial Army for maintaining internal security and resisting foreign aggression.

(Recommendation No. 16)

22. During their Study Tour to Guwahati, Tawang, and Gangtok in May 2018, the Committee had observed that some roads for local connectivity under Pradhan Mantri Gram Sadak Yojana (PMGSY) are being constructed and maintained by the State Governments in Arunachal Pradesh and Sikkim. At present, these roads are inadequate for military purposes but they can definitely be envisaged as a back-up access route in times of exigencies. It is imperative for national security that we should not be dependent on single point access and for that we should develop a network of peripheral roads along the border. In the Committee's opinion roads under the PMGSY scheme are best suited for this purpose provided they can be adapted to serve national security interests. Therefore, the Committee recommend that the Ministry of Defence should coordinate with the respective State Governments along the India-China border to suitably enhance the design and standard specifications of the PMGSY roads in the area.

Reply of the Government

23. The Ministry of External Affairs, in its Action Taken Reply, has replied:-

"The Ministry of Defence has been requested to take action in this regard."

24. The Committee understand the position of the Ministry of External Affairs when it has to co-ordinate with other Ministries for implementation of recommendations made by Committee, but at the same time they would also emphasize that the basic directions and guidance in threats to International Border Security ought to be provided by the Ministry of External Affairs itself. The Committee had recommended that India's defence strategy can be strengthened by preparing a back-up access route in times of exigencies by designing the PMGSY roads along the India China border areas so as to be useful for civilian as well as military purposes. The Committee feel that MEA has responded casually without bringing out specific outcomes of their request to MOD in accordance with the aforesaid recommendations. It seems the Ministry has not pursued the matter with the Ministry of Defence in full letter and

spirit. The Committee, therefore, once again strongly recommend the Ministry to persuade MoD to coordinate with the respective State Governments along the India-China border to suitably enhance the design and standard specification of the PMGSY roads in that area and apprise the Committee as these issues need to be resolved on priority in view of national interest.

(Recommendation No. 19)

25. There is no gainsaying that deepening economic engagement between India and China has been a stabilizing force in the overall India-China relationship, with the bilateral trade expected to cross US \$ 80 billion in 2017. However, factors related to the extent to which the trade deficit is totally loaded against India, non-tariff barriers imposed by China to Indian goods and services, dumping of goods, lack of genuine investment profile on the part of China, security imperatives, etc are some of the concerns which India faces on the matter. While cumulative Chinese investments in India are substantially low at around US\$ 5 billion, the value of Indian projects currently under execution by Chinese companies is estimated to be as high as US 63 billion. So basically, China is engaged in project exports in India, without bringing its own capital for investment. Such a trend is not healthy for the overall growth of India's economy. Therefore, the committee recommend that India should persuade Chinese companies to bring more investment into India, rather than merely resorting to project exports. In view of the national security imperatives, Chinese investment proposals should be examined with circumspection on a sectoral basis. The continuously rising trade deficit which has increased to US 51.9 billion in 2016-17 and is at present US\$ 63 billion is unsustainable and requires concrete steps to be taken for redressal. The Committee, therefore desire that to bridge the gap serious efforts should be made with China to lower trade barriers at the highest level, including the Ministerial Level Joint Economic Group and at the Strategic Economic Dialogue.

On another plane the Committee fail to understand as to why the Government has not been able to leverage with China the fact of a massive \$80 billion market next door as to compel it to bring some degree of equity in the bilateral trade. The

Committee would like to have the considered views of the Ministry of External Affairs, Ministry of Commerce and Ministry of Finance of this vexed issue.

Reply of the Government

26. The Ministry of External Affairs, in its Acton Taken Reply, has replied:-

“The widening trade deficit for India with China is a serious cause of concern, and the Government is making earnest efforts at the highest level with China to bridge the gap and to lower trade barriers. The two countries have signed the Five Year Development Programme for Economic and Trade Cooperation in September 2014, in order to lay down a medium term roadmap for promoting balanced and sustainable development of economic and trade relations between India and China, on the principles of equality and mutual benefit.

During the Informal Summit between our Prime Minister and the Chinese President in Wuhan in April 2018, Prime Minister highlighted our concern over the growing trade deficit with China. The issue was also taken up by the Trade Ministers of the two countries during the 11th session of India-China Joint Group on Economic Relations (JEG) held in New Delhi on 26 March 2018, wherein the Chinese side noted India’s concerns regarding long existing trade imbalance and requests for market access of Indian products and services. The Chinese side expressed its commitments to address these concerns.

The inter-ministerial delegations were led by Department of Commerce on 4-5 June 2018 and 1-2 August 2018 to interact with the Chinese authorities and resolve the market access issues. During the visit of the Indian delegation in June 2018, the Protocol for export of non-Basmati rice was finalised and it was subsequently signed in the presence of the two leaders at Qingdao on 9June 2018. The first consignment of rice of 100 tons was shipped on 28 September 2018 and 30 September 2018. Thereafter, in October 2018 another consignment of rice was shipped to China followed by 260 tons shipped in November 2018.

On 6 November 2018, a delegation led by Commerce Secretary further pursued market access issues in the discussion with Mr. Wang Shouwen, Vice Minister and Ministry of Commerce of China.

The Vice Minister, General Administration of Customs of China (GACC), led a six-member delegation to India on 28 November 2018, and Department of Commerce convened a meeting of various Ministries and associated agencies to discuss the various issues of market access of various products such as milk and milk products, agricultural products such as soyameal meal, fruits and vegetables and pharmaceutical products for which India has been seeking market access from China. A protocol on the export of fish meal and fish oil from India to China was signed on 28 November 2018 with the GACC, paving the way for export of Indian fish meal and fish oil to China.

As a result of sustained efforts of the Government, some of the market access issues have been partly resolved during the past few months such as rice, soybean

meal, rapeseed meal, etc. The Government, though our Embassy in Beijing, is regularly following up with the Chinese side to expedite pending market access issues and facilitating our exporters in establishing contacts in China through B2B meetings.

We have conveyed our expectation to the Chinese side that we would receive continuous support from them so that we can increase our bilateral trade in sustainable and balanced way and also in facilitating market access for Indian goods and services in China.”

27. The Committee observed that the widening trade deficit between India-China was made worse by China following a policy of ‘project exports’ to India without bringing its own capital for investment. The Committee had, therefore, recommended that the Ministry persuade Chinese companies to bring in more investment to India without jeopardizing our national security. The Committee are unhappy at the reply given by the Ministry without touching these issues and only mention of some steps being taken to promote exports with China. The Committee though feel that the Indo-China trade relations are thriving on an import of \$60 Billion done by India from China as against pending market access for our exporters in products such as fruits and vegetables, milk and milk products, pharmaceutical products etc which are still pending with the Chinese Government. Only partial success has been achieved in resolving the issue of market access to these products in Chinese markets but the actual difference will be felt through concrete steps by persuading Chinese companies to bring in more investment to India and by keeping a check on Chinese investment proposals only. The Committee, therefore, reiterate that the Ministry should take these initiatives for a sustainable and balanced bilateral trade and to bridge the gap in trade deficit. The Committee may be apprised of a systematic plan of action formulated to make our exports to China rise to at least half of the \$80 billion and outcome thereof.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

(Recommendation No. 1)

1.15 On a factual analysis of China-India bilateral relations, the Committee note that India's engagement with China goes back to the hoary past. The deep-rooted multifaceted bilateral relations, with an intrinsic element of culture and spirituality added, have witnessed dramatic changes over the past seven decades, especially the last three when the two countries have started vying for a common global economic space. These ties are also defined by a sense of contrast and competition. Therefore, the Committee are inclined to believe that as such the relationship between India and China cannot be seen through some conventional prism. Simultaneously, the Committee are also aware of the differences in the relationship which at times have tended to move negatively due to China's attitudes. India has to also factor in that post-modernization, China's economy today is five times the size of the Indian economy, with the consequent difference in capabilities, economic, military and political. It is within this asymmetry that India has to define for itself a relationship with China by successfully avoiding adversarial posturing. The success of India's overall foreign policy hinges on how skilfully this element of statecraft is achieved.

Despite some hostile posturing by China, which has been woven into the fabric of otherwise peaceful ties, the Committee have reasons to be enthused by a broad consensus reached by the two countries in Astana in June, 2017. As per this understanding, the two countries have decided that their ties should become a factor for regional and global stability and that the two countries shall ensure that their differences do not become disputes. The Committee strongly believe that if future relations between India and China could be governed by the spirit of this understanding, then nothing can stop the ties from evolving positively to the next stage. In today's world it has almost become cliché to say that friendly ties between these two countries are important for a just regional and global order.

In the Committee's opinion, the time has now arrived for the exposition of this understanding by the two countries by re-energizing our bilateral dialogue mechanisms and enhancing our communication in order to build trust and understanding. At the same time it should also be ensured that India's national interest is fully safeguarded and our core concerns shown due respect and sensitivity. The Committee observe that even when the two countries have forged a Closer Developmental Partnership since 2014, there is an unmistakable element of hostility which at times find expression in a number of statements and incidents, like the Doklam crisis which occurred last year.

The Committee are of the opinion that an objective and in-depth assessment of the relationship needs to be carried out promptly by the Government so that a broad national consensus is evolved on how to deal effectively with China. Competition and cooperation are two discernible running strands in our relations with China. It is

important for India to segregate the collaborative elements and competitive elements from the relationship and then to deal with each one of them on merit.

Reply of the Government

India's relations with China have developed in diverse areas in the recent years. During the visit of President Xi Jinping to India in September 2014, the two sides forged a 'Closer Developmental Partnership' that forms the core of our bilateral relationship. This Partnership was further strengthened during the visits of Prime Minister Shri Narendra Modi to China in May 2015 and in April 2018.

In India's multifaceted engagement with China, in areas where we have commonality of views, engagement has expanded and upgraded in recent years. Issues where there are differences are being handled through dialogue to seek a fair, reasonable and mutually acceptable solution based on mutual respect and due sensitivity to each other's interests, concerns and aspirations.

Both sides share a view that India-China bilateral relationship is poised to play a defining role in the 21st Century in Asia and in the world. They have agreed to work towards strengthening the Closer Developmental Partnership for mutual benefit. In view of the significance of the bilateral relationship, the two sides have agreed to continue their engagement at various levels to enhance mutual understanding and trust and to address outstanding issues in the spirit of showing mutual respect and sensitivity to each other's interests, concerns and aspirations.

Bearing testimony to the significance of this relationship, Prime Minister Modi and President Xi held their first 'Informal Summit' in Wuhan in April 2018. Informal Summit between the two leaders reflected the desire on both sides to raise the level of our relations. It helped the two leaders in forging a common understanding of the future direction of India-China relations built upon mutual respect for each other's developmental aspirations and prudent management of differences with mutual sensitivity. The outcomes of the Informal Summit reflect the importance attached by both countries to their bilateral relations and the broad consensus on the direction of future progress of this relationship.

