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India’s Policy towards Afghanistan

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INTRODUCTION

This paper is the second in a series considering India’s foreign policy toward a number of countries, and complements a forthcoming report examining its broader foreign policy. The paper maps out the manner in which India engages with Afghanistan economically, politically and socially. Afghanistan’s stability is important for India’s own security but, since 9/11 India was sidelined from many Western-led discussions regarding the country. Following the announcement that 2014 would mark the end of large-scale Western troop deployment many Indian policy-makers have felt somewhat vindicated in their parallel bilateral engagement with Afghanistan.
AFGHANISTAN’S STRATEGIC IMPORTANCE TO INDIA

Historical ties and relationship with the Taliban

India claims longstanding historical, cultural and civilizational links with Afghanistan. Bollywood films and their actors are immensely popular in the country, boosting India’s claims to cultural ties. Many Afghans, including President Hamid Karzai, were partly educated in India. Various opinion polls suggest that India is well-regarded in Afghanistan, certainly arousing none of the resentment attached to Pakistan. While many of India's smaller neighbours feel threatened by it, in the case of Afghanistan it is helped by the fact that the two countries do not share a border (although this in turn creates tension with the United States since its trade is largely conducted through Iran). India has a long-standing enmity towards the Taliban, pre-dating 9/11.

Furthermore, India has alleged links between the Taliban and the Pakistan’s military and Inter-Services (ISI) long before such claims became received wisdom in the West. Of particular concern for India was the hijacking of Indian Airlines flight 814 in 1999. The hijackers diverted the plane to Kandahar, and most Indians believe that the Taliban guarded the plane to prevent any Indian rescue attempt. Three Islamist militants were eventually released by the Indian government in exchange for the hostages. These included Masood Azhar, founder of Jaish-e-Mohammed, and Ahmed Omar Saeed Sheikh, later convicted of the kidnapping and murder of US journalist Daniel Pearl.

Indian hostility towards the Taliban has created widespread doubt about the existence of any ‘moderate’ Taliban and scepticism of the extent to which the Taliban can be separated from Al-Qaeda. This has led India to be dubious about Western suggestions of reconciliation or political settlement with the Taliban. While major doubts remain, some Indian opinion-formers have argued in favour of the decentralization of Afghanistan's system of government – were any process of reconciliation to be successful, it would be likely to involve some form of devolved government.

Pakistan as driver of Indian policy in Afghanistan

India’s early engagement with post-Taliban Afghanistan was considered by the United States, Pakistan and the Afghan government to be a strategy to undermine Pakistan. While this may have been true at first, in recent years India has come to accept that Pakistan has a ‘special interest’ in Afghanistan that overshadows its own. The main driver of Indian policy has shifted from an anti-Pakistan strategy towards a desire for stability in Afghanistan. Preventing the return of an Islamist government that could provide strategic depth to Pakistan and Kashmiri militants is more important than cultivating a government in Afghanistan that leans towards Delhi more than Islamabad. More recently, and in particular since an Indian consortium won the Hajigak mining rights (see below), Afghanistan could become a means of creating confidence between India and Pakistan. Were Pakistan to agree to the transit of iron ore, all three countries would benefit financially. This improved connectivity could by itself work to better relations between India and Pakistan. The Afghan-Pakistani transit trade is in the process of being extended through Afghanistan into Central Asia, perhaps establishing a precedent for Afghanistan-Pakistan-India trade. India’s alternative option of transit via Iran means that Pakistani cooperation, while preferable, is not a necessity.

Prime Minister Manmohan Singh has invested significant political capital in improving relations with Pakistan, and with the country facing a range of economic and security challenges, as well as the deterioration of its relationship with the United States, the prospects for an economic-led rapprochement are growing. Though economic ties between the two countries are currently limited, Pakistan has committed to granting India Most Favoured Nation status (although following the announcement of this, implementation appears to have stalled). Indian policymakers now generally accept the undesirability of an unstable and economically weak Pakistan, and note the security threats that this would pose.
In the early years after 9/11 the West engaged with Afghanistan bilaterally. From around 2007 there was an over-due recognition that Pakistan played an important role in Afghan affairs and that the ‘theatre of war’ straddled the Durand Line. This recognition led, in 2009, to the appointment of a number of ‘Special Envoys to Afghanistan and Pakistan’. Attempts to include Kashmir in this theatre were rejected by India. At the same time, Western countries were stressing their long-term commitment to Afghanistan. In August 2009, General Sir David Richards, subsequently Chief of the UK General Staff said that ‘the Army’s role might evolve, but the whole process might take as long as 30 to 40 years. There is absolutely no chance of NATO pulling out.’

