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VIF Expert Groups Reports

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Pakistan | S&T | US | West Asia

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Vivekananda International Foundation (VIF) held discussions on the recently concluded BRICS Summit and developments in Pakistan while also looking at geoeconomic implications from economic growth rates to energy transition and trade for India during the month.

The 15th BRICS Leaders' Summit marked an expansion of the organization with the addition of six more nations. In light of this expansion, the Eurasia group analysed the consequences of this expansion and the position of India within this group. The impact on the internal coherence of the BRICS, on account of the new members, was discussed as also the role that India should play in the expanded configuration was deliberated upon.

Dr Rajiv Kumar spoke of the many geoeconomic implications from economic growth rates to energy transition and trade for India. For India to rise as a global power, it has to address its domestic challenges. Dr Kumar underscored that geoeconomics is essentially the means for India to regain its earlier share in the global economy. While many nations, in the past have prioritised rapid growth without weighing environmental costs, India does not have this option in today's world where environment is at the forefront of a global debate. Subsequent discussions revolved around the need to enhance India's share of world trade while developing the necessary S&T as also the education capacity to support this enhancement.

The Pakistan Study Group (PSG) deliberated on the current condition of the Pakistan economy, the political scene and elections, Nawaz Sharif's return, as also the US engagement with Pakistan amongst other

issues. Presentations on the Tehrik-e Taliban Pakistan (TTP) and the International Monetary Fund (IMF) Staff report, added to the richness of these discussions.

The coordinators and researchers associated with the expert and study groups, think tanks and interactions have put in unwavering efforts to coordinate these meetings, so as to provide a wide range and diversity of views while lucidly capturing the essence of these discussions.

New Delhi
November 2023

Cmde Gopal Suri (Retd)

Latest Developments in Eurasia

Prepared by Dr Pravesh Kumar Gupta

The Vivekananda International Foundation (VIF) organized the monthly meeting of its Eurasia Expert Group on 05 September 2023. The discussion centered on Eurasia's latest developments, including the BRICS Summit. Dr Arvind Gupta, Director VIF delivered his opening remarks, followed by remarks of Amb DB Venkatesh Varma, who is the convener of the group. Other members who attended the discussion were Amb D P Srivastava, Amb P S Raghavan, Lt Gen Ravi Sawhney, Amb Skand R Tayal, and Amb Ashok Kantha, Prof Sujit Dutta, Commodore Gopal Suri, and Dr Pravesh Kumar Gupta.

The 15th BRICS Leaders' Summit, which was recently concluded, marked an expansion of the organization with the addition of six more nations. These countries include Iran, Saudi Arabia, the United Arab Emirates (UAE), Egypt, Ethiopia, and Argentina. In light of this expansion, the Eurasia group analysed the consequences of this expansion and the position of India within this group.

Salient Issues

The expansion of the BRICS is crucial in the context of

multipolarity. However, the expansion of this organization may also impact its internal coherence because the new members have fewer commonalities. New Delhi must play its cards properly to utilise its role as a founding member of BRICS. India should focus more on enhancing its role as a giver by offering some profitable and suitable proposals. Concrete proposals on climate change, food security, migration, terrorism etc. will be very suitable and productive.

The Experts also noted that China's role in BRICS is important. It has been a major force behind some milestones achieved in the organization, such as the New Development Bank (though India gave the initial idea, but China pushed it and took credit for it). With the expansion, Chinese intentions have become more apparent. China is likely to attempt to subvert the agenda of the BRICS and make it more of a geopolitical platform than an economic organization so as to suits its power play. In this scenario, India should be willing to exercise a veto as BRICS is a consensus-based organization. A BRICS secretariat in New Delhi would help India retain its leading role. It will give more visibility, and the host country's representative could become the PR, making communication easier. Alternately, if New Delhi does not want to host the secretariat, it should encourage a country like UAE to host the office.

During the discussion, it was also pointed out that the expansion will undoubtedly alter the organization's decision-making process since the goals and objectives of the member countries, in all probability, will be contradictory. Being in the BRICS, India should focus on developing an agenda that is more economic rather than political. BRICS Expansion is inevitable,

and hence, New Delhi should work to strengthen bilateral ties with the newly joined members and others who are interested in joining. India's presence in BRICS is essential because its membership in the organisation assures the other smaller low-income economies that agenda of the organization will not be overtaken by Chinese interests. India can, therefore serve to counterbalance China in BRICS.

Additionally, blocking the BRICS expansion will not reflect well on India's image; New Delhi should encourage like-minded countries to join the organisation. There is a need for a serious examination of India's foreign policy to see what can be done bilaterally and multilaterally to push back against Chinese influence. To achieve this objective, India should have the flexibility to cooperate with Americans in QUAD and the Saudis and Iran in the Middle East. Finally, it was agreed that the old BRICS is dead and India should actively engage with the New

Geoeconomics and India

Prepared by Prerna Gandhi

The Geoeconomics Experts Group at the Vivekananda International Foundation held a talk by Dr Rajiv Kumar, former Vice Chairman of Niti Aayog on 27 September 2023. After initial remarks by Dr Arvind Gupta, Director VIF, Dr Rajiv Kumar spoke of many geoeconomic implications from economic growth rates to energy transition and trade for India. This was followed by a rich discussion. Some of the salient points are highlighted below

India's Rise as a Global Power

To rise as a global power, India has to address its domestic challenges. India had a high share of world economy in 1st Century AD at around 30%. This was larger than China's share which stood at 26%. During the Mughal Period, India was still 24% of world economy. By 1850s, when the British Rule started, India had come down to 16 %, but when the British left, India was squeezed down to only 2 % of the global GDP. We need to aim for our share of world economy to be equal to our share of world population. Dr Kumar underscored that geoeconomics is essentially the means for India to regain its earlier share in the global economy.

