



CHATHAM HOUSE

Chatham House, 10 St James's Square, London SW1Y 4LE  
T: +44 (0)20 7957 5700 E: [contact@chathamhouse.org](mailto:contact@chathamhouse.org)  
F: +44 (0)20 7957 5710 [www.chathamhouse.org](http://www.chathamhouse.org)

Charity Registration Number: 208223

Asia ASP 2013/02

# India's Policy towards Burma

Gareth Price

Chatham House

June 2013

The views expressed in this document are the sole responsibility of the author(s) and do not necessarily reflect the view of Chatham House, its staff, associates or Council. Chatham House is independent and owes no allegiance to any government or to any political body. It does not take institutional positions on policy issues. This document is issued on the understanding that if any extract is used, the author(s)/ speaker(s) and Chatham House should be credited, preferably with the date of the publication or details of the event. Where this document refers to or reports statements made by speakers at an event every effort has been made to provide a fair representation of their views and opinions, but the ultimate responsibility for accuracy lies with this document's author(s). The published text of speeches and presentations may differ from delivery.

## INTRODUCTION

This paper is the first in a series considering India's foreign policy toward a number of countries, and complements a forthcoming report examining India's broader foreign policy. The paper maps out the manner in which India engages with Burma<sup>1</sup> economically, politically and socially. As is the case with much of its foreign policy, particularly in its neighbourhood, India's internal stability and development play a key role in policy towards Burma.

## BURMA'S STRATEGIC IMPORTANCE TO INDIA

There are close historical ties between India and Burma, which was part of the British Indian Empire until 1935. Indian business communities remained in the major Burmese cities following independence and many of Burma's elite, including Aung San Suu Kyi, were educated in India.<sup>2</sup> Her father, Aung San, was a friend of Nehru. According to the Indian foreign ministry, as many as 2.5 million people of Indian origin live in Burma (although most estimates are lower). The two countries share a 1,600 kilometre land border and a maritime boundary in the Bay of Bengal. The land border includes four of India's unstable and politically-sensitive north-eastern states and the influx of drugs, arms, immigrants and militants from Burma has long been a cause of concern for the Indian government. As well as these threats, the shared border also presents opportunity. There is potential to greatly increase border trade, and a mooted gas pipeline between the two countries would be of great benefit to India's underdeveloped north-east.<sup>3</sup>

Burma is also a site of regional competition. China and Pakistan were quick to embrace the junta, and China has gained many economic concessions and access to natural gas through a Burma-China pipeline, and it also has a substantive naval presence in Burma's ports. Indian concerns about the strength of Chinese influence are shared by the Burmese, and the junta appears to be encouraging competition between China and India for access to the country's natural resources. China sent a delegation to Burma soon after the visit of the prime minister of India, Manmohan Singh, in May 2012.<sup>4</sup>

Indian policy underwent a switch away from supporting pro-democracy forces in the mid-1990s. The 'Look East' policy involved putting India's national economic and regional interests first as it started to deal with the Burmese military government. While this provoked Western criticism, engagement has been relatively limited. The discovery of great reserves of natural gas in Burma was a key driver in this policy shift, although despite investment of \$1.6 billion India has not succeeded in securing a viable import mechanism.<sup>5</sup> A proposed Myanmar-Bangladesh-India pipeline was scuppered by Bangladesh, leaving India far behind China in its ability to profit from Burma's resources. Improved transit links through the country would provide connectivity with ASEAN countries; Indian commentators frequently refer to Burma as a 'land-bridge' between India and Southeast Asia. Manmohan Singh has announced an increase in air connections as well as the establishment of a joint committee to investigate the feasibility of rail links and freight transport through Burma.

---

1 This paper refers to Burma; the historical name of the country, arbitrarily changed by the military to Myanmar in 1989. In doing so, it is in line with the current policy of the British Foreign and Commonwealth Office and the US State Department (although Barack Obama referred to Myanmar during his 2012 visit to the country). The European External Action Service has gradually shifted its position and currently refers to 'Myanmar (Burma)'. India has long used the nomenclature Myanmar, as the country is described at the UN, and in doing so it may well consider itself ahead of the West.

