

PRESS RELEASE
(25.7.2023)



**LOK SABHA SECRETARIAT
PARLIAMENT HOUSE
NEW DELHI**

REPORT ON THE SUBJECT ‘INDIA’S NEIGHBOURHOOD FIRST POLICY’

The Committee on External Affairs headed by Shri P.P. Chaudhary presented their Twenty Second Report on the subject ‘India’s Neighbourhood First Policy’, today *i.e.* 25.7. 2023.

SOME OF THE IMPORTANT OBSERVATIONS/RECOMMENDATIONS ARE AS FOLLOWS:

1. Effective coordination and convergence of initiatives and projects amongst all the Ministries, Departments and agencies needed for implementation of the Neighbourhood First Policy.

1.49 The Committee have noted that India’s Neighbourhood First Policy as a concept came about in 2008 and after 2014, it has got more focus and salience. Conceived in order to forge strong neighbourhood relations based on a consultative, non-reciprocal and outcome-oriented approach among the priority countries *viz.*, Afghanistan, Bangladesh, Bhutan, Maldives, Myanmar, Nepal, Pakistan and Sri Lanka, the Neighbourhood First Policy has emerged as a Central pillar of India’s foreign policy in recent years. Our immediate neighbourhood forms the first circle of priority in India’s relations with the world. The Committee have further noted that the Neighbourhood First Policy has been a cardinal component of India’s foreign policy and involves the entire Government machinery so that all other Ministries and Departments approach their engagement with the neighbourhood with a similar proactive perspective. The Committee appreciate the efforts made by the Ministry as they recognize that optimal management of bilateral relations with our immediate neighbours is a strategic foreign policy requirement and not just a domestic security and economic imperative. The real impact of the Neighbourhood First Policy would, however, depend on how far mainstreaming of the Policy is successful and the extent to which the Ministry is able to coordinate across all

the relevant arms of the Government – Ministries, Departments and agencies concerned to achieve its objectives. The Committee, have therefore, urged the Ministry to create and maintain an effective coordination mechanism with all the Ministries, Departments and agencies of the Central and State Governments for implementation of the Neighbourhood First Policy in letter and spirit. MEA being the nodal Ministry for implementation of the Neighbourhood First Policy should establish a Cell to identify specific initiatives, projects and programmes that can be taken up by the various Ministries and Departments with our neighbouring countries and bring about convergence in the implementation of such initiatives, projects and programmes for greater impact.

(Recommendation No. 1)

2. Periodic review of bilateral and multilateral/regional frameworks under NFP urged.

1.50 The Committee have noted that high-level mechanisms and Joint Working Groups exist for optimal management of bilateral relations with our immediate neighbours. In addition, there are Joint Project Monitoring Committees, Oversight Mechanism, Regional Border Committee Meetings, Boundary Working Group Talks and Staff Talks between the defence services. India's engagement with its neighbours is also driven by multilateral and regional mechanisms such as SAARC, BIMSTEC and BBIN. While acknowledging the initiatives undertaken through the said mechanisms/platforms, particularly in recent years, the Committee feel that the impact of the Neighbourhood First Policy should be felt on the ground in a more effective and extensive manner. This calls for strengthening of the institutional and multilateral/regional mechanisms. The Committee, have therefore, urged the Ministry to conduct periodic review of its bilateral and multilateral/regional relationship framework on the basis of contemporary realities and upgrade, strengthen and energize these mechanisms on a continuous basis.

(Recommendation No. 2)

3. Need for strengthening Joint Project Monitoring Committees and Oversight Mechanism.

1.52 The Committee have noted that the philosophy of India's Neighbourhood First Policy are regularly shared through high-level bilateral interactions and Foreign Office Consultations with the neighbouring States and through the platforms of SAARC, BIMSTEC, video-conferencing, dialogues, etc. However, in Committee's view, a successful implementation of the Policy can only convey the best and convince our neighbours and requires concerted efforts, such as, timely execution of development projects and enhancing mutually beneficial cooperation. The Committee, have therefore, urged the Ministry to ensure that development projects undertaken in the neighbourhood are executed within a timeframe by strengthening the Joint Project Monitoring Committees and Oversight Mechanisms for monitoring the progress of various development assistance projects for their timely execution. The scope of mutually beneficial cooperation with our neighbours may also be enhanced with fresh initiatives.