Challenges of Energy Transition

Throughout human history, nations have prioritized rapid growth without ruminating on environmental costs. However, that is not an option for India in today's world where environment is at the forefront of a global debate. India has to grow while reducing its carbon footprint, which has never been done before. Even though energy transition is being forced upon us, it can be achieved through technology that will also reduce our dependencies in terms of large energy imports. However, various dimensions of energy transition need to be deliberated and understood. Renewable energy is intermittent and also requires large storage capacities. Hydrogen offers the greatest potential in that aspect, but acquiring technology for electrolysis needs to be expedited. China's monopolistic position in new energy supply chains poses dependency challenges for India. Increasing share of nuclear energy also needs to be seriously considered.

Trade and Exports

India has suffered from persistent export pessimism since 1947. India's share of world exports had declined from 2.53 % at the time of independence to only 0.4 % in 1980, but the liberalisation reforms instituted post-1991 led to some growth, with India's share in trade reaching 0.64% in 1995. While its share of export trade in goods is currently around 1.8 per cent, India has doubled its share of global commercial services exports to 4.4% in 2022 from 2% in 2005. India has to make a distinction between self-reliance and self-sufficiency. Intangibles like resilience, security, dealing with dominance and looking for trust-based relationships need to be factored into our trading routes. While India has a large population,

it is not a large economy. If India wants to achieve Amrit Kaal goals of becoming a developed nation, exports need to figure prominently in India's economic strategy. Also, India will need a large technology upgradation for pushing up exports.

Production Linked Incentive Scheme

The Production Linked Incentive (PLI) scheme underlines the importance of turnover vis-a-vis value addition, since increased turnovers will lead to value addition. The PLI scheme is not meant for exports but instead for changing Indian industrial focus from increasing profits to increasing revenue; and achieve backward integration into component production. The PLI scheme is meant for creating an ecosystem of scalable and globally competitive production through enlarging nascent value chains in India.

Science & Technology in India

An all-inclusive science and technology policy for India will enhance linkages across the spectrum including those between the public sector science and technology establishments and the private sector. This will ensure more synergy between public sector research institutes in all Indian cities. Prime Ministry Modi has reiterated the need for reducing the gap between laboratories and the land. Increasing the current R&D to GDP ratio from the present 0.8 % is an imperative. Much of the current R& D funding is from the government. The Indian private sector's lack of enthusiasm of interest and investment in R&D has to be analysed closely and corrective measures instituted to invigorate this domain. Another sector that has to be stimulated is education even as the New Education Policy takes effect.

Pakistan amidst The Domestic and Geopolitical Storm

Prepared by Aarushi Gupta

A meeting of the Pakistan Study Group (PSG) was held in hybrid mode on 29 September 2023. The main items on the agenda were the Pakistan economy, Pakistan's political scene and elections, Nawaz Sharif's return, comments by Pakistan ministers, the judiciary and the new Chief Justice of Pakistan (CJP), Pakistan army's reshuffling and postings, and the US engagement with Pakistan. Further, two presentations were also given by Anurag Sharma and Aarushi Gupta on The Tehrik-e Taliban Pakistan (TTP) and the International Monetary Fund (IMF) Staff report, respectively. The meeting was attended by Dr Arvind Gupta, Gen NC Vij (Retd), Mr Tilak Devasher, Lt Gen RK Sawhney (Retd), Mr Rana Banerji, Amb D P Srivastava, Amb Satish Chandra, Amb DB Venkatesh Varma, Amb G Parthasarathy, and Mr Raghvendra Singh.

The Tehrik-e Taliban Pakistan (TTP)

The TTP is a terrorist group formed in 2007, based in Waziristan. It has two main objectives: implementing Sharia Law in Pakistan and destabilising Pakistan's establishment and security forces. It consists of two factions: the Mehsud group, which forms the core of the TTP, and the Punjabi Taliban, which comprises sectarian groups that focus on Jihad in Kashmir and India. In July 2007, the Pakistan army led a

siege/military operation in Islamabad against the Lal Masjid. In the operation a large number of students from FATA were killed. This led to retaliatory killings by tribesmen from FATA and the formation of the TTP. The TTP officially declared war against the Pakistan establishment and carried out a series of attacks. It was banned by the Pakistan government on 25 August 2008. The TTP was not able to maintain unity for long and split into several other factions. Since 2020, however, around 40 factions have joined/rejoined the group. The TTP is headed by Noor Wali Mehsud since 2018.