2 Shashi Tharoor (2012), *Pax Indica*, New Delhi: Penguin Books. <http://tharoor.in/news/book-excerpt-pax-indica/>

3 Government of India, Ministry of External Affairs. <http://meaindia.nic.in/mystart.php?id=100519820>

4 Government of India, Ministry of External Affairs. <http://meaindia.nic.in/mystart.php?id=100519872>

5 Varigonda Kesava Chandra, 'India's Myanmar Fascination', *Journal of Energy Security*, 31 July 2012.

[http://www.ensec.org/index.php?option=com\\_content&view=article&id=381:indias-myanmar-fascination&catid=128:issue-content&Itemid=402](http://www.ensec.org/index.php?option=com_content&view=article&id=381:indias-myanmar-fascination&catid=128:issue-content&Itemid=402)

## WHAT DRIVES INDIAN ENGAGEMENT IN BURMA?

There are several factors that drive India's engagement with Burma.

*The desire for stability in the north-east:* Burma has played an ambivalent role in relation to militants in India's north-east, engaging in joint operations half-heartedly at times. India is also concerned about the transit of arms and drugs across the border.

*Direct economic opportunities:* Burma is a potential source of gas for India (although coal appears to be the energy source of choice at present). There is some interest in Burma's market of 60 million people, although this should not be overstated.

*Transit trade:* Burma sits between India and Southeast Asian markets in which the latter are much more interested. Improving land links by road or rail could lead to greater trade. Burma also provides Southeast Asian countries an alternative means of access to north-east India

*China:* India is clearly concerned about Chinese influence in Burma, although it has done relatively little to counter this thus far.

There is also a large Burmese refugee community in India. While not a significant factor in policy-making, its presence is frequently noted by Indian officials.

## MAPPING INDIA'S ENGAGEMENT WITH BURMA

### Trade

A Joint Trade Committee (JTC), chaired by the commerce ministers of India and Burma, was set up in 2003 and has met four times to review trade and investment. In 2008 a Bilateral Investment Promotion Agreement (BIPA) and a Double Taxation Avoidance Agreement (DTAA) were signed. In 2012 the two countries set a target for bilateral trade of \$3 billion by 2015. In the last five years trade between the two countries has grown annually at an average of 18 per cent and India is now Burma's fifth largest trade partner.<sup>6</sup> Currently trade stands at \$1.8 billion (2011/12), weighted heavily in Burma's favour.<sup>7</sup> A range of licit and illicit goods are smuggled from India into Burma, although China has replaced India over the last two decades as the main source of consumer goods within the country.

Burma's exports to India are dominated by agricultural items (90 per cent beans, pulses and forest-based products) while India's main exports to Burma are primary and semi-finished steel and pharmaceuticals. There is huge potential to increase border trade between north-east India and Burma. A large number of items are currently banned from border trade, including wood, plastic, milk and milk products, allopathic and alternative traditional medicine, and medical equipment. Moves are in place to set up cross-border trading centres – moves which could work to formalize previously illicit trade.

India and Burma are both signatories to the India-ASEAN Trade in Goods Agreement, and Burma can serve as a bridge between India and the regional organization.<sup>8</sup> This would require significant investment (see below). Burma also benefits under India's Duty Free Tariff Preference Scheme for least developed countries. However, while bilateral trade is growing, it remains hindered by customs practices and tariffs. As a new member of ASEAN, Burma has until the end of 2016 to eliminate tariffs on Indian goods. The extension of the India-ASEAN free trade agreement to include services is likely to boost Indian trade with Singapore, Malaysia, Indonesia and Thailand in the first instance, rather than with Burma.

---

<sup>6</sup> Embassy of India in Myanmar.

[http://www.indiaembassy.net.mm/index.php?option=com\\_content&view=article&id=165&Itemid=62&lang=en](http://www.indiaembassy.net.mm/index.php?option=com_content&view=article&id=165&Itemid=62&lang=en)

<sup>7</sup> Government of India, Ministry of Commerce and Industry. <http://commerce.nic.in/eidb/iecnt.asp>

<sup>8</sup> Ashwini Phadnis, 'Myanmar Calling', *The Hindu*, 10 October 2011.

<http://www.thehindubusinessline.com/opinion/article2526159.ece?homepage=true>

## Infrastructure projects

India is actively involved in a number of projects in Burma. There are three elements to its projects: to improve connectivity to north-east India for inter-Indian trade, to ease communications links through Burma to Southeast Asia and to develop hydro-electric capacity.