(Recommendation No. 4)

4. **More and more Parliamentary Exchanges between India and its neighbouring countries to be facilitated.**

1.53 The Committee have found that there aren't enough Parliamentary exchanges between India and its neighbourhood countries and there has been only one Parliamentary visit from the People's Majlis of Maldives in the recent years. The Committee are of the strong view that regular Parliamentary Exchanges with neighbouring partners can also play a pivotal role in the implementation of the Neighbourhood First Policy. The Committee, have therefore, urged the Ministry to utilize the Parliamentary forum in a better way by facilitating more and more Parliamentary exchanges between India and its neighbouring countries for better interaction between Parliamentarians of India and the countries in the neighbourhood so that the philosophy of the Neighbourhood First is widely shared and upheld in its true spirit.

(Recommendation No. 5)

5. **Government urged to maintain synergy between Neighbourhood First Policy and Act East Policy.**

1.54 While considering the principles and objectives of 'Neighbourhood First Policy' and 'Act East Policy', the Committee have noted that the Neighbourhood First Policy exclusively focuses on India's immediate neighbourhood while the Act East Policy focuses on the extended neighbourhood in the Asia-Pacific region. Both Neighbourhood First and Act East Policies focus on creating a stable and prosperous neighbourhood through continued engagement at bilateral, regional and multilateral levels. The Act East Policy can also be seen as a logical extension of the Neighbourhood First Policy. The Committee have further noted that enhanced connectivity with our Asian neighbourhood, which is one of the strategic priorities under Act East Policy, holds immense potential to bring about a significant positive developmental impact on the North-Eastern Region. The Committee feel that economic development of the North-Eastern Region which shares land borders with many of the neighbouring countries is also integral to the success of the Neighbourhood First Policy and would impact the successful implementation of the Act East Policy. The Committee, have therefore, urged the Ministry to maintain a synergy between these two important foreign policies as it holds significant potential to bring about connectivity, economic development and security of the North-Eastern Region and apprise the Committee about the outcome accordingly.

(Recommendation No. 6)

6. **Assessment of cultural centres to be made and cultural activities under ICCR in neighbouring countries scaled up.**

1.55 The Committee have noted that ICCR being the cultural institution under the MEA mandated to cultivate the elements of soft power for furthering India's international relations by earning goodwill, has been running Indian Cultural Centres in Nepal, Sri Lanka, Bangladesh, Bhutan, Afghanistan, Maldives and Myanmar. These cultural centres are the nodal points for promoting our cultural relations in these countries. In view of the importance of cultural engagement in our Neighbourhood First Policy, the Committee have

desired that the Ministry should make an assessment of the adequacy of such centres in our neighbouring countries and strengthen the existing ones in a balanced manner. The academic cooperation, special scholarships schemes and exchanges in the fields of performing/fine arts undertaken by ICCR may be scaled up in consultation with the Ministry so that increased participation in the said activities strengthen our neighbourhood relations.

(Recommendation No. 7)

7. Increased allocation and pooling of resources under NFP and setting up of Regional Development Fund under BIMSTEC desired.

1.56 The Committee have observed that India's Neighbourhood First Policy has achieved over the years benefits like greater regional connectivity, improved infrastructure, stronger development cooperation in various sectors, enhanced security and broader people-to-people contacts with our immediate neighbours. Further, regular assessments are being done and the impact on the ground is measured in a real way. The Committee while acknowledging the efforts of the Ministry are of the view that more needs to be done, especially, addressing the huge deficiency in our border infrastructure. The Committee have found that the deficiency relates to the way our border districts are developed compared to those facing the districts across the country. As our border areas are pivotal in unlocking the potential of our engagements with our neighbours, the need to stabilise and develop the border regions have become critical. So, for more effective engagement with our immediate neighbours, connectivity infrastructure like cross-border roads, railways, inland waterways and ports, energy, telecommunication and digital links, etc. needs to be enhanced. The Committee, have therefore, desired that the Ministry of External Affairs should take it up with various Central Ministries, Departments and agencies concerned the need for regional infrastructure development of the border areas through increased allocation/investment, pooling of resources and above all, convergence of everybody's interest and focus. The Committee have also desired that the feasibility of setting up a regional development fund for connectivity infrastructure under regional frameworks like BIMSTEC may also be explored.