Both sides agree that progress in bilateral relations should be guided by the consensus reached between their leaders that at a time of global uncertainty, India-China relations are a factor of stability, and that the two countries must not allow their differences to become disputes.

[File No. AA/Parl/125/61/2018]

(Recommendation No. 2)

1.18 The Committee are pleased to note that in recent years the defence relationship between India and China has been substantially enhanced with the stationing of all three wings of the Indian Armed Forces in Beijing and with institutionalization of the Annual Defence and Security Dialogue. However, the Defence Cooperation remained suspended in 2017, presumably for a variety of reasons including differences on One Belt One Road and the Doklam incident and various proposals made by the

Government of India were not responded to by China. As per MEA, in this year i.e. 2018, Defence Exchanges are expected to resume. The Committee hope that the restoration of Defence Exchanges between the two countries will lead to further normalization and a better business environment will be created in the bilateral ties. The Committee however, are concerned to note that we are still waiting for a Chinese proposal to come in this regard. The Committee are of the considered opinion that defence cooperation is an effective way of ushering mutual trust and confidence between any two countries. Now that the Chinese side has indicated its willingness to resume these exchanges in 2018, the Committee urge the Government of India to take initiative and send their proposals for resuming Defence Exchanges to China, without waiting for proposals from their side. An early resumption of defence cooperation will be in the long term interest of our bilateral ties with China.

Reply of the Government

Following the Wuhan Informal Summit between Prime Minister Modi and President Xi Jinping in April 2018, defence and mil-to-mil exchanges between India and China have witnessed significant forward movement. In particular, visit of the State Councillor and Defence Minister of China Gen. Wei Fenghe to India in August 2018 and the meeting of the Defence Secretary-level Annual Defence and Security Dialogue in Beijing in November 2018 have provided momentum to India-China defence and mil-to-mil exchanges.

During the visit of State Councillor and Defence Minister of China Gen. Wei Fenghe to India from 21-24 August 2018, the two sides held extensive discussions on bilateral defence related engagement as well as regional and international developments. The two sides decided to expand the engagement between their Armed Forces relating to training, joint exercises and other professional interaction; to work towards a new bilateral MoU on Defence Exchanges and Cooperation to replace the MoU signed in 2006; and to work towards full implementation of ongoing confidence building measures as well as greater interactions at the working level to ensure the maintenance of peace and tranquillity in border areas.

The 9th India-China Annual Defence and Security Dialogue (ADSD) was held in Beijing on 13 November 2018. The Dialogue was co-chaired by Defence Secretary Shri Sanjay Mitra and Deputy Chief of Joint Staff Department of Central Military Commission Lt. General Shao Yuanming. During the meeting, both sides agreed to enhance exchanges and interactions through reciprocal high-level visits and agreed on specific defence exchanges for 2019. Defence Secretary also called on State Councillor and Defence Minister of China, General Wei Fenghe on 15 November 2018.

During 2018, several senior level defence and military delegations from India and China visited each other's countries. These include visits of delegations from the National Defence University of China in June and from the Western Theatre Command of the PLA in July, and visit of an Indian delegation led by the General Officer Commanding-in-Chief of the Eastern Command to China in August. The two sides successfully held the joint training exercise Hand-in-Hand 2018 from 10 to 23 December 2018 at Chengdu, China.

[File No. AA/Parl/125/61/2018]

(Recommendation No. 3)

5. The Committee have noted that India does not accord any diplomatic recognition to Taiwan despite the flourishing nature of exchanges between the countries, such as in the fields of people to people contacts, trade and personal exchanges. The Ministry has argued that it does not want to upend this policy of the Government of India in deference to China's sensitivity on the matter. Nonetheless, it treats the relationship with Taiwan as a trade relationship rather than a diplomatic one, and has recently acquiesced in China's demand to refer to Taiwan as "Chinese Taipei". It comes as a matter of concern to the Committee that even when India is overly cautious about China's sensitivities while dealing with Taiwan and Tibet, China does not exhibit the same deference while dealing with India's sovereignty concerns, be it in the case of Arunachal Pradesh or that of the China-Pakistan Economic Corridor (CPEC) in Pakistan Occupied Kashmir (PoK). Given the fact of China's muscular approach of late while dealing with some of the issues pertaining to India, it is difficult for the Committee to be content with India's continuing with its conventionally deferential foreign policy towards China. Dealing with a country like China essentially requires a flexible approach. The Committee strongly feel that the Government should contemplate using all options including its relations with Taiwan, as part of such an approach.

Reply of the Government

6. The Ministry of External Affairs, in its Action Taken Reply, has stated:-

"The Government follows a consistent policy with respect to Taiwan. We do not have diplomatic relations with Taiwan. However, we do pursue engagement in trade, investment, scientific, culture, people-to-people and other such functional areas with Taiwan."

[File No. AA/Parl/125/61/2018]

Comments of the Committee

(Please refer to *Para 7* of Chapter I of the Report)

(Recommendation No. 4)

8. The Committee have noted the significant inroads made by China in India's neighbourhood and their impact on India's outreach activities in these countries. Despite the Ministry's ambivalence on whether this reflects some sort of a deliberate encirclement policy of India by China, the Committee would be inclined to see it as nothing less than a veiled containment policy. Therefore, it is imperative that India should urgently take up the business of re-energizing its ties with our neighbouring countries. It is clear that we now have to contend with the possibility of some of the

countries in our neighbourhood playing the China card as leverage in their relations with us. In Committee's opinion India *vis-a-vis* China has the unbeatable advantage of having always been seen as a reliable and trustworthy partner. Therefore, to deal with the emerging situation, India needs to bring into play adroit and pro-active diplomacy on the one hand while significantly augmenting the delivery and efficiency of its development assistance in the Region on the other. The Committee desire to be apprised about the steps taken by the Government towards this end and both the short and long term outcomes of such endeavours.

Reply of the Government

9. The Ministry of External Affairs, in its Action Taken Reply, has stated:-

"The Government accords highest priority to India's relations with our neighbouring countries. Under its 'Neighbourhood First' policy, Government is committed to developing friendly and mutually beneficial relations with all its neighbours. India is an active economic partner of its neighbours and is involved in various development projects in these countries. India also has extensive ties with neighbouring countries in education, culture, trade and investments as well as defence and security cooperation.

India is of the firm view that as two large countries having wider regional and global interests, India and China must pursue their relationships with other countries in a manner that does not become a source of concern for each other, and is based on mutual respect and sensitivity to each other's concerns and aspirations.

Details of India's engagements with major countries in the Indian Ocean Region are enclosed at **Annexure - A.**"

[File No. AA/Parl/125/61/2018]

Comments of the Committee

(Please refer to *Para 10* of Chapter I of the Report)

(Recommendation No. 5)

11. The Committee have noted that while China is resorting to containment of India in South Asia, its own vulnerabilities in South-East Asia are adequately exposed and could be appropriately taken into account by India. Due to historical and contemporary factors, China's ties with some of the countries in the region have come under strain and this presents India with the right opportunity to develop counter pressure on China. The Committee are pleased to note that the Government is sensitive about the issue and has already started taking steps in the desired direction by significantly augmenting projects assistance to Bangladesh and by signing a first time LoC of \$ 500 million with Vietnam for defence purchases. India has also taken a

firm stand on the Belt and Road Initiative. Further, the Foreign Secretary in his candid submission before the Committee has emphasized the need to look after our neighbourhood and the Indian Ocean. Therefore, the Committee would desire that these isolated measures notwithstanding, the Government should very proactively pitch for an enhanced role in South-East Asia and the Indian Ocean region as a foreign policy tool in the medium and long term. India's model of assistance as has been stated previously is being seen as more favourable to the interests of the recipient countries, but is sometimes short on timely delivery. Wherever India forays, it has the advantage of this positive image of trust and reliability built assiduously and painstakingly over decades.

Reply of the Government

12. The Ministry of External Affairs, in its Acton Taken Reply, has stated:-

“The Government of India under its Act East Policy has taken several proactive measures to engage with the countries of the Indo-Pacific region, especially in South-East Asia.

The Act East Policy which was upgraded in 2014 from the Look East Policy -- major pillar of our foreign policy since the early 1990s -- focuses on the extended neighbourhood in the Indo-Pacific region. The policy which was originally conceived as an economic initiative, has gained political, strategic and cultural dimensions including establishment of institutional mechanisms for dialogue and cooperation. The key principles and objectives of Act East Policy is to promote economic cooperation, cultural ties and develop strategic relationship with countries in the Indo-Pacific region through continuous engagement at bilateral, regional and multilateral levels thereby providing enhanced connectivity to India's Northeastern States with other countries in our neighbourhood.

India has strategic partnership with a number of countries in the region, including Indonesia, Vietnam, Malaysia, Japan, Republic of Korea, Australia, Singapore and Association of Southeast Asian Nations (ASEAN) and forged close ties with all countries in the Indo-Pacific region. Apart from ASEAN, ASEAN Regional Forum (ARF) and East Asia Summit (EAS), India has also been actively engaged in regional fora such as Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), Asia Cooperation Dialogue (ACD), Mekong Ganga Cooperation (MGC) and Indian Ocean Rim Association (IORA), all of which contribute to the realisation of India's Act East Policy.

In addition, various plans at bilateral and regional levels include steady efforts to develop and strengthen connectivity of India's Northeast with the ASEAN region through trade, culture, people-to-people contacts and physical infrastructure (road, airport, telecommunication, power, etc.). Some of the major ongoing projects include Kaladan Multi Modal Transit Transport Project, the India-Myanmar-Thailand Trilateral Highway Project, Rhi-Tiddim Road Project

and Border Haats. A Line of Credit of US\$ 1 billion has also been offered by our Prime Minister at the ASEAN-India Summit for enhancing physical and digital connectivity between India and ASEAN.

Our engagement with the countries of the South East Asia was further reinforced through the ASEAN-India Commemorative Summit, which was hosted by India on 25 January 2018 in New Delhi to mark the 25th Anniversary of ASEAN-India Dialogue Relations. During the Summit, all ten States of the ASEAN agreed with India to further strengthen and deepen the ASEAN-India Strategic Partnership for mutual benefit, across the whole spectrum of political-security, economic, socio-cultural and development cooperation, for building of a peaceful, harmonious, caring and sharing community in our region.

Details of India's engagements with major countries in the Indian Ocean Region are enclosed at **Annexure - A**.

Details of India's engagements with South East Asia may be seen at **Annexure - B**.”