The largest project is the \$120 million Kaladan Multimodal Transport Project, intended to provide an alternative access route to the north-east through Burma. An agreement was signed in 2008, but work did not begin until 2010. The project involves upgrading Sittwe port, dredging the Kaladan river to allow boat access from Sittwe to a further port at Kaletwa and a road connecting Kaletwa with the border of the Indian state of Mizoram. The project is being funded by the Indian Ministry of External Affairs and feasibility studies were carried out by RITES (a railways consultancy, which also supplies engines and coaches to Burma). Construction work on the port is being carried out by the Inland Waterways Authority of India with Essar Projects Ltd.

In the same way that India upgraded a road through Iran to enable it to bypass Pakistan, the Kaladan Multi-Modal Transport Project was partly put forward as a means to exert pressure on Bangladesh to allow Indian goods to transit across to the north-east. Had India successfully negotiated transit rights allowing goods to pass through Bangladesh in 2011, it is questionable whether the Kaladan project would still be under consideration.

The project has suffered from delays (in part reflecting the lack of political commitment) and cost increases (partly because the road length was underestimated). Furthermore, according to reports, the Ministry of External Affairs, which led the Kaladan project, was apparently unaware that the Power Ministry planned to construct two hydro-electric projects on tributaries of the Kaladan River and another project further downstream, which could affect river access. The project has also faced criticism for the relocation of villages along the projects route, and allegations of labour violations.

The idea of Burma as a land-bridge connecting India and Southeast Asia has been in circulation for many years: 2012 marks the 20th anniversary of India's Look East policy, and the 15th anniversary of the launch of BIMSTEC (the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation, comprising Bangladesh, India, Myanmar, Sri Lanka, Thailand, Bhutan and Nepal). Burma is the lead country for energy in BIMSTEC and the current chair. A number of projects have been mooted to increase connectivity through Burma. India and Burma have set up a joint working group to explore the feasibility of rail connectivity between them. Among the many obstacles to be surmounted would be the different gauges used in the two countries. India and Burma are also both members of the Mekong Ganga Cooperation, which seeks to boost cooperation in the fields of tourism, education, culture, transport and communication.

In 2001 the Indo-Myanmar Friendship Road, which links Moreh in the Indian state of Manipur with Kalewa in Burma, was inaugurated. During the prime minister's visit in 2012 India agreed to repair or upgrade 71 bridges on the road that had fallen into disrepair between Kalewa and Yargi, while Burma said it would upgrade the road from Yargi to Monywa. Other projects underway involve upgrading roads between Tamu, Kalewa and Kalemyo and constructing and upgrading roads between Rhi and Tiddim. India and Burma have agreed that by 2016 they will have repaired and upgraded the entire road from Moreh to Mae Sot in Thailand. They have also agreed to launch a bus service between Imphal (in Manipur) and Mandalay, although the road to Mandalay is currently impassable during the rainy season, and Burma still has some concerns regarding customs and other modalities.

Despite the positive rhetoric, there is awareness that the notion of Burma as a land-bridge is politically, and geographically, difficult. Gaining transit rights through Bangladesh is a more plausible means of enhancing the economy of north-east India. And without a significant shift in attitude, trade with Southeast Asia will be cheaper by ship than truck for the foreseeable future. As a World Bank report noted in relation to crossings between India and both Bangladesh and Nepal:

These overland crossings are among the most inefficient in the world, and little effort has been made to improve their conditions. Behind-the-border issues, such as the poor quality of national road and rail infrastructure, are major causes of inefficiency of overland routes.<sup>9</sup>

The status of many of the dam projects that have been mooted is frequently unclear. Progress on the Tamanthi dam project is slow and some reports suggest that Burma has reneged on the deal. This project, like several others, has faced criticism for forced relocation and lack of compensation for villagers, and for its negative environmental impact. In 2008 the Burmese Ministry of Electric Power and the Indian state-owned company NHPC signed an agreement to develop the Tamanthi and Shwezaye Hydro-Electric Power project on the Chindwin River.

### Manmohan Singh's 2012 visit

Manmohan Singh's visit to Burma in May 2012 was the first prime ministerial visit since that by Rajiv Gandhi in 1987 and was used to signal a significant deepening of relations. While India's policy shifted towards greater engagement with the military government in Burma through the 1990s, it remained hesitant about the level of its engagement. The decision to demonstrate a deepening of ties through a prime ministerial visit was intended to herald an exponential expansion in linkages. The 12 memoranda of understanding (MoUs) and agreements signed during the visit are likely to form the cornerstone of tangible interaction between India and Burma over the next few years. Many of these are intended to enable a deeper relationship and the speed with which they are implemented will reflect the political will on both sides. India's foreign secretary, Ranjan Mathai, described the measures as 'a whole series of small but significant steps to ensure that our relationship with Myanmar had substance and left them with no doubt that we regarded them as a key neighbour'.<sup>10</sup> The MoUs and agreements signed were as follows:

- MoU regarding \$500 million line of credit,
- Air Services Agreement between India and Myanmar,
- MoU on the India-Myanmar Border Area Development,
- MoU on establishment of a Joint Trade and Investment Forum,
- MoU on the establishment of the Advance Centre for Agriculture Research and Education (ACARE),
- MoU on establishment of Rice Bio Park at the Department of Agricultural Research in Nay Pyi Taw,
- MoU towards setting up of a Myanmar Institute of Information Technology,
- MoU on cooperation between Dagon University and Calcutta University,
- MoU on cooperation between the Myanmar Institute of Strategic and International Studies and the Indian Council of World Affairs,
- Agreement on cooperation between the Myanmar Institute of Strategic and International Studies and the Institute for Defence Studies and Analysis,
- Cultural exchange programme (2012–15), and
- MoU on establishing of Border Haats (markets) along the border between Myanmar and India.

---

<sup>9</sup> Jayanta Roy and Pritam Banerjee (2010), 'Connecting South Asia: The Centrality of Trade Facilitation for Regional Economic Integration', in *Promoting Economic Cooperation in South Asia: Beyond SAFTA*, eds. Sadiq Ahmed, Saman Kelegama and Ejaz Ghani Policy Research Institute of Bangladesh, Dhaka.  
<http://siteresources.worldbank.org/SOUTHASIAEXT/Resources/223546-1192413140459/4281804-1192413178157/4281806-1265938468438/BeyondSAFTAFeb2010Chapter5.pdf>

<sup>10</sup> Raj Chengappa, 'Manmohan meets President Thein Sein', *The Tribune*, 29 May 2012.  
<http://www.tribuneindia.com/2012/20120529/main1.htm>

The MoU on India-Myanmar Border Area Development is the most far-reaching of the agreements. It is intended to connect, or reconnect, border areas that since 1962 have been largely cut off for legitimate interaction. While this is one of the most fundamental issues, much is contingent on successfully upgrading a variety of road connections. Under this agreement India has offered \$5 million per year for five years to undertake small development projects (similar to those in Afghanistan) such as schools, health centres, small roads and bridges, agriculture and training programmes. These will focus on two regions of Burma: the Naga Self-Administered Zone (in Sagaing Division) and Chin State (bordering Mizoram).

## Democracy and security

Given the strategic importance of Burma, particularly in relation to its Look East policy, since the 1990s India has been reluctant to criticise the Burmese government. However, with the President Thein Sein of Burma now professing his country's transition to democracy, India has been keen to stress that it hopes to help support a continued process of democratization. Thus, while the MoUs largely focussed on trade and investment, India also offered institutional engagement between the two country's parliaments, human rights commission and journalists. Manmohan Singh's expression of 'India's readiness to extend all necessary assistance in accelerating the country's democratic transition' is one of India's strongest statements in favour of democracy in recent years.<sup>11</sup> Despite this, were the process of democratization to stall or reverse, India would remain engaged with Burma.

Some Indian commentators have argued that India is the ideal candidate to support a process of reconciliation between Burma's government and the National League for Democracy, given its relatively strong connections with both: Indian institutions, such as the Central Election Commission, and its constitutional practices, balancing regional autonomy and central government, could be of assistance to Burma's emerging democracy. The Ministry of External Affairs has already offered training programmes to two sets of Burmese journalists. Others have suggested that the Indian government may be able to play a facilitating role between the Burmese government and the West, while Indian companies could provide services for Western companies seeking to invest in the country. However, since Aung San Suu Kyi's visit to India in November 2012 (see below) India's ability to act as a bridge between government and opposition may be more limited.

While better communication links offer an opportunity for India, its policy towards Burma has also been driven by the security threat that the country poses. At times Burma is thought to have provided tacit support for a range of militant groups operating in north-east India. Burma's historical approach is best described as ambivalent. Occasionally the two countries have launched joint operations, but the follow-up on the Burmese side has often been lax, partly because of lack of political will as well as a lack of capacity. The joint statement following Manmohan Singh's visit to Burma 'reaffirmed their shared commitment to fight the scourge of terrorism and insurgent activity in all its forms and manifestations' and further committed that their territories would not be used for 'activities inimical to the other including for training, sanctuary and other operations by terrorists and insurgent organisations and their operatives'.<sup>12</sup> India has provided some training for the Burmese military, and recognizes that its road-building in Burma helps tackle militants.