The combination of a long-term Western commitment towards Afghanistan coupled with an increasing focus on Pakistan gave the latter leverage against India; in January 2010, under Pakistani pressure, India was excluded from the International Conference on Afghanistan held in Istanbul. But within 18 months, in June 2011, President Barack Obama announced that Western troops would transfer responsibility for security to Afghan forces by 2014. Such policy changes have led many in India to conclude that their parallel engagement both at community- and government level has been vindicated.

INDIA AS RESPONSIBLE REGIONAL STAKEHOLDER

India’s approach to its neighbourhood has swung in recent years. In the mid-1990s a policy of non-reciprocity, the ‘Gujral doctrine’, reflected an understanding that India, as the dominant regional power, had a duty to support and accommodate its neighbours without necessarily expecting to receive reciprocal benefits. This policy stalled from the late-1990s as the government led by the Bharatiya Janata Party prioritized India’s global rather than its regional importance. Since the change to a Congress Party-led government in 2004 India has generally shown renewed commitment towards its regional role, and its Afghan policy is frequently justified in these terms. India frames its active role in Afghanistan on the grounds that social and economic development in Afghanistan is crucial to regional stability.

The dynamics of the trilateral relationship between Afghanistan, India and Pakistan are complex and over-lap other geopolitical rivalries and tensions. Initially the United States was concerned about Indian involvement in Afghanistan, largely reflecting Pakistani concerns. Now it wants more active Indian involvement, although with the caveat that the US recognizes Pakistan’s likely concern at an Indian military presence in Afghanistan. India is highly unlikely to commit troops to a security role following the withdrawal of most Western troops in 2014, and does not wish to take a unilateral security role in Afghanistan. This stems from long-standing memories of the ill-fated peace-keeping mission to Sri Lanka in 1987-90, and the recognition that this would raise tension with Pakistan. However, it has announced steps to upscale training for Afghan security forces. India remains somewhat sceptical that the West’s long-term commitment to Afghanistan is genuine. That said, there is a recognition that India’s development work and soft-power projection in Afghanistan have benefited from the presence of Western troops. Its subsequent policy will depend on events on the ground in Afghanistan. C. Raja Mohan notes that ‘the initial widespread concern in Delhi has now been replaced by a stoic resignation and determination to pursue its enduring interests in Afghanistan on its own steam’.

While there is concern about a possible Taliban resurgence, for now there is a recognition that the West will continue to support the Afghan National Army. Furthermore, Pakistan’s military will not be able to support the Taliban as it did in the 1990s.

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1 ‘UK “may have 40 year Afghan role”’, BBC News, 8 August 2009, http://news.bbc.co.uk/1/hi/uk/8191018.stm
Interest in Afghanistan’s economic potential

At the 2012 Kabul ‘Heart of Asia’ conference, India offered to lead two confidence-building measures, intended to support Afghanistan and integrate it into the regional economy. Within India there is confidence that it can ‘take a lead in facilitating trade and commercial opportunities for Afghanistan and the region’. The ‘New Silk Road’ narrative, whereby Afghanistan will ‘regain its historical role as a land-bridge between South Asia, Central Asia, the Middle East and Eurasia’ has some traction in India (although there is also widespread scepticism of its feasibility). However, with an improvement in trade links with Pakistan, there is some hope in the possibility of Afghanistan becoming a hub for trade, transportation and energy in the region. India hosted an Investment Summit on Afghanistan in Delhi in June 2012, inviting other ‘Heart of Asia’ countries, which sought to highlight the opportunities for investing in Afghanistan. The emerging sectors highlighted by India as being potentially very productive were ‘mining, infrastructure, telecommunications, agro-based and small-scale industries, health, pharmaceuticals, education and information technology’.

While India shares obvious security concerns about Afghanistan’s future, it is keen to play a role in ensuring a more optimal outcome post-2014. It is especially interested in Afghanistan’s lucrative mineral deposits. The US government estimates Afghanistan’s mineral wealth at $1 trillion, while the Afghan government puts it at closer to $3 trillion.