[File No. AA/Parl/125/61/2018]

Comments of the Committee

(Please refer to *Para 13* of Chapter I of the Report)

(Recommendation No. 6)

1.36 India has firmly rejected the One Belt One Road (OBOR) or Belt and Road Initiative (BRI) Forum being proposed by China. As details are unravelling, it is becoming increasingly apparent that BRI has been rooted in opaqueness and it appears to be a vehicle for Chinese hegemonic geo-political, financial and commercial interest. The Committee are of the opinion that India as a responsible member of the comity of nations had earnestly pointed out the fundamental flaws in BRI related to lack of universally recognized international norms, good governance, rule of law, openness, transparency and equality. Although initially India was the lone voice of sanity on this matter and also invited misplaced criticism, the reality of this venture is belatedly dawning on several recipient nations. Unlike Asian Infrastructure Investment Bank (AIIB), the BRICS Development Bank or Shanghai Cooperation Organization (SCO), OBOR is not a multilateral project. It is a series of current or proposed projects that will be undertaken through bilateral agreements between China and partner countries. There is no multinational framework nor institutional arrangements through which participating countries cannot only link themselves with China but with each other as well. To the Committee, BRI seems to be the very antithesis of the developmental philosophy India pursues abroad through its various development assistance programmes. Therefore, the Committee would go on record to appreciate India's principled stand on the matter. The Committee also feel that the matter ought not be deemed as closed with mere rejection of the BRI. In fact the Committee sense a huge opportunity for India in the global arena. It is time that India should accelerate its own connectivity projects under various initiatives such as 'Act East Policy', 'Neighbourhood First Policy', 'Go West' Strategy, 'Spice Route', etc. as a counter to the narrative of BRI which seems to have gained some currency in our

neighbourhood and elsewhere. It is high time to showcase a more just, more equitable and more user friendly developmental assistance model to the countries who have fallen for the lure of BRI without realizing its far reaching deleterious consequences. Further, the Committee are of the opinion that it is still open for China to propose and India to consider, in the light of its own interests, bilateral cooperation to improve connectivity between India and China. India could make use of AIIB and BRICS Development Bank to fund domestic and cross-border infrastructure projects which will promote its own economic prospects and improve connectivity with its immediate and extended neighbourhood.

While on this aspect, the Committee are perturbed to note that despite India's strong sovereignty objections to China-Pakistan Economic Corridor (CPEC), it is being openly trumpeted as a gift to Pakistan by China. India cannot but oppose the CPEC which violates India's territorial integrity. The Committee desire that China's double standards should be exposed. It opposes any project in Arunachal Pradesh for which funding has been sought from international financial institutions on the grounds that this is disputed territory. Of late it has been opposing even Central projects in the State. At the same time it conducts construction activities in Indian territory which China itself acknowledges as "disputed". China's claims, therefore, that its projects in Pakistan-Occupied Kashmir do not affect issues of India's territorial integrity and national sovereignty defy logic. India has been categorical in asserting that PoK is an integral part of India and hence any projects by a third country in that territory without our consent are completely unacceptable to us. The Committee would desire that India should take up the matter of CPEC at various international fora, so as to make our opposition clear and to simultaneously put pressure on China so as to make it realize its double-standards.

Reply of the Government

OBOR/CPEC: Our rejection of the so-called 'China-Pakistan Economic Corridor' (CPEC) that violates our sovereignty and territorial integrity has been clearly articulated on a number of occasions. The international community is well aware of our position that the entire State of Jammu & Kashmir is an integral and alienable part of India. We have made it clear that no country, organization, company or individual should carry out any project or relevant activities in or passing through Indian territory, including those areas of the State of Jammu & Kashmir which are under illegal occupation of Pakistan, without the permission of the Government of India. India cannot accept a project that ignores its core concerns on sovereignty and territorial integrity.

Government has been consistently undertaking measures to object to China's push for an increased profile for its One Belt One Road (OBOR)/Belt Road Initiative (BRI) through references in resolutions at the UN and documents issued by other international organizations/conferences. Details of Government's efforts made so far are enclosed at **Annexure - C**.

India's Connectivity Projects: Expansion and strengthening of connectivity is an integral part of India's economic and diplomatic initiatives. India shares international

community's desire for enhancing physical connectivity and believes that it should bring greater economic benefits to all in an equitable and balanced manner. We are working with many countries and international institutions in support of physical and digital connectivity in our own immediate and near neighbourhood.

Government is of firm belief that connectivity initiatives must be based on universally recognized international norms, follow principles of financial responsibility, have balanced ecological and environmental protection and preservation standards, and be pursued in a manner that respects sovereignty and territorial integrity.

Under the 'Act East Policy', we are pursuing the Trilateral Highway project; under our 'Neighbourhood First' policy we are developing multimodal linkages with Myanmar and Bangladesh; under our 'Go West' strategy, we are engaged with Iran on Chabahar Port and with Iran and other partners in Central Asia on International North South Transport Corridor. BBIN initiative is aimed at enhancing logistics efficiencies in South Asian region. We have also acceded to the TIR Convention (International Road Transports Convention) in June 2017 and the Ashgabat Agreement in February 2018.

Government is also making concerted efforts through various plans at bilateral and regional levels that include steady efforts to develop and strengthen connectivity of North East India with ASEAN region through trade, culture, people-to-people contacts and development of physical infrastructure (road, airport, telecommunication, power etc). Some of the Major projects to develop physical infrastructure and trade include Kaladan multi-modal Transit Transport Project, India-Myanmar-Thailand Trilateral Highway Project, Akhaura Agartala Railway Link, Rhi-Tiddim Road Project, Border Haats etc. Connectivity with Bangladesh is also being strengthened through Indo-Bangladesh Protocol on Inland Water Transit and Trade.

[File No. AA/Parl/125/61/2018]

(Recommendation No. 7)

2.9 The Committee understand that the uncalled for Chinese intrusion at Doklam was a blatant but unsuccessful attempt to unilaterally change the status quo by shifting the India, Bhutan, China tri-junction from Batang La to Gyomochen, thereby seriously affecting India's security interests by enhancing China's ability to dominate the vulnerable Siliguri corridor. The Chinese actions were in clear violations of the 1988 and 1998 agreements between Bhutan and China which stipulated no change in the status quo while boundary negotiations were still in progress. These moves were also in violation of the 2012 Common Understanding reached between the Special Representatives of India and China to determine the tri-junction boundary points only in consultation with the concerned third country. Doklam was not a sovereignty issue for India, as the disputed territory was Bhutanese, but nevertheless it was a major security challenge for us. The Committee would like to put on record their highest appreciation for the brave and timely action of our security forces which checked with PLA troops from continuing with their road construction activity in South Doklam. The Committee also pay tribute to the skilful diplomatic efforts of the Ministry due to which the stand-off was defused without bloodshed. The Committee are also informed

that during the entire period of the face-off situation, India maintained close consultations and coordination with Bhutan at various levels and between various agencies. In the Committee's view it attests to the enduring and time tested relations between India and Bhutan. The Committee would commend the Government's overall handling of the crisis as it managed to send necessary signals to China that India will not acquiesce in its unilateral and forceful attempts to change the status quo at any of India's territorial boundaries. However, the Committee remain concerned that Chinese infrastructure built uncomfortably close to the tri-junction has not yet been dismantled.

Reply of the Government

Since the disengagement of Indian and Chinese border personnel in the Doklam area on 28 August 2017, there have been no new developments at the face-off site and its vicinity. The status quo prevails in this area.

In our high-level exchanges with China, Government has consistently maintained that peace and tranquility in the India-China border areas is an important pre-requisite for the smooth development of bilateral relations.

Government keeps a constant watch on all developments having a bearing on India's security and takes all necessary measures to safeguard it.

[File No. AA/Parl/125/61/2018]

(Recommendation No. 8)

2.22 From the specific deliberations held about road construction activities in Doklam area, the Committee conclude that it was not the first time that PLA troops entered the Doklam area. As the Doklam area is a disputed territory between Bhutan and China, PLA has been crossing the Batang La-Meruga La- Sinchela Ridge Line over the years and making ingress into the Bhutanese territory. But this time, the PLA came with the objective of changing the status quo because they came in substantial numbers and brought along construction equipment with them. It had also been informed to the Committee that Chinese had built the track across the Batang La-Merugla La – Sinchela Ridge Line over the last 25 years. It was because of this track that they were able to reach the face-off site. It is clear to the Committee that the PLA took advantage of the absence of the Bhutanese troops at Batangla-Meruga La – Sinchela Ridge Line which is Bhutan's sovereign territory. The Committee would, therefore, recommend that India should constantly engage with Bhutan on the subject of North Doklam so as to dissuade the PLA from making direct ingress into Southern Doklam in future to shift the tri-junction point southwards.

The Committee are concerned about the multiple reports which allude to Chinese presence around Doklam plateau and the statement from Chinese authorities about chances of similar happenings in future also, even after stand-off ended. Though the Government has categorically denied any Chinese activities near the actual face-off site, an ambivalent view has been expressed while confirming such activities for other areas in the Doklam plateau. Reports suggesting that significant road-building towards the Indian border has already occurred are also of concern to

the Committee. The Defence Secretary has argued that the PLA troops were within their own territory and there was nothing unusual about their deployment. The Government has categorically denied that there is any direct threat from Chinese troops presently. The Committee, however are of the opinion that while dealing with China, it is always better to have a sense of 'healthy scepticism'. Even if they have withdrawn their troops from Doklam for the time being, China's strategic intentions should not be taken casually. The Committee would, therefore, urge the Government not to let its vigil down in order to prevent any untoward incident in future.

Reply of the Government

There are no road construction activities at or in the vicinity of the face off site. In fact, there are no new developments at the face off site and its vicinity since the 28 August 2017 disengagement. The status quo prevails in this area.

Our concern emanated from the Chinese attempts to build a road in South Doklam, which not only changed the prevailing status quo in that area, but also had serious security implications for India. This was prevented from happening through the disengagement process on 28 August 2017.

In particular, the following actions have been taken to prevent any untoward incident in future: (a) close monitoring of the PLA activities in Doklam is being carried out; and (b) inputs and our security concerns are being shared with the Royal Bhutan Army with requirement to increase surveillance of PLA activities in Doklam.

In our high-level exchanges with China, Government has consistently maintained that peace and tranquility in the India-China border areas is an important pre-requisite for the smooth development of bilateral relations.

Government keeps a constant watch on all developments having a bearing on India's security and takes all necessary measures to safeguard it.

[File No. AA/Parl/125/61/2018]

(Recommendation No. 9)

2.25 India and China have a long history of military face-offs along the border but Doklam was the longest one so far after the Sumdorung Chu incident, and arguably the most grave in its implications. In terms of the security implications and number of troops involved it was on a fairly higher scale than the previous such incidents. At the end of 72 day stand-off it was made clear to China that India will not countenance any change in status quo or unilateral attempts to change the tri-junction between India, Bhutan and China. Our defence forces and our diplomatic corps have shown firmness in responding to the crisis without actually being drawn into any kind of political rhetoric. The Committee hope that all this must have made it clear to the Chinese not to attempt any such misadventure again. The Committee would strongly desire that India should continue to monitor the Chinese activities along the border in general and the area in particular very intensely, to improve the military infrastructure (particularly roads) and equipment (particularly high-technology gear) and to prepare our security forces to respond befittingly to any contingency.