(Recommendation No. 8)

8. Government urged to upgrade border security apparatus and connectivity gaps.

1.57 The Committee have also been seized of the fact that India is facing continuing threats from cross-border terrorism, illegal migration, smuggling of fake currency and contrabands, trafficking in drugs and weapons, etc. and have found it imperative to enhance security infrastructure at the borders. The Committee had also discussed the issue of border safety and security with the representatives of MEA, MHA and MoD during their meetings as well as during on-the-spot study visits. The Committee, have therefore, urged the Government to take comprehensive measures for upgrading border security apparatus and bridge connectivity gaps at the borders under the Neighbourhood First Policy. The Committee have also desired that demographic changes through illegal migration in the bordering areas may also be monitored vigilantly and the Committee be apprised accordingly in this regard.

(Recommendation No. 9)

9. Need to grasp and consolidate opportunities presented by an open and competitive south asian market.

1.59 India's Neighbourhood First Policy is a dynamic policy that adjusts to our renewed interests in the region while evolving according to regional circumstances. Being aware of China's Belt and Road vision and America's Indo-Pacific vision, the Committee have been of the considered view that it is in India's strategic interests and foreign policy requirements to focus on wider engagements and deepening of ties with smaller neighbours. The Committee have also desired that the opportunities presented by an open and competitive South Asian market may also be grasped and consolidated from both security and economic perspectives.

(Recommendation No. 11)

10. Roadmap to promote trade connectivity and contact among people of neighbouring countries needed.

2.29 The Committee have noted that under the Neighbourhood First Policy, India's engagement with its neighbours range from connectivity projects including economic, energy and digital connectivity to cultural projects; education and health care; developmental and technological cooperation; cooperation in maritime security to humanitarian and disaster relief. The Committee acknowledge the efforts and initiatives taken so far, however, in view of the incontrovertible importance of the region to India and the potential of our country to contribute towards building a safe, secure, prosperous and well-connected South Asia, the Committee have urged the Ministry to continue to uphold the "non-reciprocal policy" towards its smaller neighbours in the sub-continent and its immediate perimeter in the fields of capacity building, cooperation in information and digital technologies, space, cyber security, etc. Moreover, the Committee would like that a clear roadmap should be prepared for promoting trade connectivity and contact among people of neighbouring countries so that India can achieve global role through defined role and contribution of these countries.

(Recommendation No. 13)

11. Need for creating a Disaster Relief Fund under the NFP .

2.30 The Committee have appreciated the efforts made by the Government in ensuring continued movement of goods and people through India's borders during the COVID-19 lockdown facilitating the repatriation of nationals of Bhutan, Bangladesh, Nepal, Myanmar, Pakistan and other countries and in providing medicines/medical equipment to combat corona virus through bilateral aid as well as through its commitments in the SAARC. The initiative taken by India for creating a COVID-19 Emergency Fund based on voluntary contributions from the Member countries and the offer of 10 million US dollars as unilateral contribution to the fund are highly commendable. The Committee are of the view that India should continue to take the lead in humanitarian outreach as such efforts reap good will and foster the spirit of solidarity amongst our neighbours. As countries in our immediate neighbourhood are prone to natural disasters like earthquake, tsunami, extreme weather events, etc., the Committee have desired that the Ministry should also explore the feasibility of creating a Disaster Relief Fund on the lines of the COVID-19 Emergency Fund under the aegis of the Neighbourhood First Policy.

(Recommendation No. 14)

12. **Comprehensive Economic Cooperation Agreement between India and Bangladesh to be finalized at the earliest.**

2.98 The Committee have noted that India and Bangladesh enjoy a robust partnership and 2021 saw their diplomatic relations completing 50 years. Acknowledging the importance of leveraging the potential of new and emerging areas of cooperation, India and Bangladesh have agreed to collaborate in new areas of cooperation, such as, environment, climate change, cyber security, ICT, space technology, green energy and blue economy. Presently, both countries are looking forward to strengthening their trade and economic ties through a bilateral Comprehensive Economic Cooperation Agreement. As per the Ministry, a Joint Study Report on the Agreement has been finalized and the negotiations would be commencing soon. The Committee, hence, have desired that the Comprehensive Economic Cooperation Agreement with Bangladesh, be finalized at the earliest and commence negotiations on the same for its early implementation within a time frame.

(Recommendation No. 17)

13. **Teesta River water sharing issue with Bangladesh to be worked out at the earliest.**

2.100 The Committee are aware of the long outstanding issue between India and Bangladesh on sharing of Teesta River water and have desired that this important issue be worked out at the earliest for improved bilateral relations with Bangladesh. The Committee have also urged the Ministry to initiate meaningful dialogues with Bangladesh on a regular basis to arrive at a consensus in the matter.