MAPPING INDIAN ENGAGEMENT IN AFGHANISTAN

Indian government activities

India recognizes that social and economic development in Afghanistan is vital to ensure regional security. To that end President Karzai signed a Strategic Partnership Agreement during his visit to India in 2011 that formalized a framework for cooperation in the following areas: ‘political & security cooperation; trade & economic cooperation; capacity development and education; and social, cultural, civil society & people-to-people relations’. Within this framework India has pledged just under $2 billion to Afghanistan, and spent around $1 billion, making it the fifth largest bilateral donor after the United States, the United Kingdom, Japan and Germany and the largest non-traditional donor. Most Indian assistance fits into three broad categories: humanitarian assistance (such as food aid), infrastructure projects and capacity building. In terms of cost, six projects stand out:

- Food assistance to primary school children and construction and rehabilitation of schools ($321 million disbursed),
- Supply of 250,000 tonnes of wheat,
- Construction of a power line from Pul-i-Khumri to Kabul ($120 million),
- Construction of the Salma Dam Power Project ($130 million),

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4 ‘Root out “syndicate of terrorism” from Afghanistan: India’, PTI, 28 June 2012,
7 Government of India, Lok Sabha, Unstarred question number 596, answered 27 February 2013, http://meaindia.nic.in/mystart.php?id=500410153
India’s Policy towards Afghanistan

- Construction of the parliament building ($27 million disbursed; budget $178 million), and
- Rehabilitation of Delaram-Zaranj road ($150 million).

The food assistance, in the form of fortified wheat biscuits, was equivalent to around 500,000 tonnes of wheat. The biscuits are processed by the World Food Programme and distributed daily to two million Afghan school children. The wheat shipments were announced in June 2011 but India and Afghanistan could not agree who would pay for the transportation while Pakistan prevented wheat transiting through its territory. In March 2012 Pakistan finally allowed 100,000 tonnes of wheat to pass through by road and rail via Karachi. The decision was enabled because, technically, Afghanistan picked up the wheat at Kandla, India, so Afghanistan rather than India was using Pakistani territory for transit. The power distribution line faced similar delays because of Pakistan’s refusal of transit rights thus requiring one of India's largest airlift operations.

India has undertaken a range of small-scale development projects. This may well be increased. Hitherto these projects have been concentrated in Pashtun border areas, upsetting Pakistan, which has accused Indian consulates of being fronts for espionage. India also plans to increase its capacity building for the Afghan government, broadening its engagement to issues such as education and health. Some of the smaller projects being undertaken by India are:

- Funding for the Afghan Ministry of Health to build and maintain medical clinics,
- The construction of cold storage food warehouses in Kandahar,
- Construction on the Habibia school,
- Renovation of the Indira Gandhi hospital,
- Establishing an agricultural university and a mining school,
- Restoring the Stor Palace,
- Training Afghan army officers and policemen,
- 1,300 annual college scholarships and training grants for civil servants (a further 200 scholarships for agricultural degrees were provided from 2010),
- 20 Indian technical advisors in Afghan ministries under a trilateral agreement with the UNDP, and
- Capacity building for Afghan ministers

A key focus for Indian engagement is the security relationship. India has agreed to increase training for Afghan soldiers and police within India following the strategic partnership agreed in October 2011. The agreement does not include the deployment of Indian combat troops in Afghanistan. In July 2013 it was reported that India had increased its training for Afghan troops from 574 in 2012 to more than 1,000 in 2013.

Aside from an increased focus on security-sector cooperation, and presuming that events within Afghanistan proceed in a relatively linear manner, India’s policy is likely to gradually shift over the next two years. Many of the ‘mega-projects’ are coming to an end, and many commentators believe that India is unlikely to launch a new wave of large-scale projects as the drawdown of Western troops approaches.

Concern about China’s role plays a part in Indian thinking towards Afghanistan. Reports that China is pushing for a Turkmenistan-Afghanistan-China gas pipeline (almost certainly at the expense of the long-awaited Turkmenistan-Afghanistan-Pakistan-India pipeline) have raised concerns in Delhi, as did the success of a Chinese consortium in securing the rights to mine copper in MesAynak in the first major licence given by the Afghan government in 2007, although these concerns have
been reduced by the success of the Indian bid for the Hajigak rights. At present the Hajigak consortium is proceeding slowly in relation to exploration and associated infrastructure improvements as they wait to gauge security threats in the run-up to 2014. This has led the Afghan government to threaten to remove its concession.