Reply of the Government

Close monitoring of the Chinese activities along the border is being carried out. Government remains fully seized of the security needs of the country and is prepared to deal with and counter all kinds of security challenges at our borders. Government regularly reviews the threat perception to secure our borders and protect our national interest. Appropriate measures are taken from time to time to maintain and upgrade the country's defence preparedness to safeguard the sovereignty, territorial integrity and security of India.

[File No. AA/Parl/125/61/2018]

(Recommendation No. 10)

2.32 It is quite heartening for the Committee to note that India and Bhutan maintained a very high degree of coordination and understanding during the Doklam stand-off, thus ensuring a mutually beneficial resolution of the issue. Otherwise also, on matters pertaining to the border security, there is regular communication between the two countries because of the unique nature of the ties between them. The Committee are also aware that boundary talks between China and Bhutan are also continuing and 24 rounds of this discussion have been held so far. While Bhutan has been continuously maintaining that Doklam is their territory, China has been trying to persuade it to barter Doklam for some territory further north. Bhutan requires all support and assurances from its time tested ally India for it take a firm position on this issue.

Reply of the Government

India accords highest priority to its relations with Bhutan. India and Bhutan maintain close consultation and coordination on different issues of mutual interest. Government of India is firmly committed to partner the Royal Government of Bhutan for its 12th Five Year Plan (2018-2023) as per the development priorities of Bhutan, and to advance India-Bhutan ties across diverse areas of mutual interest.

[File No. AA/Parl/125/61/2018]

Comments of the Committee

(Please refer to *Para 16* of Chapter I of the Report)

(Recommendation No. 12)

3.12 The Committee are informed that both India and China agree that boundary issue is a complex one and requires patience. Both sides are committed to resolve the issue through peaceful negotiations and in a fair, reasonable and mutually acceptable manner. The sides have also underscored that this issue should not affect their function cooperation. The Committee have noted that there is no commonly delineated Line of Actual Control (LAC) in the border areas between India and China. As a result on account of differences in the perception of LAC, situations of border transgressions have arisen on the ground from time to time. Such situations could have been avoided if we had a common perception of the LAC. The boundary dispute

between the two countries is a long running one and it will take considerable time for solution to emerge. It is difficult for the Committee to escape the perception that China sees it as being in its interests to keep the dispute alive indefinitely for the purpose of throwing India off-balance whenever it so desires. Till such time as a definite solution can be negotiated, the maintenance of peace and tranquillity in the India-China border areas is an important pre-requisite for the smooth progression of bilateral relations. Because of persistent problems on boundary issues, the Government of India regularly takes up such transgressions along the LAC with the Chinese side through established mechanisms i.e. Border-Personnel Meetings, Working Mechanism for Consultation and Coordination (WMCC) and normal diplomatic channels. The Committee are of the strong view that while it must be ensured that Peoples Liberation Army (PLA) is not allowed to establish facts on the ground, the situation must also not be allowed to spiral out of control in case of transgressions. In this regard, the Committee would strongly desire that a comprehensive Border Engagement Agreement is concluded between the Indian Army and the PLA, subsuming all established mechanisms for confidence building including border personnel meetings, flag meetings, meetings of the Working Mechanism for Consultation and Coordination on border affairs (WMCC) and other diplomatic channels. The Committee believe that there is a demonstrated need for a significant increase in the resources being allocated by the Government of India to the armed forces and other civilian and paramilitary agencies operating in the area, including the SSB. The Committee also gained the distinct impression that there is a case for improved co-ordination between the Army and the Air Force, which could provide better airborne early warning and control support to the forces on the ground when difficult situation arise, including through the deployment of unmanned aerial vehicles or drones. Furthermore, the Committee wish to emphasize the fact our armed forces and security agencies must ensure that our persuasive deterrence continues to be effective and constantly adapted to take into account psychological, cyber and other technological changes that China may and indeed will continue to confront us with. Both sides should also ensure that for normal functioning of ties it is indispensable that our border largely remains peaceful.

Reply of the Government

Border transgressions: Intended towards maintaining peace and tranquility in the India-China border areas in order to ensure smooth development of bilateral relations, India continues to work towards materializing the spirit of the following agreements already existing with China: (i) Agreement between the Government of the Republic of India and the Government of the People's Republic of China on the Maintenance of Peace and Tranquility Along the Line of Actual Control in the India-China Border Areas signed on 7 September 1993; (ii) Agreement between the Government of the Republic of India and the Government of the People's Republic of China on Confidence Building Measures in the Military Field Along the Line of Actual Control in the India-China Border Areas signed on 29 November 1996; (iii) Protocol between the Government of the Republic of India and the Government of the People's Republic of China on Modalities for the Implementation of Confidence Building Measures in the Military Field Along the Line of Actual Control in the India-China Border Areas signed on 11 April 2005; and (iv) Agreement between the Government of the Republic of India and the Government of the People's Republic of China on the

Establishment of a Working Mechanism for Consultation and Coordination on India-China Border Affairs.

Government regularly takes up any transgression along the LAC with the Chinese side through established mechanisms including border personnel meetings, flag meetings, meetings of Working Mechanism for Consultation & Coordination on India-China Border Affairs, as well as through diplomatic channels.

Security at border: The security infrastructure along the Indo-China border is dynamic in nature and keeps evolving as per strategic and tactical imperatives. All the security agencies and forces are working in coordination.

Government remains fully seized of the security needs of the country and is prepared to deal with and counter all kinds of security challenges at our borders. Government regularly reviews the threat perception to secure our borders and protect our national interest. Appropriate measures are taken from time to time to maintain and upgrade the country's defence preparedness to safeguard the sovereignty, territorial integrity and security of India.

We have conveyed to the Chinese side that peace and tranquility in the India-China border areas is an important pre-requisite for the smooth development of bilateral relations.

[File No. AA/Parl/125/61/2018]

(Recommendation No. 14)

3.32 The Committee are perturbed to note that despite a marked progress in recent years, the border road infrastructure on the India-China border is grossly inadequate, as confirmed by its own observations from its visits to sections of the border regions. In fact on a number of important sectors we are dependent on single access routes, a risky proposition in times of conflict. Worse, many roads are not built to withstand military traffic. Chinese had specifically taken advantage of this in the 1962 war and therefore we ought to draw lessons from the past on this matter. The Committee have been assured by the three Ministries *viz.* Ministry of Defence, Ministry of External Affairs and Ministry of Home Affairs about likely improvements in the state of border roads. The Committee have been seized of the problems related to inadequate infrastructure including roads along the India-China border and desire that BRO works to achieve full connectivity. The main reasons attributed to the delay as stated by the Ministry of Defence is terrain, delay in getting environment clearances, inadequate infrastructure with BRO, etc. Considering the gravity of the situation, and given the recent Doklam crisis, the Committee are of the strong views that the Government should significantly enhance the level of priority it gives to border roads. During its visits to the India-China border areas, the Committee were shown pictures of infrastructure developed on both the sides of the border and major discrepancies were clearly visible. The Committee therefore, feel that the India side needs to do a lot more. It goes without saying that better connectivity clearly gives an advantage to China in terms of defence preparedness. The Committee, therefore, desire that for a strong Indian presence on the border, better infrastructure should be created for habitation and transportation so that our armed forces may not feel any difficulty in

accommodation, logistics, movement and infrastructure as well as storage and movement of arms and ammunition in emergency.

The Committee have a distinct feeling that BRO as an organization with antiquated rules of delegation needs a thorough overhaul in the changed circumstances. The Committee were informed that the Border Roads Organization (BRO) has been extensively re-organized, that the responsibilities of BRO have been shifted from the Ministry of Road Transport to the Ministry of Defence, and that work of border roads has been taken up with urgency. The Committee recommend that Government should make concerted efforts to improve border road infrastructure along the India-China border and a status note on the progress achieved should be furnished to the Committee at the action-taken stage.

Reply of the Government

Infrastructure in border areas is an essential pre-requisite to support our defences, facilitating rapid mobilization, application of combat potential and sustenance of forces. It is one of the key imperatives of operational preparedness. Due impetus to upgradation and development of infrastructure along India-China borders is being given, in particular, with a number of initiatives taken to focus the efforts of Border Roads Organization (BRO) towards timely development of road infrastructure as per operational priorities.

To support our defence preparedness to meet any contingency, development of requisite infrastructure has been planned to support operational and logistic requirements. This includes construction of roads along border areas, strategic railway lines and tunnels, to ensure all weather connectivity. Details of various actions, including policy measures, which have been undertaken by the Government to augment infrastructure development by BRO are as follows:

- (a) Government has taken various initiatives to improve the road infrastructure development process. The initiatives include enhanced powers to BRO to expedite sanctioning of various jobs and hire/procure additional resources, increased powers for procurement of indigenous/ex-import equipment and mechanisms to resolve relevant issues with State Governments.
- (b) To increase their functional capability, BRO has been instructed to incorporate latest technology for construction of roads over permafrost regions/difficult areas to enable all weather connectivity to forward areas. To expedite forward connectivity towards India-China border, BRO resources are being re-deployed to these forward areas and a number of roads in the hinterland have been handed over to other agencies.
- (c) Procurement of modern equipment for BRO has been planned to overcome terrain difficulties in areas where BRO is deployed.
- (d) Further, outsourcing of roads to reputed contractors/firms, execution of road projects in Engineering, Procurement and Construction (EPC) mode has also been incorporated, as a change in road construction philosophy of BRO.

[File No. AA/Parl/125/61/2018]

Comments of the Committee

(Please refer to *Para 21* of Chapter I of the Report)

(Recommendation No. 15)

3.33 The Committee are further perturbed to note that only some of the border posts are connected by all weather roads. This sorry situation has accumulated over the years. The Home Secretary during oral deposition has admitted that our state of infrastructure should have been much better. Now there are concerned efforts to address this infrastructure deficit. Not all the roads sanctioned by the Government have become operational. It is expected that the remaining roads will be operational by the year 2020. The Committee strongly desire the government to take timely steps to complete the remaining roads without any further delay.

Reply of the Government

Government has taken various measures to improve infrastructure along India-China border (please also see response to Recommendation No. 14). Government had approved construction of 25 roads measuring 751.58 km under Indo-China Border Road Phase (ICBR-I) for providing better connectivity to ITBP Border Outposts. Out of 25 roads, 14 roads have been completed and connectivity has been established on 7 additional roads. The project is expected to be completed by 2020.