The main Indian focus at present is on various Naga militants. The government and the main insurgent group, the National Socialist Council of Nagaland (Isaac-Muivah) or NSCN (IM) signed a ceasefire agreement in 1997, which was extended indefinitely in 2007. The NSCN (IM) has held talks with the Indian government. However, the other main faction of the NSCN, the NSCN (Khaplang) or NSCN (K) did not sign a ceasefire agreement until 2003, and has not held talks with the government. It is stronger in Naga areas of Burma than in India.

---

11 'India PM's visit to Myanmar historic milestone: statement', Greater Mekong Subregion Agricultural Information Network, 28 May 2012. [http://www.gms-ain.org/Z\\_Show.asp?ArticleID=1836](http://www.gms-ain.org/Z_Show.asp?ArticleID=1836)

12 'Joint Statement on the occasion of the visit of Prime Minister of India Dr Manmohan Singh to Myanmar', Government of India, Press Information Bureau, 28 May 2012. <http://pib.nic.in/newsite/erelease.aspx?relid=84517>

In April 2012 the local government of Sagaing in Burma signed a ceasefire agreement with the NSCN (K) without consulting India, leading some in India to fear that this could make it easier for the NSCN (K) to operate out of bases in Burma. (The NSCN (K) has also allowed other militant groups from north-east India to share its bases.) The agreement gave the NSCN (K) autonomy in three districts in Sagaing (Lahe, Leshi and Nanyun). Burma's 2008 constitution provides for these districts to form a Naga self-administrative zone.

A third faction, the NSCN (Khole-Kitovi) split from the NSCN (K) in 2011 and signed a ceasefire agreement with the Indian government in 2012. The three groups have differing aspirations. The NSCN (IM) seeks the creation of a Nagaland comprising the existing state as well as Naga-inhabited areas of the Indian states of Arunachal Pradesh, Assam and Manipur. The NSCN (Khole-Kitovi) does not seek a change in borders, while the NSCN (K) hopes to merge Burmese Naga areas with Indian Nagaland.

India's approach towards the NSCN (IM) has been to attempt to 'buy-off' the insurgents, and it would seem to be adopting a similar strategy towards the NSCN (K) within Burma; the border area development MoU focuses on NSCN (K) strongholds. But there is concern that cementing the support-bases of the two main groups may lead to an increase in intra-Naga conflict. And this in turn can limit moves to enhance cross-border linkages. The process of peace talks with the NSCN (IM) is confidential, though sources suggest some solution to the problem may be found (based on the notion of a Naga cultural region). This would in turn make it easier for Indian engagement with Burma.

### Indian business interests

The composition of Manmohan Singh's business team on his 2012 visit to Burma gives an indication of which sectors are most interesting to India.<sup>13</sup> These include engineering, telecommunications, construction, automotive industries, energy and financial services. But while there is a sense in India that it is well-placed to take advantage of a new openness within Burma, some commentators, including former foreign secretary Shyam Saran, have suggested that Indian firms should tread carefully. The absence of rule of law is noted within Indian commentary on Burma.

Oil and gas is a particularly attractive sector, as Burma possesses large untapped reserves of both. The United States' suspension of long-standing sanctions on Burma has prompted a surge in interest among foreign energy firms. Natural gas could be extremely important to addressing India's insecure electricity supply – it accounts for only 11 per cent of the country's power generation, but this underdeveloped source has great potential and a relatively low environmental impact.<sup>14</sup>

The Indian ambassador to Burma, Villur Sundarajan Seshadri, has also identified the sectors of event management and telecommunications as having great potential, with a planned expansion of 30 million connections over the next 5–6 years.<sup>15</sup> There is also interest from India in the banking sector: the United Bank of India has a licence to open a representative office and Exim Bank has also applied for one.

Big projects from foreign investors in the sectors of power, petroleum and infrastructure are crucial to maintaining Burma's economic growth. Its nominal GDP has risen from \$20.2 billion in 2007 to an estimated \$51.9 billion in 2011.<sup>16</sup> India is currently its fourth-largest source of foreign investment, well behind China, which invested an estimated \$13 billion in 2011.

---

13 The delegation included representatives of Kirloskar Group, Bharti Enterprises, Essar, Tata, Jubilant Energy, Jindal Steel, UBI and EXIM Bank.