(Recommendation No. 19)

14. **Bilateral cooperation between India and Bhutan to be further expanded based on the findings of a 360 degree evaluation.**

2.145 The Committee have desired India and Bhutan to further expand the scope of bilateral cooperation under the Neighbourhood First Policy and such expansion should be made on the basis of findings of a 360 degree evaluation of the impact of the projects already implemented in Bhutan and MoUs signed for ongoing projects and after exploring the scope of expansion of bilateral cooperation under the Neighbourhood First Policy.

(Recommendation No. 25)

15. **Promotion of seafood trade between India and Maldives desired.**

2.184 The Committee have noted that efforts are being made to tap the potential of seafood exports from Maldives to India. Facilitation of duty free tuna exports to India was announced in August 2022. Recognizing the potential for seafood export-import trade between India and Maldives, the Committee have desired MEA to work in close coordination with the Ministries/Departments concerned for promotion of seafood trade between

the two countries. India should also explore investment and partnership synergies with Maldives to tap the full potential for seafood trade between the two countries.

(Recommendation No. 30)

16. Government urged to facilitate creation of regional economic hubs in the neighbourhood.

2.263 The Committee have noted that the Government is in the process of upgrading India-Nepal border trade infrastructure with an objective to reduce bottlenecks, accelerate clearances and promote the creation of regional economic hubs. In recent years, India has been assisting Nepal in the development of border infrastructure through upgradation of 10 roads in the Terai area; development of cross-border rail links at Jogbani-Biratnagar, Jaynagar-Bardibas and establishment of ICPs at Birgunj, Biratnagar, Bhairahawa and Nepalgunj. The Committee have further noted that construction of ICP at Nepalgunj is ongoing while operationalization of ICP at Bairahawa would commence soon. Keeping in view the vast potential for border trade between India and Nepal, the Committee have urged the Government to complete the construction work of the ICP at Nepalgunj and operationalize it at the earliest. The Committee have also expected that the ICP at Bairahawa would commence functioning very soon. In order to achieve the goal of economic prosperity and stability in the region under the Neighbourhood First Policy, the Committee have further urged the Government to facilitate the creation of regional economic hubs.

(Recommendation No. 38)

17. Digital e-market and e-commerce platform in neighbouring countries to be explored.

2.266 The Committee have noted that with the launch of RuPay card in India and Nepal, RuPay has become the new element of our digital and financial connectivity. Interoperability of our financial platforms and products is something which is very intrinsic and fundamental to the financial and digital connectivity between our two countries. The Committee, hence, have desired that the Government should explore the digital e-market and e-commerce platforms in neighbouring countries to market Indian products and *vice versa* so as to achieve upgraded digital and financial connectivity in the region.

(Recommendation No. 41)

18. MEA to step up diplomatic efforts for early release and repatriation of Indian Prisoners in Pakistan's custody.

2.278 The Committee have noted that India has been pursuing the humanitarian issue of release of prisoners and fishermen in Pakistan's custody. Since 2014, India has been successful in securing the release and repatriation of more than 2,700 Indian prisoners including 40 Indian fishermen and 05 Indian civilian prisoners. The Committee are aware that many more Indian nationals including fishermen have been languishing in Pakistani prisons for a long time and have desired that the Ministry should step up its diplomatic efforts to secure their early release and repatriation to India.

(Recommendation No. 42)

19. **Negotiations on ETCA with Sri Lanka to be resumed and concluded early.**

2.344 The Committee have noted that Sri Lanka is one of our major development assistance partners. The Committee have further noted that eleven rounds of negotiations on an Economic and Technology Cooperation Agreement (ETCA) covering goods and services have been completed as far back as in September 2018 and the Sri Lankan side has now conveyed its willingness to resume the said negotiations. The Committee understand that the said ETCA would broaden the scope of Free Trade Agreement between India and Sri Lanka strengthening economic, trade, investment and technology cooperation and therefore, have desired that the negotiations should be resumed for its early and successful conclusion. It should also be the endeavour of the Government to complete all the ongoing projects in various sectors expeditiously while taking up new initiatives for cooperation in capacity building and skill development.

(Recommendation No. 44)

20. **Government urged to work out a permanent solution to the issue of fishermen with Sri Lanka.**

2.346 The Committee are aware of the long pending fishermen issue between India and Sri Lanka. The Ministry has informed that in the 5th Joint Working Group Meeting on Fisheries held in March 2022, both countries have agreed on the need to work out a long term solution to the fishermen issue. In view of Indian fishermen getting arrested and their boats being seized by Sri Lankan Navy every now and then, the Committee have urged the Ministry to consistently engage with the Sri Lankan Government through meaningful dialogues so that a permanent solution to the issue of fishermen and their livelihoods is worked out in a humanitarian manner. The Committee desire that the Ministry should also take initiatives for maritime domain awareness in its extended neighbourhood.