[File No. AA/Parl/125/61/2018]

Comments of the Committee

(Please refer to *Para 21* of Chapter I of the Report)

(Recommendation No. 16)

3.34 During their Study Tour to Guwahati, Tawang, and Gangtok in May 2018, the Committee had observed that some roads for local connectivity under Pradhan Mantri Gram Sadak Yojana (PMGSY) are being constructed and maintained by the State Governments in Arunachal Pradesh and Sikkim. At present, these roads are inadequate for military purposes but they can definitely be envisaged as a back-up access route in times of exigencies. It is imperative for national security that we should not be dependent on single point access and for that we should develop a network of peripheral roads along the border. In the Committee's opinion roads under the PMGSY scheme are best suited for this purpose provided they can be adapted to serve national security interests. Therefore, the Committee recommend that the Ministry of Defence should coordinate with the respective State Governments along the India-China border to suitably enhance the design and standard specifications of the PMGSY roads in the area.

Reply of the Government

Ministry of Defence has been requested to take action in this regard.

[File No. AA/Parl/125/61/2018]

Comments of the Committee

(Please refer to *Para 24* of Chapter I of the Report)

(Recommendation No. 18)

4.7 The Committee have noted that despite fundamental differences on issues such as the expansion of UN Security Council, global disarmament, India's membership in the Nuclear Suppliers Group (NSG), China-Pakistan Economic Corridor (CPEC), etc., the two countries have shown some convergence of interests by cooperating on various issues in the multilateral arena. Some of the areas of this bilateral convergence and coordination are the global environment, sustainable development, global health issues, human rights, the global trading system as well as economic and financial issues. Though the Committee broadly welcome these indications of international cooperation between India and China, they have some reservations when it comes to having a common standing on issues such as climate change and human rights, where the two countries' records and interests differ. When it comes to climate change negotiations, India and China have different standing points due to their disparate consumption and emission profiles. India's per capita carbon dioxide emission is significantly lower than that of China and as of today India's voice on the issue is likely to find greater resonance within the developing block. It would be therefore, advisable for India to take an appropriate independent stand on the climate negotiations. Similarly, the Committee see no common ground for India, as a democracy, coordinating its efforts at the United Nations Human Rights Council with China. The Ministry has informed that both countries are of the view that UNHRC should be a platform for promoting human rights through dialogue and cooperation and not finger-pointing. The Committee are of the opinion that if China is constantly blocking India's request to list Masood Azhar as a terrorist under UNSC Resolution 1267, we also need not hesitate to point out China's poor track record at UNHRC in respecting human rights in Tibet, Xinjiang and with respect to other dissenters in its territory. Making a common cause with China on the issue, given its record vis-a-vis the human rights of its citizens appears to be contrary to our stated stand on human rights.

However, it is important that cooperation in other fields where the two countries have convergence of views should continue unhindered. It is important to promote mutually beneficial cooperation between the two countries and the Committee are of the opinion that there is ample scope for cooperation in cultural fields such as language, philosophy, Confucianism, Buddhism, tourism, etc. On the domestic front in each case the two countries face the same set of challenges whose scale is also comparable. These challenges relate to water scarcity, education, women's issue, rural and urban development, urbanization, poverty, unemployment, environmental issues, etc. There is also a lot of scope for cooperation in the field of cleaning of rivers, agriculture, including dairying and fisheries. The Committee would strongly desire that synergies in the above fields are energetically explored as a measure of deepening India-China relations.

Reply of the Government

Climate Change Negotiations: While there are differences in consumption and emission profiles between India and China, it may be noted that India and China are both part of three major groups in the climate change negotiations i.e. the G-77 & China, BASIC, and Like Minded Developing Countries (LMDC). India's position in these negotiations is often closer to the LMDC group position. It may also be noted that the above referred groups may have a common position on some issues, while individual countries / sub-groups can take independent positions on other issues. China's posture on some issues like equity and differentiation are similar to ours. Moreover, given the diversity of the interests within the G-77 & China, it is not always possible for it to have a common position on all issues. In the immediate future, the spirit of cooperation between India and China on Climate Change related negotiations is expected to continue. It may also be noted that technical negotiations are led by the Ministry of Environment, Forests and Climate Change (MoEF&CC) and this Ministry supports MoEF&CC as required.

Human Rights: It may be mentioned that at the United Nations Human Rights Council (UNHRC) in Geneva, India and China have been engaging with each other on issues before the Council. While there may be some divergences on specific issues, the two countries have been of the view that UNHRC should be a platform for promoting human rights through 'dialogue and cooperation' and not 'finger-pointing.' There is a common understanding against intrusive resolutions etc. at such forum that tend to target countries. Both countries have sought more focus on the right to development and socio-economic rights.

In their approach towards Universal Periodic Review (UPR), both the countries view the UPR as a mechanism for engaging constructively with States on their human rights records. China during the review of the Third Cycle of India's UPR in June 2017 appreciated India's initiatives for promotion and protection of human rights in the society. It made three recommendations on issues of promoting sustainable economic and social development for the enjoyment of human rights by its people; on combating violence against women and measures for protecting rights of persons with disabilities, the elderly and other vulnerable group. India accepted all the recommendations given by China. During the adoption of India's UPR outcome in September 2017, China was the first country to take the floor and again spoke in positive terms. When China presented its Third Cycle of UPR in November 2018, India noted various measures undertaken by China in ensuring housing, public health services and other specific measures targeting women, children, elderly and persons with disabilities. It also recommended China to ensure well-being of all its people based on inclusive development, take measures for improving women's development including participation of women in public affairs, improve the social security system for all.

India-China cooperation in culture and on common developmental challenges: With a view to build greater synergies in the cultural and people-to-people ties between the two countries, India and China have decided to establish a High Level Mechanism on Cultural and People-to-People Exchanges. The first meeting of this High Level Mechanism was held on 21 December 2018 in New Delhi. The meeting, which was co-chaired by the External Affairs Minister of India and the State Councillor and Minister of Foreign Affairs of China, brought together all the existing bilateral cultural and people-to-people engagements between India and China under

one umbrella and, thus, added more substance and purpose to the efforts on both sides to promote greater cultural and people-to-people exchanges between them.

Further, as two major countries and emerging economies, India and China, given their vast developmental experiences and national capacities, see utility in joining hands to take lead in offering innovative and sustainable solutions to challenges faced by humankind in the 21st century. These include combating diseases, coordinating action for disaster risk reduction and mitigation, addressing climate change and ushering digital empowerment. The two sides have agreed to pool together their expertise and resources in these areas and create a global network dedicated to these challenges for the larger benefit of humanity. Such cooperation was an important area of discussion between Prime Minister and President Xi Jinping during their Informal Summit in Wuhan in April 2018.

[File No. AA/Parl/125/61/2018]

CHAPTER – III

OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

-NIL-

CHAPTER – IV

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND REQUIRE REITERATION

(Recommendation No. 11)

3.11 India and China have a protracted boundary dispute where China is in illegal occupation of several thousand square kilometres of Indian territory. China disputes the international boundary between India and China. In the eastern sector, China disputes the legality of the McMahon Line by asserting that it was drawn by the imperialist British power (though this objection has not prevented it from accepting the same “imperialist” McMahon Line as its border with Myanmar) and China claims approximately 90,000 sq. Km. Of India territory in the State of Arunachal Pradesh as South Tibet. China remains in illegal occupation of 38,000 sq. Km. in the State of Jammu & Kashmir. It has also acquired illegally 5180 square kilometres of territory from Pakistan in Pakistan Occupied Kashmir and further claims about 2,000 square kilometres in the States of Himachal Pradesh and Uttrakhand. China also disputes alignment of its boundary with India in the Sikkim sector. The fact that Arunachal Pradesh is an integral and inalienable part of India has been clearly conveyed to the Chinese side on several occasions including at the highest level. From time to time, the issue of inaccurate depiction of India’s boundaries is being taken up with concerned foreign country. The Committee view this matter very seriously and urge that India’s diplomatic energies be channelled to ensure that instances related to inaccurate depictions of India’s boundaries are taken up forcefully and with urgency with the respective countries. Though negotiations on the boundary dispute are going on simultaneously with China, it must also be ensured that such baseless claims which are devoid of any amount of credibility or justification are fully exposed before the international community.

With regard to the land boundary alignment in Sikkim, the Committee view it to be a clear case of deliberate misrepresentation by China. First, in 2006 they asked for working out the alignment there as an early harvest and later repudiated it by arguing that the alignment in the Sikkim sector has already been decided. The Committee desire that Indian position should remain firm on the ground that the 1890 Anglo-Chinese Convention can at best provide the ‘basis of alignment’ of the boundary but not dictate the actual demarcation. They also desire that India should make it amply clear to China that India will adhere to the 2012 Understanding reached by the Special Representatives that the tri-junction boundary points between India-China and third countries will be finalized in consultation with the concerned countries only.

Reply of the Government

Boundary Dispute: India and China have appointed a Special Representative (SR) each to explore the framework for a boundary settlement from the political perspective of the overall bilateral relationship. Twenty-one meetings of the SRs have been held so far. The last meeting was held in Chengdu (China) on 24 November 2018.

The two sides have agreed on a three-stage process for the resolution of the boundary question. The first stage was completed with the signing of the “Agreement on the Political Parameters and Guiding Principles for the Settlement of the India-China Boundary Question” in April 2005. On the basis of these political parameters and guiding principles, in the second stage, the two Special Representatives, have initiated discussion to reach a consensus on an “Agreed Framework” of the boundary settlement.

With regard to the India-China boundary in the Sikkim sector, there are still steps to be covered before the boundary is finalized. Further, as per the agreement reached between the Governments of India and China in 2012 the tri-junction boundary points between India, China and third countries is to be finalized in consultation with the concerned countries. Since 2012, no discussion has been held on the tri-junction with Bhutan. Nonetheless, the Common Understanding of 2012 provided a strong basis for India to object to China’s attempts to change the status quo with regard to the tri-junction between India, China and Bhutan.

It is part of the mandate of our Special Representatives who are engaged in discussions to find a fair, reasonable and mutually acceptable settlement of the boundary question, including in the Sikkim sector. Further discussions regarding finalization of the boundary have been taking place under the Special Representatives framework. India has consistently taken a positive approach to the settlement of its own boundary with China, along with the associated issue of the tri-junctions.

Wrongful depiction of Indian maps: From time to time, we come across instances of inaccurate depiction of India’s external boundaries in foreign maps. Government of India strongly takes up such inaccurate depiction of India’s external boundaries with concerned foreign governments.