There is also significant political engagement between India and Afghanistan, with a large number of high-level bilateral visits between the two countries in the last two years. In 2011 the prime minister, minister of external affairs, foreign minister, national security advisor, minister for steel and minister of law and justice, amongst others, all visited Afghanistan. The total value of trade between the two countries increased from $80 million in 2001 to $280 million in 2010. During this period Afghanistan became a member of the South Asian Association for Regional Cooperation (in 2007) in accordance with a proposal by the Indian government. India represents Afghanistan’s fifth largest source of imports, and India accounts for 20 per cent of total Afghan exports.

### Indian business interests

The largest single Indian activity in Afghanistan is the successful tender by a consortium of seven Indian public- and private-sector companies to develop the Hajigak iron ore mine with planned investment of $6.6 billion. The consortium, which is seeking Indian government support for the investment, is led by the Steel Authority of India Ltd (SAIL), and has committed to build the mine, a six million tonne steel unit and an 800MW power station. To put the project into context, six million tonnes of steel would be worth around $3.3 billion, and Afghanistan’s GDP in 2011, according to the World Bank and bloated by the presence of large numbers of ISAF troops, was $20 billion. In 2001, Afghanistan’s GDP stood at $2.7 billion. The Hajigak mine is estimated to hold two billion tonnes of iron ore deposits.

Obviously there are major security-related question marks over the project. Iron ore and finished steel would be moved to India either through Iran by road or by an as yet un-built railway through Iran. The Indian government has appeared wary about whether it will fund the construction of this railway connecting the Iranian port of Chabahar with Afghanistan. India has to tread a fine line in its engagement with Iran so as not to attract too much opprobrium from the United States but it would appear that for now it is planning to use Iran for transit.

However, transiting through Pakistan would be cheaper, and Pakistan would appear to be taking seriously the financial benefits that could accrue by allowing transit trade. Were relations to improve, the option of transiting through Pakistan could emerge as a further confidence-building measure. While some of SAIL’s management were thought to be wary of the deal, it seems clear that the Indian government encouraged the bid (the consortium also comprises NMDC, Jindal Steel and Ispat). While India’s firms often encourage the government’s ‘economic diplomacy’, in Afghanistan the government is encouraging its firms to invest.

Approximately 100 Indian companies have invested in Afghanistan since 2001. The breakdown in investment by sector is 43 per cent in services, 41 per cent in construction and 16 per cent in industries.8 Around 80 joint ventures have been established by Afghan-Indian firms with a total initial capital of $20 million. Although the bulk of Indian investment in Afghanistan so far has come from public-sector companies, events such as the Delhi Investment Summit on Afghanistan aim to showcase investment opportunities to private investors. Concerns about the turbulent security situation in Afghanistan explain the reticence of private investors up to this point.

### Activities of Indian NGOs and civil society

The spokesman for India’s Ministry of External Affairs, Syed Akbaruddin, has said that India’s projects in Afghanistan are ‘replicas of what India has been able to successfully implement in some

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India’s Policy towards Afghanistan

part of India or the other […] they have been incubated in some part of India’. The Self-Employed Women’s Association (SEWA), which achieved great success in the Indian state of Gujarat (and later in other states) started operations in Afghanistan in 2008. The main focus of cooperation between India and the United States in the NGO sector is on agricultural development and women’s empowerment. USAID is providing up to $1 million to SEWA to fund vocational training. SEWA had already established a vocational training centre in Kabul following a 2007 agreement between the governments of India and Afghanistan. The USAID plan involved the provision of vocational training for 150 Afghan women in India, and for SEWA staff to travel to the country to monitor the effectiveness of the training in increasing income levels. SEWA claims to have trained over 3,000 Afghan women so far, and continues to operate despite having suffered two fatal terrorist attacks on its team in Kabul. In the field of agricultural development, the United States is providing up to $3m to facilitate exchange programmes and scholarships linking students at Afghan agricultural colleges with Indian universities. Much of the US engagement with India was mooted in 2006, when relations were on an up-swing with the US-Indian civil nuclear deal being negotiated. Progress appears to have slowed following the announcement that 2014 would mark the date for ‘transition’. That said, in September 2012 the first trilateral dialogue between the United States, India and Afghanistan took place, which could lead to further cooperation between the first two in social and economic development in Afghanistan.

A Pune-based NGO, Sarhad, has committed to funding educational sponsorships for 50 Afghan students to pursue higher education in India. This initiative, which has the support of the Ministry of External Affairs and the Ministry of Home Affairs, is intended to strengthen cultural ties between the two countries.