14 Government of India, Ministry of External Affairs. <http://meaindia.nic.in/mystart.php?id=100519820>

15 'India Inc urged to invest in Myanmar', *The Hindu*, 13 September 2012. [http://www.thehindubusinessline.com/industry-and-economy/article3892974.ece?homepage=true&ref=wl\\_home](http://www.thehindubusinessline.com/industry-and-economy/article3892974.ece?homepage=true&ref=wl_home)

16 Federation of Indian Chambers of Commerce and Industry. <http://www.ficci.com/past-Events-page.asp?evid=21112>

Indian private-sector enterprises have shown interest in a number of sectors including hotels and tourism, plantations, cement, paper mills, pumps and other agricultural machinery, automobiles and processing industries.<sup>17</sup> The Indian Embassy also receives many trade inquiries from the Indian side relating to the export of pharmaceuticals, agricultural machinery, agrochemicals, electrical goods, iron and steel and IT-related products and services. Burma is seeking Indian cooperation in agriculture, manufacturing and services, in particular Information and communication technology.<sup>18</sup>

Indian business interests in Burma were substantially reduced by the nationalization of many of them in 1962 although the number is growing again. According to the website of the Directorate of Investment and Company Administration, part of Burma's Ministry of National Planning and Economic Development, in July 2012 eight Indian companies had invested \$273.5 million in the country. Unlike China, whose investment in the energy sector comes almost entirely from state-owned companies, private-sector companies from India have increasingly been investing in energy/gas projects. There have been instances of competition between state-run and private Indian energy companies.

A new foreign-investment law was introduced in November 2012, which allowed 100 per cent foreign ownership and gave a range of tax breaks and 50-year land leases, but retained some existing restrictions. The response by foreign investors, including Indians, has been muted. While the move shows a commitment to welcome foreign investors, concerns remain: the Myanmar Investment Commission retains significant discretion to interpret whether investments meet the guidelines, there is little transparency in the commission itself, and the judiciary and financial system remain challenging and partial.

Protectionism and entrenched interests are vying with the desire to attract foreign investment, and it is likely that partnerships will remain necessary for the majority of foreign companies in Burma in the short term at least. Thein Sein has said that he does not want to set a specific ratio in unrestricted sectors and would rather let foreign and local investors entering into a joint venture come to an arrangement themselves.<sup>19</sup> A new land policy is being developed in Burma, which could allow private foreign ownership of land in the country. Previously this land could only be purchased from the government.<sup>20</sup>

The most significant Indian business interests in Burma are listed below.

### *Tata Motors*

In 2010 Tata Motors signed a turnkey contract with state-owned Myanmar Automobile & Diesel Industries Ltd. (MADI) to build a heavy truck assembly plant at Magwe. This was funded by the government of India and is now fully operational. Tata have now progressed to a distribution agreement with APEX Greatest Industrial Co Ltd. (AGI). AGI will sell the vehicles produced at the Magwe factory, but a Tata Motors' spokesman has said that 'the agreement also includes export of fully built vehicles from India and so in future, there are options for our other vehicles'.<sup>21</sup> Tata Motors sees Burma as a valuable link to lucrative Southeast Asian markets such as Thailand that have previously been difficult for Indian companies to access.<sup>22</sup> The Indo-Myanmar-Thailand road link should be repaired and upgraded by 2016, providing trilateral connectivity and with it great opportunity for Indian companies such as Tata, which hopes to sell its Nano car in markets like Bangladesh, Myanmar, Thailand and Indonesia.<sup>23</sup>

---

17 Embassy of India in Myanmar.

[http://www.indiaembassy.net.mm/index.php?option=com\\_content&view=article&id=165&Itemid=62&lang=en](http://www.indiaembassy.net.mm/index.php?option=com_content&view=article&id=165&Itemid=62&lang=en)

18 Phadnis, 'Myanmar Calling.' <http://www.thehindubusinessline.com/opinion/article2526159.ece?homepage=true>

19 Ibid.

20 Ibid.

21 'Tata Motors inks pact with AGI, Myanmar', *The Hindu*, 29 May 2012.

<http://www.thehindu.com/business/companies/article3466393.ece>

22 'Myanmar is opening up and the world is at its doors', India Knowledge@Wharton, 14 June 2012.