[File No. AA/Parl/125/61/2018]

(Recommendation No. 19)

4.15 There is no gainsaying that deepening economic engagement between India and China has been a stabilizing force in the overall India-China relationship, with the bilateral trade expected to cross US \$ 80 billion in 2017. However, factors related to the extent to which the trade deficit is totally loaded against India, non-tariff barriers imposed by China to Indian goods and services, dumping of goods, lack of genuine investment profile on the part of China, security imperatives, etc are some of the concerns which India faces on the matter. While cumulative Chinese investments in India are substantially low at around US\$ 5 billion, the value of Indian projects currently under execution by Chinese companies is estimated to be as high as US 63 billion. So basically, China is engaged in project exports in India, without bringing its own capital for investment. Such a trend is not healthy for the overall growth of India’s economy. Therefore, the committee recommend that India should persuade Chinese companies to bring more investment into India, rather than merely resorting to project exports. In view of the national security imperatives, Chinese investment proposals should be examined with circumspection on a sectoral basis. The continuously rising trade deficit which has increased to US 51.9 billion in 2016-17 and is at present US\$ 63 billion is unsustainable and requires concrete steps to be

taken for redressal. The Committee, therefore desire that to bridge the gap serious efforts should be made with China to lower trade barriers at the highest level, including the Ministerial Level Joint Economic Group and at the Strategic Economic Dialogue.

On another plane the Committee fail to understand as to why the Government has not been able to leverage with China the fact of a massive \$80 billion market next door as to compel it to bring some degree of equity in the bilateral trade. The Committee would like to have the considered views of the Ministry of External Affairs, Ministry of Commerce and Ministry of Finance of this vexed issue.

Reply of the Government

Widening trade deficit for India with China is a serious cause of concern, and the Government is making earnest efforts at the highest level with China to bridge the gap and to lower trade barriers. The two countries have signed the Five Year Development Programme for Economic and Trade Cooperation in September 2014, in order to lay down a medium term roadmap for promoting balanced and sustainable development of economic and trade relations between India and China, on the principles of equality and mutual benefit.

During the Informal Summit between our Prime Minister and the Chinese President in Wuhan in April 2018, Prime Minister highlighted our concern over the growing trade deficit with China. The issue was also taken up by the Trade Ministers of the two countries during the 11th session of India-China Joint Group on Economic Relations (JEG) held in New Delhi on 26 March 2018, wherein the Chinese side noted India's concerns regarding long existing trade imbalance and requests for market access of Indian products and services. The Chinese side expressed its commitments to address these concerns.

The inter-ministerial delegations were led by Department of Commerce on 4-5 June 2018 and 1-2 August 2018 to interact with the Chinese authorities and resolve the market access issues. During the visit of the Indian delegation in June 2018, the Protocol for export of non-Basmati rice was finalised and it was subsequently signed in the presence of the two leaders at Qingdao on 9 June 2018. The first consignment of rice of 100 tons was shipped on 28 September 2018 and 30 September 2018. Thereafter, in October 2018 another consignment of rice was shipped to China followed by 260 tons shipped in November 2018.

On 6 November 2018, a delegation led by Commerce Secretary further pursued market access issues in the discussion with Mr. Wang Shouwen, Vice Minister, Ministry of Commerce of China.

The Vice Minister, General Administration of Customs of China (GACC), led a six-member delegation to India on 28 November 2018, and Department of Commerce convened a meeting of various Ministries and associated agencies to discuss the various issues of market access of various products such as milk and milk products, agricultural products such as soyameal meal, fruits and vegetables and pharmaceutical products for which India has been seeking market access from China. A protocol on the export of fish meal and fish oil from India to China was signed on

28 November 2018 with the GACC, paving the way for export of Indian fish meal and fish oil to China.

As a result of sustained efforts of the Government, some of the market access issues have been partly resolved during the past few months such as rice, soybean meal, rapeseed meal, etc. The Government, through our Embassy in Beijing, is regularly following up with the Chinese side to expedite pending market access issues and facilitating our exporters in establishing contacts in China through B2B meetings.

We have conveyed our expectation to the Chinese side that we would receive continuous support from them so that we can increase our bilateral trade in sustainable and balanced way and also in facilitating market access for Indian goods and services in China.

[File No. AA/Parl/125/61/2018]

Comments of the Committee

(Please refer to *Para 27* of Chapter I of the Report)

CHAPTER V

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED (Recommendation No. 13)

3.24 The Special Representative (SR) mechanism between the two countries is a viable way to pursue the resolution of boundary dispute. The Committee are aware that it is a three stage process and the first stage was already over with the signing of an “Agreement on the Political Parameters and Guiding Principles on the settlement of the India-China Boundary Question” in April, 2005. One of the guiding principles clearly established that settled populations will not be disturbed and the Committee are perturbed to note that by constantly claiming parts of Arunachal Pradesh, which are populated by lakhs of Indian citizens, China is not adhering to this guiding principle. Similarly, Points Nos. 12 and 13 of the written Common Understanding reached between the SRs in December 2012 were clearly violated by China during the recent Doklam stand-off. Though, the Committee hold high hopes on the SR process, they are equally wary of the inconsistencies displayed by China from time to time. In so many respects the track record of China does not inspire confidence in the committee. The Committee would therefore, strongly desire that India should prevail upon China to ensure that application of the principles arrived at are given due respect and adhered to and that sanctity of the process should be scrupulously maintained by China. The Committee desire to be briefed regularly on the progress, if any, being made in pursuing bilateral negotiations to conclusively define the border.

Reply of the Government

In 2003, India and China agreed to appoint a Special Representative (SR) each to explore from the political perspective of the overall bilateral relationship the framework for a boundary settlement. There have been twenty-one meetings of the Special Representatives so far, the last in Chengdu on 24 November 2018. An “Agreement on the Political Parameters and Guiding Principles for the Settlement of the India-China Boundary Question” was signed between India and China on 11 April 2005. At present the two Special Representatives are exploring the framework for a settlement covering all sectors of the boundary. The two sides are committed to seeking a fair, reasonable and mutually acceptable solution to the boundary question through dialogue and peaceful negotiations. The two sides agree that peace and tranquility in the border areas is an important pre-requisite for the smooth development of India-China relations.

The 21st round of Special Representatives’ talks was held between the Special Representatives of India and China on the Boundary Question, Shri Ajit Doval, National Security Advisor of India and H.E. Mr. Wang Yi, State Councillor and Minister of Foreign Affairs of China, in Chengdu on 24 November 2018. The talks were constructive and forward looking, and focussed on taking forward the India-China Closer Developmental Partnership in pursuance of the guidance provided by Prime Minister Narendra Modi and President Xi Jinping at their Informal Summit at Wuhan in April 2018.

The Special Representatives undertook a comprehensive review of earlier rounds of talks under the SR mechanism. Recalling the strategic guidance and support to their work provided by the leaders at the Wuhan Summit, the Special Representatives resolved to intensify their efforts to achieve a fair, reasonable and

mutually acceptable solution to the India-China boundary question at an early date. They underlined the importance of approaching the boundary question from the strategic perspective of India-China relations and agreed that an early settlement of the boundary question serves the fundamental interests of both countries.

The Special Representatives agreed that pending the final resolution of the boundary question, it is important to maintain peace and tranquility in the border areas and to ensure that the boundary question does not affect the overall development of the bilateral relationship. In this context, they noted the mature handling of issues relating to the India-China border areas since the Wuhan Summit.

Acknowledging the importance of predictability in border management, and in that context, underscoring the importance of maintaining strategic communication at all levels, the Special Representatives held discussions on various confidence building measures to promote exchanges and communication between their border personnel. They directed the bilateral Working Mechanism on Consultation & Coordination for Border Affairs to work out further details in this regard.

[File No. AA/Parl/125/61/2018]

(Recommendation No. 17)

3.35 The Committee also note that a lot of border infrastructure projects have been delayed due to want of environmental clearance. In some of the cases the delay was unconsciously long, given the fact that India's national security is at stake at most places on India-China border. It has now been informed that the Ministry of Environment and Forest has over the last 2-3 years significantly streamlined their processes. With this development, the Committee are hopeful of expeditious clearances leading to progress in various border infrastructure projects. The Committee strongly desire that the issue of environmental clearance involving sensitive border infrastructure should be suitably taken up with the respective state and central authorities so as to reconcile satisfactorily environmental imperatives with national security requirements.

Reply of the Government

Ministry of Environment, Forest & Climate Change has accorded general approval under Section (2) of the Forest (Conservation) Act 1980 for diversion of forest land for construction and widening of border roads in the areas falling within 100 kms aerial distance from the Line of Actual Control (LAC). Besides this, Empowered Committee has also been constituted by the States of Sikkim, Arunachal Pradesh, Jammu & Kashmir, Himachal Pradesh and Tripura to resolve issues related to land acquisition, forest/wild clearance, allotment of quarries etc.

[File No. AA/Parl/125/61/2018]

NEW DELHI
11 February, 2019
22 Magha 1940 (Saka)

DR. SHASHI THAROOR,
Chairperson,
Committee on External Affairs

ANNEXURE - A

Details of India's engagements with countries in the neighbourhood

1. Nepal

India's ties with Nepal are unique, characterized by open border, close historical and cultural links, people-to-people contacts, and wide ranging economic and development linkages. India's partnership with Nepal has been expanding through, inter-alia, expediting implementation of GoI-assisted connectivity and economic projects such as development of cross-border power transmission lines, construction of cross-border rail links, construction of roads infrastructure in Nepal, development of Integrated Check Posts along the India-Nepal border, hydro-power projects, and initiatives to enhance people to people contacts, training and capacity building. Further, under the concessional Lines-of-Credit of total amount US \$1.65 billion extended to the Government of Nepal, a number of infrastructure projects are under implementation in Nepal.

Several bilateral mechanisms are in place between India and Nepal in the areas of trade, commerce, power, water resources, connectivity and development cooperation to expand India's overall engagement with Nepal and to strengthen India's development cooperation with Nepal. Several new initiatives in areas such as inland waterway connectivity, enhanced partnership in agriculture, economic connectivity, cross-border rail links have been taken to deepen India's partnership with Nepal.

2. Bhutan

India and Bhutan enjoy special ties of friendship and cooperation underpinned by utmost trust, goodwill and mutual understanding. India is Bhutan's largest development partner. India's development assistance to Bhutan's Five Year Plans (FYPs) since 1961 encompasses diverse areas that positively impact the socio-economic development in Bhutan. Government of India had committed development assistance package of INR 4500 Cr and economic stimulus assistance of INR 500 Cr to Bhutan for its XI FYP (2013-18) out of which INR 4942 Cr has already been disbursed for major projects in diverse sectors and other Small Development Projects. The Government of India is committed to partnering Bhutan's for its XII FYP (2018-2023) as per Bhutan's development priorities.