(Recommendation No. 46)

21. **Persistent efforts for strengthening and re-energizing SAARC, BIMSTEC and BBIN urged.**

3.10 The Committee have noted that India's engagement with its neighbours under regional frameworks like SAARC, BIMSTEC and BBIN is an important element of the Neighbourhood First Policy. The Committee recognize the potential for promoting deeper cooperation and regional integration through better partnerships under these regional frameworks. From the perspective of security also, a collective and coordinated efforts of member States in the region will prove more effective in countering terrorism and keeping a check on the various instruments used by terrorists to expand their activities. This would result in a secure and peaceful neighbourhood where growth and development can be accelerated. The Committee, have therefore, urged the Ministry to make persistent efforts for strengthening and re-energizing these regional bodies to make them function more effectively.

(Recommendation No. 51)

22. **Need for tangible outcomes under SAARC Development Fund and creating a South Asian Economic Union.**

3.25 The Committee have noted that the scope and substance of cooperation under SAARC has expanded over the years to diverse fields including trade and finance, economic integration, security, environment,

education, culture, agriculture, border connectivity, telecommunication, S&T, etc. providing a firm basis for genuine partnership among the people of the region. A number of sub-regional and regional projects in social, economic and infrastructure fields are at different stages of implementation under the SAARC Development Fund. The Ministry has stated that SAARC leaders have pronounced that their ultimate goal is to create South Asian Economic Union in a phased and planned manner through a Free Trade Area, a Customs Union, a Common Market and a Common Economic and Monetary Union. The Committee have desired that tangible outcomes and maximum benefits should be ensured under the SAARC Development Fund and have urged the Government to work in close coordination with the member States towards fulfilling the ultimate goal of creating a South Asian Economic Union.

(Recommendation No. 55)

23. Strengthening of BIMSTEC for regional stability desired.

3.36 The Committee have noted that BIMSTEC has evolved from a sub-regional forum in 1997 into a distinctive regional organization. The BIMSTEC Charter was also adopted in 2022. BIMSTEC is playing an important role in regional cooperation through numerous activities and projects in 14 diverse sectors with extensive cooperation among the member States. The Committee have further noted that BIMSTEC countries have institutionalized some important mechanisms for stability, such as BIMSTEC Convention on Cooperation in Combating International Terrorism, Transnational Organized Crime and Illicit Drug Trafficking (2009) while BIMSTEC Convention on Mutual Legal Assistance in Criminal Matters is ready for signing at the next BIMSTEC Summit. The Committee are aware that regional growth and prosperity cannot be achieved without stability and have urged the Ministry to work towards strengthening BIMSTEC and ensuring the effective functioning of its institutionalized mechanisms, in close coordination with other BIMSTEC countries. The Committee have also desired that India should take more initiatives for elimination of de-stabilizing forces like terrorism, organized crime, drug trafficking, etc. in the region through collective efforts of all the member countries.

(Recommendation No. 59)

24. Inputs on India's engagement with BIMSTEC to be optimally utilized.

3.37 Over the years, BIMSTEC has proven to be a key body for regional cooperation serving as a unique link between South Asia and South East Asia. Activities under BIMSTEC have served as a visible input into our 'Neighbourhood First Policy' and 'Act East Policy'. Several unilateral initiatives announced by India including BIMSTEC Military Exercise (MILEX) and Army Chiefs' Conclave; BIMSTEC Ministerial Conclave at India Mobile Congress 2018; BIMSTEC Disaster Management Exercise; Scholarships to students from BIMSTEC countries at Nalanda University and some capacity building programmes have been implemented while work is in progress on other initiatives. In view of the pivotal role of BIMSTEC in regional cooperation, the Committee have desired that work in progress on other initiatives may be implemented speedily. BIMSTEC being a unique regional organization focusing on India's core concerns in the region and

thus fulfilling India's key foreign policy priorities of 'Neighborhood First' and 'Act East Policy', the Committee have urged the Ministry to take fresh initiatives to nurture and re-energize the organization to make it more outcome oriented. Inputs derived from India's engagement with BIMSTEC may also be optimally utilized in our foreign policy agenda.

(Recommendation No. 60)