India provides significant humanitarian assistance to Afghanistan, partly in support of its soft power strategy. One role of Indian medical missions in Afghanistan, according to the Ministry of External Affairs, is ‘creating a positive humanitarian image of Indian doctors’. This helps to foster friendly relations that can benefit India, for example in the struggle with China over Afghanistan’s resources. This emphasis on regional competition explains why in 2009 Afghanistan was the second largest recipient of Indian development aid, receiving twice as much as all African countries combined. India has also helped Afghanistan to set up systems similar to its own for dealing with disaster management.

Future trends in Indian engagement

India is aware that the situation in Afghanistan could deteriorate markedly. The withdrawal of most Western troops coupled with questions over the 2014 election both give grounds for concern. While India is investing heavily in measures to support the central government, its response to the worst-case scenario – the collapse of central government authority and return to full-scale conflict – is relatively easy to gauge. India’s is already taking steps to reinvigorate its relationship with Tajikistan. In September 2012 they agreed to the ‘continuing expansion of defence cooperation’ and to establish a ‘friendship hospital’.

In the late 1990s India started negotiations with Tajikistan to use the Farkhor Airbase (two miles from the Afghan border) to transport supplies and military advisers to the Northern Alliance. A hospital was also established to treat injured Northern Alliance fighters. While Tajikistan has not yet agreed for India to reopen the overseas airbase, recent moves suggest that in the event of civil war India would readopt its 1990s tactics of shoring up the Northern Alliance.

Such a scenario would be predicated on India boosting its government-to-government relations with Central Asia, and in particular with Tajikistan. India’s commercial footprint in Central Asia is

light. But such a scenario also suggests a deterioration of India’s relations with Pakistan – the scenario of civil war requires a presumption of increased Pakistani support for the Taliban.

India’s commercial operations are cautious. The SAIL-led consortium AFISCO (Afghan Iron and Steel Consortium) would appear to be proceeding slowly in operationalizing the Hajigak iron-ore mine. This has led to threats that it risks losing its licence if it fails to meet production targets or to start mining within six months of the licence being granted. AFISCO is the preferred bid for three out of four blocks and is currently negotiating terms of the contract.

SAIL opposes the terms given by the Afghan ministry of mines instead wanting the agreement to state that ‘if the company has not commenced exploration within 12 months for reasons beyond the control of the company, it shall have the right to propose an extension of time which the state shall not unreasonably reject’. While SAIL argues that its position relates to financing issues, it seems more likely that it does not plan any significant investments until the trajectory of security within Afghanistan is clearer. Given that SAIL is state-owned these concerns would seem to reflect wider Indian government thinking. If the consortium were to expedite investment, this would provide a fair indication that Indian expectations of civil war are falling.

CONCLUSION

India’s relationship with Afghanistan is multi-layered; there is clearly a military and security angle, under which India aspires for stability within Afghanistan and hanging over which is the shadow of its relationship with Pakistan. While growing, the military relationship with Afghanistan remains relatively low-key, though it has the potential to be significantly ramped up dependent both upon developments in Afghanistan and on the actions taken by Pakistan.

More positively, there is a social and economic engagement, including investment by Indian firms and development projects undertaken by the Indian government. India’s lead role under the Istanbul Process of regional engagement reflects its attempts to normalize Afghanistan in the eyes of the region. Clearly, this engagement is contingent on stability in Afghanistan. While India is assisting in facilitating Afghan trading links through Iran (intended to reduce Afghanistan’s reliance on Pakistan) there is awareness that trading links transiting Pakistan make more sense and would act to build confidence between India and Pakistan.

And finally there are softer cultural links. Thousands of Afghan students study in India, and Afghanistan is the largest recipient of scholarships provided by the Indian Council for Cultural Relations. Given the presence of Western troops in Afghanistan, Western publics understandably view Afghanistan through a military prism. India has a different historical conception of Afghanistan. Along with the current military presence in Afghanistan, for the West Afghanistan is often contextualised through the various Anglo-Afghan wars of the nineteenth and early twentieth centuries, along with the Soviet invasion of 1979–89. As the Western military presence nears an end, this ‘graveyard of empires’ narrative is becoming louder.

India, however, comprised large parts of present-day Afghanistan for most of the Mughal period from the sixteenth to the early nineteenth century. At its end the Mughal Empire was confined to Shahjahanabad (present-day Old Delhi). Consequently, there is some sense of a shared history, and perhaps a more prevalent sense that Afghanistan is not intrinsically ungovernable.
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.