The development assistance to Bhutan FYPs is in addition to the assistance extended for the construction of Hydro-Electric Projects (HEPs) in Bhutan. So far, Government of India has constructed three Hydroelectric Projects (HEPs) in Bhutan totalling 1416 MW (336 MW Chukha HEP, 60 MW Kurichhu HEP and 1020 MW Tala HEP), which are operational and exporting surplus power to India. Currently, there are three HEPs viz. 1200 MW Punatsangchhu-I, 1020 MW Punatsangchhu-II and 720 MW Mangdechhu under implementation.

Government of India's development cooperation programme with Nepal and Bhutan are based on the priorities of the people and governments of Nepal and Bhutan. India's engagement with Nepal and Bhutan stand firmly on its own. India's

development assistance to Nepal and Bhutan has, apart from generating goodwill for India among people of the two countries, strengthened the economic linkages with the two countries. Government of India will continue to undertake development projects and extend development assistance in consultations with Nepal and Bhutan and deepen the bilateral partnership across diverse sectors for mutual benefit.

3. Bangladesh

Development cooperation is an important aspect of India-Bangladesh relations. From modest beginnings in the years after Bangladesh's liberation, India's development cooperation with Bangladesh has grown in size and coverage. Development partnership has been extended to Bangladesh considering creation of strategic long-term assets and connectivity with our North-Eastern Region as well as keeping in mind the goal of creating goodwill in Bangladesh through implementation of Small Developmental Projects (SDPs) in the short term. It may be noted that Bangladesh has not subscribed to Belt and Road Initiative of China, so far.

Development partnership between India and Bangladesh consists of three main elements: loans extended to Bangladesh in the form of Lines of Credit (LoCs); cooperation extended through grants; and capacity building in Bangladesh.

Government of India (GOI) has extended four Lines of Credit (LOC) (of US\$ 862 million in 2011, US\$ 2 billion in 2015, US\$ 4.50 billion in 2017 and US\$ 500 million in 2017) total amounting to US\$ 7.862 billion, to fund various infrastructure development projects in Bangladesh. This amount of US\$ 7.862 billion is the highest amount offered to any single country under GOI's LOC program.

GOI is also undertaking various development projects under Ministry of External Affairs' 'Aid to Bangladesh' budget. These projects are chosen keeping in mind geographical spread, socio-economic benefits and priorities of the Government of Bangladesh. Development projects funded through grants of the Government of India have been implemented in sectors such as education, IT, health, water, disaster management, etc.

In the last five years, GOI has completed a total of 36 grant projects worth around USD 15.1 million. Currently 44 projects are under implementation with an outlay of around USD 179.4 million.

India offers training slots to Bangladesh under the Indian Technical and Economic Cooperation (ITEC) Programme and scholarships for meritorious students through the Indian Council for Cultural Relations (ICCR). Capacity building support to Bangladesh is also being extended in different areas including police, administration, customs, narcotics, railways and judiciary.

4. Myanmar

Myanmar shares over 1600 kms of border with India, and stands at the junction of our 'Act East' and 'Neighbourhood First' policies. Development cooperation is an important aspect of India-Myanmar relations.

Development cooperation focuses on demand-driven projects and expands across sectors such as connectivity infrastructure, capacity building, human resource development, setting-up of institutions, etc. India has provided assistance amounting to more than \$1.75 billion, of which projects worth nearly \$1 billion are completely grant-funded, and others included concessional financing. As the bulk of our development assistance is under the 'Grant-in-Aid' window, it inherently avoids the creation of unsustainable financial burdens on the host country.

A line of credit from India worth \$500 million is available to the Government of Myanmar for undertaking various projects. Projects related to telecommunication networks, railways rolling stock and equipment and agricultural machinery have already been taken up under this line and more projects are under consideration.

Thus, our projects spreading across sectors such as roads and railways, telecommunication, education and agricultural sectors aim to create long-term, sustainable and relevant institutions for capacity building and human resource development in these critical areas.

Major Infrastructure projects include Kaladan Multimodal Transit Transport Project, 69 Bridges, Rih-Tedim Road etc.

In the area of capacity building, two flagship projects that India has been involved in are the Myanmar Institute of Information and Technology (MIIT) in Mandalay, being developed at a cost of \$24 million, which is one of the most sought after institutes of higher learning in IT in Myanmar. India is also contributing to skill and human resource development by helping set up two research centers in Yezin Agricultural University - the Advanced Centre for Agricultural Research and Education (ACARE) in Nay Pyi Taw with an outlay of \$9 million, and a Rice Bio-Park in Nay Pyi Taw.

In the cultural field, India has contributed to the spectacular restoration of the Ananda pagoda in Bagan and will shortly begin undertaking an extensive project on the restoration and conservation of as many as 92 structures that had been damaged following the earthquake in Bagan in 2016. In the health-care field, India has undertaken projects to upgrade facilities in the Yangon Children's Hospital, the Sittwe General Hospital and the Monywa General Hospital.

In addition, whenever Myanmar has had to face natural calamities, such as Cyclone Nargis in 2008, the earthquake in Shan State in 2010 and Cyclone Komen in 2015, India has been among the first to undertake humanitarian relief operations.

5. &6. Sri Lanka and Maldives

The Government has taken steps to revitalise our traditional ties with Sri Lanka and the Maldives. We have a multifaceted and comprehensive cooperation; with frequent high-level engagements and wide-ranging development cooperation with these countries. Our engagement focuses on greater connectivity, cooperation in all domains and broader people-to-people contacts. Government continues to accord highest priority to India's relations with these important countries in our neighbourhood. In the recent years, India has become an active development partner

of Sri Lanka and the Maldives and is undertaking various projects in these countries. Sri Lanka is one of the major recipients of development assistance given by the Government of India. Since 2005, the total GoI commitment is INR 3005 crore as grant assistance and INR 13,149 crore under Line of Credit.

Government is aware of Chinese activities in Sri Lanka and the Maldives. Chinese involvement in projects such as power plants, ports, roads, railways, bridges etc. in Sri Lanka and the Maldives are known. Government keeps a constant watch on all developments related to these Chinese projects and takes all necessary measures to safeguard our interests.

There have been concerns from the very beginning regarding economic viability of some of the projects funded by China in Sri Lanka and the Maldives. We have been sharing these concerns strongly with the Governments of these countries. Subsequent events have given credence to these concerns. The restructuring of the Hambantota Port in Sri Lanka, for example, underlines the need for thorough cost-benefit analysis of the projects at the preliminary stage itself. Substantial investments by China in projects which are otherwise unviable raise questions and concerns about the actual objectives that these projects aim to achieve. We continue to articulate our position to the Governments of Sri Lanka and the Maldives that economic projects and initiatives must follow principles of financial responsibility to avoid projects that would create unsustainable debt burden for communities.

7. Afghanistan

India and Afghanistan have a strong relationship based on historical and cultural links. In recent past, India-Afghanistan relations have been further strengthened by the Strategic Partnership Agreement (SPA) signed between the two countries in 2011. SPA between the two sides, *inter alia*, provides for assistance to help rebuild Afghanistan's infrastructure and institutions, education and technical assistance to re-build indigenous Afghan capacity in different areas, encouraging investment in Afghanistan's natural resources, providing duty free access to the Indian market for Afghanistan's exports support for an Afghan-led, Afghan-owned, broad-based and inclusive process of peace and reconciliation, and advocating the need for a sustained and long-term commitment to Afghanistan by the international community.

India has played a significant role in the reconstruction and rehabilitation process in Afghanistan. India's extensive developmental assistance programme, which now stands at around US\$ 2 billion, is a strong signal of its abiding commitment to peace, stability and prosperity in Afghanistan. This makes India one of the leading donor nations to Afghanistan and by far the largest donor in the region. Government of India has taken on a number of medium and large infrastructure projects in its assistance programme in Afghanistan. Some of these include: construction of a 218 km road from Zaranj to Delaram for facilitating movement of goods and services to the Iranian border; construction of 220kV DC transmission line from Pul-e-Khumri to Kabul and a 220/110/20 kV sub-station at Chimgala; upgrading of telephone exchanges in 11 provinces; expansion of national TV network by providing an uplink from Kabul and downlinks in all 34 provincial capitals for greater integration of the country.

India believes that sustainable development of Afghanistan requires long-term investment in Afghanistan to help it exploit its natural resource wealth. India is, thus, at the forefront in promoting investment in Afghanistan. A consortium of public and private Indian companies has been formed to make one of the biggest investments in the country's mining sector in the Hajigak iron ore reserves. In an effort towards capacity building in mining area, a Mines Institute is proposed to be established in Kabul with GoI technical & financial support.

Some of the ongoing/completed Indian projects in Afghanistan include: new Afghan Parliament building (inaugurated in December 2015); Afghan-India Friendship Dam (Salma Dam); Doshi&Charikar substations (both completed); Restoration of Store Place; establishment of new Diagnostic Centre (completed) & construction of Decentralized Waste Water Treatment System at Indira Gandhi Institute of Child Health (IGICH); establishment of Afghan National Agriculture Science & Technology University, Kandahar; commitment to supply 1.1 million MT of wheat to Afghanistan (711,882 MT of wheat or equivalent in cash already delivered at a cost of Rs. 989.45 crore); commitment to contribute US\$ 1 million annually over next five years to Afghan Red Crescent Society for treatment of Afghan children with Congenital Heart Disease (214 children have already been treated under this aid till mid-March 2016); grant-in-aid of US\$ 1 million to Habibia High School over next 10 years; and grant-in-aid of US\$ 1 million to IGICH over next 5 years. India has also committed to contribute substantially in improving transportation system in Kabul and has decided to donate 1000 buses to Afghanistan along with upgradation related infrastructure.

A significant addition to India's development portfolio in Afghanistan is the Small Development Projects (SDP) scheme, in the fields of agriculture, rural development, education, health, vocational training, etc.

In the area of skill development, GoI offers training to Afghan officials/nationals in diverse fields through 500 ITEC slots and 25 slots under TCS Colombo plan are allocated annually to Afghanistan. Specialized ITEC courses are held for Afghan Government Officials on specific demand, 614 ICAR scholarships under India-Afghanistan Fellowship Programme commenced in 2012-13 lasting up to 2020-21(208 fellowships have been utilised so far), training via tele-education at ANASTU, Kandahar and Indira Gandhi Institute of Child Health, Kabul. GoI also grants ICCR scholarships to 1000 Afghans every year to pursue under graduate courses in various Indian universities in major cities across India.

ANNEXURE - B

India's Outreach to South East Asia

With the objective to further strengthen ties with the countries of the Southeast Asian region and to achieve its rightful place amid economic reforms and changing global security environment, India's Look East Policy was launched in 1992. Engagement with the Association of Southeast Asians (ASEAN) was a primary component of India's reach out to region. Over the years, India has achieved significant progress and became sectoral dialogue partner in 1992, full dialogue partner in 1996, and initiated summit level partnership in 2002, which was elevated to strategic partnership in 2012.