<http://knowledge.wharton.upenn.edu/india/article.cfm?articleid=4689>

23 'Tata Nano CNG to be launched soon', *Daily Bhaskar*, 7 January 2012. <http://daily.bhaskar.com/article/BIZ-AUT-tata-nano-cng-to-be-launched-soon-2722643.html>



### *GAIL and ONGC*

State-run gas transportation company GAIL bought a four per cent stake in the \$2 billion Myanmar-China gas pipeline project in 2010. ONGC Videsh Ltd. (OVL), the overseas arm of oil and gas company ONGC, will pick up an 8–8.5 per cent stake. The total investment of the two firms is estimated at \$250 million. OVL is also a minority partner in Myanmar's offshore Shwe gas project, which is operated by South Korea's Daewoo International Corp. The Shwe project is expected to begin production of 500m cubic feet of gas per day from 2013/14.<sup>24</sup> OVL is also expected to bid for offshore blocks in the upcoming round of bidding in Burma.

### *TCIL*

This public-sector telecommunication consultancy and engineering company have completed an ADSL project that provided high speed data-links to 32 cities in Myanmar. It has also set up a fibre link between Moreh in India and Mandalay in Myanmar.

### *Essar*

In 2010 Essar signed a contract with the Indian Ministry of External Affairs to execute port and water transport components of the Kaladan Multimodal Transit Transport Project in Myanmar, which involves the construction of two jetties and a port and is valued at \$75 million.<sup>25</sup> This project will open a water route between India's north-eastern states and Sittwe Port in Burma and by road to Mizoram, and is due to be completed by July 2013.

### *Jubilant Energy*

This private-sector energy company was awarded block number PSC-I under the Burma onshore blocks bidding in 2011. It holds a 77.5 per cent controlling interest in the block, while the remaining interest is held by Parami Energy Development.<sup>26</sup>

### *NHPC*

The state-run hydro power-generation company is planning to invest \$2.8 billion in two projects – Tamanthi and Shwezaye – on the Chindwin River in Myanmar. It has submitted two detailed project reports (DPRs) on the projects to the Myanmar government.

According to the Indian Embassy in Burma, other active Indian companies include Punj Lloyd, L&T, Apollo Hospitals, VNL, Jindal Steel, Nipha Exports etc. Exim Bank adds Daneli India Ltd and Aditya Birla Group to this list.

As well as large-scale projects, India is undertaking a range of smaller projects in Burma. India has upgraded Yangon Children's Hospital and Sittwe General Hospital. This includes supplying medical equipment to both hospitals and installing telemedicine facilities at Yangon hospital. India has contributed \$1 million towards reconstruction efforts in Shan State in the wake of the earthquake in 2011. The money has gone towards the rebuilding of one high school and six primary schools in Tarlay township. It has also donated \$2 million towards the construction of ten 500-tonne rice silos in the regions of Yangon and Ayeerwaddy, where Cyclone Nargis struck in 2008. The India-Myanmar Centre for Enhancement of IT Skills, located in Yangon and established jointly by the two governments, has trained 1020 students since 2008. Open since 2009, the Myanmar-India Entrepreneurship Development Centre is part of an Indian Initiative for ASEAN Integration (AIA). The centre ran 25 courses in 2010, with 1,131 participants. In total, 2,481 students have been trained there. Set up jointly by the English and Foreign Languages University in Hyderabad and the government of India, the Myanmar-India Centre for English Language Training has trained over

---

24 Jacob Gronholt-Pedersen, 'ONGC Videsh to bid for Myanmar offshore blocks', Rigzone, 30 August 2012.

[http://www.rigzone.com/news/oil\\_gas/a/120361/ONGC\\_Videsh\\_to\\_Bid\\_for\\_Myanmar\\_Offshore\\_Blocks](http://www.rigzone.com/news/oil_gas/a/120361/ONGC_Videsh_to_Bid_for_Myanmar_Offshore_Blocks)

25 'Essar signs contract for 'Kaladan Multi Modal Transit Transport Project', *Mizzima*, 19 May 2010.

<http://www.mizzima.com/business/3956-essar-signs-contract-for-kaladan-multi-modal-transit-transport-project.html>

26 Juliet Shwe Gaung, 'Govt signs PSC agreement with Jubilant and Parami', *The Myanmar Times* 32:629, 4-10 June 2012. <http://www.mmtimes.com/2012/business/629/biz62904.html>

400 students. Since the inception Industrial Training Centre at Pakkoku, 209 people have been trained as machinists-turners, machinists-millers, CNC machinists, industrial electricians, electronics mechanics, heat treatment workers, automobile mechanics, sheet metal and welding workers and TIG/MIG welding workers.