In 2014, the 'Look East Policy' was upgraded to become a more action-oriented 'Act East Policy'. In his speech at the East Asia Summit in 2014 in Nay Pyi Taw, Myanmar, Prime Minister Shri Narendra Modi remarked, "Since entering office six months ago, my government has moved with a great sense of priority and speed to turn our 'Look East Policy' into 'Act East Policy'."

Over the past four years, the Act East Policy has proved to be a success. With ASEAN at its core, India is not only robustly engaging the countries of the Southeast Asian region but also Northeast Asia, Oceania, and East Asia. India has affirmed to ASEAN centrality in the Indo-Pacific. Through the Indo-Pacific construct, India envisages a greater role for itself in the wider region. The upgrade from Look East to Act East not only highlights the importance of the region through a more proactive and pragmatic approach, but also addresses key strategic, economic and cultural opportunities and recognises the role of the Diaspora. Comprehensively engaging ASEAN, across the three pillars of politico-security, economic and socio-cultural cooperation has been the key thrust area of the Act East Policy.

As a Strategic Partner of the ASEAN, India is also actively associated with various ASEAN-led forums dealing with defence and strategic issues. These include the East Asia Summit (EAS), ASEAN Regional Forum (ARF), ASEAN Defence Ministers Meeting Plus and the Expanded ASEAN Maritime Forum. Apart from these mechanisms, other groupings include BIMSTEC, Mekong Ganga Cooperation (MGC) and Indian Ocean Rim Association (IORA). At bilateral level, India has Comprehensive Strategic Partnership with Indonesia and Vietnam; and Strategic Partnership with Singapore, Malaysia and Australia.

India is also actively engaged with Australia, New Zealand and Pacific Island countries (PICs) through political understanding, security and defence cooperation, and economic engagement. India's sustained engagement with Indo-Pacific region is evident from frequent high level visits; strong defence cooperation, which includes training, ship visits, joint coordinated patrols, defence sales and defence supplies; close security cooperation especially in counter-terrorism and other transnational crimes; comprehensive economic engagement; regular dialogues on education and skill development; capacity building through scholarships and ITEC programmes; cultural cooperation including promotion of Indian culture through Indian cultural centres and growing ties with the Diaspora.

To give traction to Act East Policy, India has made special efforts. Since May 2014, at the level of President, Vice President and Prime Minister visits have taken place to all 10 ASEAN countries and other countries in the region namely Australia, New Zealand, Fiji and PNG. Among other visits, the most prominent one was the visit of all ten ASEAN leaders to New Delhi to participate in ASEAN-India Commemorative Summit and celebrate 25 years of ASEAN-India dialogue partnership in January 2018. At bilateral level, there have been several high-level visits too. Prime Minister Modi visited three Southeast Asian countries (Indonesia, Malaysia and Singapore) in May-June 2018 and became the first Indian Prime Minister to deliver the keynote address at Shangri-La Dialogue on 1 June 2018. External Affairs Minister Smt Sushma Swaraj has also visited Myanmar, Cambodia, Vietnam, Singapore, Indonesia and Thailand. President of India also visited Australia and Vietnam in November. Indonesian President visited India in December 2016, Singapore Prime Minister in October 2016, former Malaysian Prime Minister in 2017, former Australian Prime Minister in April 2017 and former Vietnam President in March 2018.

In November 2014, PM Modi visited Fiji to attend the first Forum for India-Pacific Islands Cooperation (FIPIC) Summit. This was followed by a second FIPIC Summit Jaipur in August 2015.

Famously regarded as Three C's, Commerce, Culture and Connectivity are three main pillars of the policy. India-ASEAN Free Trade Agreement (FTA) in Goods came into force on January 1, 2011 and conclusion of negotiations in Free Trade in Services and Investment Agreements was announced during the Commemorative Summit in December 2012. India-ASEAN FTA has already brought together 1.8 billion people and a US\$ 2.5 trillion economy. India-ASEAN trade and investment relations have been growing steadily, with ASEAN being India's fourth largest trading partner. In 2017-18, India's trade with ASEAN stands at US\$ 81.33 billion, which is approx. 10.6 percent of India's overall trade. India's export to ASEAN comprises of 11.28 percent of India's total exports. Investment flows are also substantial both ways, with ASEAN accounting for approximately 18.28 percent of investment flows into India since 2000.

To strengthen commercial ties, ASEAN-India connectivity summit was held in December 2017 in New Delhi, ASEAN-India Business and Investment Meet and Expo on 23 January 2018 in New Delhi and other Trade and Investment Meets held in Northeast such as Act East Expo in June 2017 in Shillong. India also has a business outreach programme for CLMV countries.

India has endeavoured to widen and deepen people-to-people ties with the region. India now has Electronic-Tourist Visa Authorisation (E-TVA) scheme for tourists from several countries including Australia, New Zealand, all the ASEAN countries and some PICs. Steady progress has been achieved in the area of human resource development and capacity building. India has also established a dialogue on education and skills development with Australia, New Zealand, Indonesia, Singapore, and Malaysia. India has continued support through cultural scholarships, MGC scholarships, ITEC programmes, etc to the countries in the region. India has set up Indian Chairs in the Universities of Singapore, Malaysia, Indonesia and Australia. Indian Cultural Centres have been established in Jakarta and Bali in Indonesia,

Bangkok (Thailand), Kuala Lumpur (Malaysia), and Suva and Lautoka (Fiji) and Sydney (Australia). India, in association with the countries in the Southeast Asian region, has undertaken a massive project on revival of the Nalanda University which seeks to culturally and politically bridge the East and South Asian regions. Through Buddhism and Hinduism links, synergies are being built and with greater efforts for intra-regional and regional connectivity efforts on building physical, economic, digital, and people to people linkages.

A major effort has been made to acquaint our partners in Southeast Asia with our heritage as well as the modern manifestations of our culture. India has invested in the restoration and renovation of heritage cultural sites in the region, prominent among them is the restoration of Angkor Vat and Ta Prohm temple in Cambodia, Vat Phou temple in Laos, and Cham monuments in My Son in Vietnam. India's participation in restoration of cultural/heritage sites in the region adds a new dimension to India's multifaceted and excellent relations in the region. With a view to promoting capacity building in CLV countries and Pacific Islands countries, specifically Least Developed Countries and Small Island States, India has extended soft financing facilities through LOCs/suppliers credit. Diaspora is a significant part of Act East Policy. There have been efforts to engage with the diaspora in the region. To this end, ASEAN-India Pravasi Bhartiya Divas was held in early January 2018 in Singapore. There are significant diaspora in many of the ASEAN countries and East Asian countries.

Connectivity is a major thrust area of the Act East Policy. Road routes are being developed, especially the Trilateral Highway in Myanmar and link roads through Lao and Cambodia up to the coastal highway in Vietnam. At the same time, there is ongoing work to develop transit (Kaladan) as well as deep sea ports (Dawei) in Myanmar which will promote connectivity. India has taken special efforts to develop a coherent strategy, particularly for linking ASEAN with our Northeast. Measures, including building transport infrastructure, encouraging airlines to the region, and contacts between academic and cultural institutions are underway. To this effect, India has announced a LoC of US\$ 1 billion to ASEAN countries for undertaking projects to promote physical and digital connectivity. India has taken up pilot projects to establish digital villages in CLMV countries with a grant of US\$ 10 million in each of the four countries.

Defence cooperation is a strong component of the Act East Policy. India has cooperation on counter terrorism with Thailand, Malaysia, Australia & Indonesia. India has also strengthened cooperation through Agreements on Combating International Terrorism, Organised Crimes and Illicit Drug Trafficking. India has concluded agreements on mutual legal assistance on criminal matters and extradition treaties with certain ASEAN countries and are expanding its scope to include others. India is also committed towards capacity building in the field of security and defence. During the visit of PM Modi to Vietnam in September 2016, a defence LoC worth US\$ 500 million was extended for procurement of defence equipment from India. In October 2018, India also launched a massive operation to provide assistance to the earthquake and tsunami victims in Indonesia, dispatching two aircraft carrying relief material to the country. India also has regular bilateral joint exercises with several Southeast Asian countries. For instance, 25th Singapore-India Maritime Bilateral Exercise (SIMBEX) was conducted in November 2018.

APPENDIX – I

MINUTES OF THE SEVENTH SITTING OF THE COMMITTEE ON
EXTERNAL AFFAIRS (2018-19) HELD ON 11 FEBRUARY, 2019

The Committee sat on Monday, 11 February, 2019 from 1500hrs. to 1550 hrs. in Committee Room No. '2', Block 'A', Extension to Parliament House Annex, New Delhi..

PRESENT

1. Dr. Shashi Tharoor, Chairperson

Lok Sabha

2. Shri Gurjeet Singh Aujla
3. Shri Mohammad Salim
4. Prof. (Dr.) Mamta Sanghamitra
5. Smt. Supriya Sadanand Sule
6. Shri Sharad Tripathi

Rajya Sabha

7. Smt. Jaya Bachchan
8. Shri P. Bhattacharya
9. Shri Swapan Dasgupta
10. Shri Kumar Ketkar
11. Shri D. Kupendra Reddy

Secretariat

1. Dr. Ram Raj Rai	-	Director
2. Smt. Jyochnamayi Sinha	-	Additional Director

2. At the outset, the Chairperson welcomed the members to the Sitting of the Committee.

3. The Committee took up for consideration the following draft Reports on:

(i) XXXXXZ	XXXXXZ	XXXXXXXX
(ii) Action Taken by the Government on the Observations/Recommendations contained in the Twenty Second Report on the subject 'Sino-India Relations		

including Doklam, border situation and cooperation in international organizations'

4. The Chairperson invited the members to offer their suggestions, if any, for incorporation in the draft Reports. The members suggested some minor modifications. The Committee adopted the draft Reports with these minor modifications.

5. The Committee then authorized the Chairperson to finalize the Action Taken Reports incorporating the suggestions made by the members and present the same to Parliament.

The Committee then adjourned.

APPENDIX II

(Vide Para 4 of Introduction of Report)

ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS/OBSERVATIONS CONTAINED IN THE TWENTY FIFTH REPORT OF THE COMMITTEE ON EXTERNAL AFFAIRS (16TH LOK SABHA)

(ii) Observations/Recommendations which have been accepted by the Government:-

Recommendation Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 14, 15, 16 and 18.

**Total- 15
Percentage: 78.94 %**

(ii) Observations/Recommendations which the Committee does not desire to pursue in view of the Government's replies:-

Recommendation No. NIL

**Total-0
Percentage: 0**

(v) Observations/Recommendations in respect of which replies of Government have not been accepted by the Committee and require reiteration:-

Recommendation No. 11 and 19

**Total- 02
Percentage: 10.53 %**

(vi) Observations/Recommendations in respect of which final replies of Government are still awaited:-

Recommendation Nos. 13 and 17

**Total- 02
Percentage: 10.53 %**