### Activities of Indian NGOs and civil society

From 1962 onwards Burma's military government did not allow organizations to exist independently of the state. Since the 1990s, the number of local NGOs has increased rapidly, however and there are now thought to be more than 200 in the country.<sup>27</sup> Cyclone Nargis in 2008 caused a spike in the growing numbers of local NGOs, as well as forcing engagement with foreign governments and foreign NGOs to assist with the reconstructive effort. India has been active in Burma in the field of disaster relief: in the wake of the cyclone, it gave \$200,000 towards the renovation of damaged Buddhist temples and provided 125.5 tonnes of relief materials including medicine, tents, meals, clothes. After the 2011 earthquake India pledged \$1 million towards the relief and rehabilitation effort. It is difficult to find evidence of Indian NGOs currently operating in Burma but it would seem intuitive that in the coming years they will take advantage of increasing openness to set up their operations there. The NGO Operation Smile India's Comprehensive Cleft Care Clinic in Assam is already planning on providing care in Burma as well as other neighbouring countries.<sup>28</sup> NGOs from the predominantly Christian province of Chin in Burma often send their young workers to undergo training in India.<sup>29</sup>

### MOU Cultural Exchange Programme

India has organized cultural events in Burma since 1997, and hosted some Burmese performance artists. While some of these have been at festivals under the auspices of South Asian Association for Regional Cooperation, a number of cross-border cultural events has also been hosted in north-east India.

## CONCLUSION

India's strategy towards Burma has faced criticism in the West. Indian leaders and Indian firms were seen as over-eager to engage with Burma's military and jettison prior support for the National League for Democracy.

In turn, India argued that its interests in Burma diverged from those of the West – while the West could cut itself off from Burma, it could not. The unwelcome spread of Chinese influence and Burma's potential impact on stability in North-East India, for instance, meant that Indian policy-makers felt that engagement was imperative.

India opposed the US and EU trade and investment sanctions on Burma during the junta period. However, it affirmed its support for Burma's transition to democracy in usually strong language, seeing an opportunity to solidify and expand its strategic and economic links with the country.

While Aung San Suu Kyi may have been relatively downbeat towards India, as a result of its prior engagement with the military, Indian policy-makers are sanguine and realistic about future prospects for Burma. Greater communication links through Burma are seen as a potential benefit to

---

27 Kim Wallis and Carine Jaquet, 'Local NGOs in Myanmar: vibrant but vulnerable', *Humanitarian Exchange Magazine* 51, July 2011. <http://www.odihpn.org/humanitarian-exchange-magazine/issue-51/local-ngos-in-myanmar-vibrant-but-vulnerable>

28 'Operation Smile: Assam cleft-lip centre reaches out to neighbours', *The Assam Tribune*, 24 June 2012. <http://www.assamtribune.com/scripts/detailsnew.asp?id=jun2412/at0157>

29 Lois Desaine, *The Politics of Silence: Myanmar NGOs' Ethnic, Religious and Political Agenda*, IRASEC – Research Institute on Contemporary Southeast Asia, 2011.

[http://110.164.59.211/gmsinfo/images/stories/regional\\_cooperation/link\\_documents/gms\\_framework/the%20politics%20of%20silence.pdf](http://110.164.59.211/gmsinfo/images/stories/regional_cooperation/link_documents/gms_framework/the%20politics%20of%20silence.pdf)

North-east India, but for India none of this is new, and its previous experience guides its current approach. For instance, the Indo-Myanmar Friendship Road, constructed by the Indian army and opened to great fanfare in 2001, was similarly intended to boost trade and open up north-east India. But the Burmese failed to connect the road to central Burma, and what they did construct has since fallen into disrepair. In its current round of construction activity, India is taking all the responsibility.

India generally imposes sanctions on the grounds that they do not work; engaging with the 'ground-realities' is often more constructive than imagining an ideal world. As the EU and US deepen their engagement with India, on several levels this thinking is likely to be reinforced within Indian policy-making circles.

## **ABOUT THE AUTHOR**

Gareth Price is a Senior Research Fellow in the Asia Programme at Chatham House. He received his PhD, which examined ethnic conflict in north-east India, from the University of Bristol in 1998. He joined Chatham House as an Associate Fellow in 2003 and has since worked as both Head and Senior Research Fellow of the Asia Programme. He is an expert on South Asia and has many years of experience conducting research into the region. He previously worked for a political risk consultancy and the Economist Intelligence Unit. His research has focused on a range of domestic and international economic and political developments throughout South Asia. He is a frequent media commentator on developments in Asia.