Approximately 367 attacks were carried out by the TTP in the year 2022, mainly in the Khyber Pakhtunkhwa (KPK) province, which was a significant rise. 1015 Pakistan security personnel were killed or injured in these attacks. From January to March 2023, The TTP had carried out 117 attacks, killing 364 Pakistan security personnel. The TTP's primary focus remains Pakistan, but it is a cause of concern for the entire region. The possibility of the TTP eventually using Afghan soil to orchestrate attacks in India cannot be ruled out. The TTP's links and affiliations with other terror groups might create an ideological nexus that may become a security concern for India. Special attention would need to be paid to Intelligence and counterterrorism measures.

The International Monetary Fund (IMF) Staff Report

The International Monetary Fund (IMF) released a 120-page report on 18 July 2023. This document was released after the IMF board had approved a 9-month Stand-By Arrangement (SBA) for 3 billion dollars for Pakistan on 13 July 2023. The SBA aims to help Pakistan navigate the economic challenges amid a volatile near-term outlook. In view of its experience with Pakistani authorities with the Extended

Fund Facility (EFF), the IMF has warned that the continuation of the new programme will depend on the following conditions.

- Implementation of fiscal adjustment and discipline through an appropriate FY24 budget.
- A return to a market-determined exchange rate and proper functioning of the foreign exchange market to absorb Balance of Payment and eliminate foreign exchange shortages.
- A tight monetary policy aimed at disinflation.
- Continuation of structural efforts to strengthen energy sector viability, State-owned Enterprises governance, and the banking sector while supporting efforts to build Pakistan’s climate resilience.

Further, the report discusses the program and policies the Pakistani government agreed to implement to get the economy back on track. The Pakistani government had also decided to ringfence the fiscal programme as envisaged in the recent budget. For this, the government will not allow supplementary grants for any additional unbudgeted spending over the parliamentary approved level in the current fiscal year until the formation of a new government after the elections.

The report also cautions against the “exceptionally high” downside risks to the SBA goals emanating from a tense political environment and potential deviation from agreed policies. Such risks could undermine the programme’s implementation and jeopardise macro-financial and external stability and debt sustainability, leading Pakistan to seek foreign debt restructuring.

Pakistan Economy

The tax collection in the first quarter of FY24 has increased by

24.17 %. However, the tax-to-GDP ratio remained at 11.6%, as the tax base in Pakistan is very narrow. The World Bank had proposed including agriculture, retail, and real estate in the tax bracket and closing all tax exemptions, which can contribute around three per cent annually to the country's GDP. According to the World Bank estimates, 12.5 million people, 40 % of the population, fell below the poverty line in Pakistan. Manufacturing in Pakistan has also dropped substantially. The IMF has projected a GDP growth rate of 2.5 % in FY24 for Pakistan. Pakistan saw a GDP growth rate of 0.3 % in FY23. If the growth targets are not met, the fiscal deficit will grow, further increasing the external debt load. The aid pledged after the aftermath of the floods by the friendly countries to Pakistan has also been delayed, which has become a cause of concern for the government. Even though the Pakistan army is engaged in stabilising the economy through the Special Investment Facilitation Council (SIFC), it seems unlikely that the military will be able to maintain a modern political economy with its deep feudal roots.

Pakistan's Political Scene and The Elections

Cases against Former PM Imran Khan have been emerging in a staggered manner to keep him in custody, disqualified and incarcerated before the elections. Imran Khan and Shah Mahmood Qureshi were both charged in the cipher case. Further, Punjab police and Anti-Terrorism Court (ATC) are holding Imran Khan as the chief instigator in the 9 May violence. Imran Khan and his wife, Bushra Bibi, have also been navigating through the Toshakhana case. Bushra Bibi has been trying to approach the army through a Qatari Ambassador that Imran Khan's party, Pakistan Tehreek-e-Insaf (PTI), be allowed to contest in the elections, with the promise that Imran Khan will not speak against the army leadership. However, it

has not happened yet. President Alvi and former Senator Mahmud Ali Durrani have also been trying to play the role of interlocutor between the PTI and the army.

The Chief Election Commissioner has given the draft delimitation report and has asked for suggestions and objections. The number of seats in the National Assembly (NA) for KPK has been reduced by six, in line with the 25th Constitutional Amendment in the preliminary delimitation report. There will be 266 directly elected seats in the NA, while earlier, there were 272. Punjab will have 141 seats, as before, Sindh will have 61 seats, Baluchistan will have 16 seats, the Federal Capital Area of Islamabad will have three seats, and KPK has come down from 51 to 45 seats. Sixty seats are reserved for women, and ten seats have also been reserved for non-Muslims on a proportional representation basis. Muttahida Qaumi Movement (MQM) has also been appeased by getting Karachi an extra seat, taking it from 21 to 22 seats.

Nawaz Sharif's Return

Former PM Nawaz Sharif is expected to return to Pakistan on 21 October 2023. There are both legal and political aspects to his return. In a last-minute decision by former CJP Umar Ata Bandial, the Supreme Court (SC) scrapped the changes in anti-graft law. It had ordered the restoration of cases against 'public office holders.' In essence, this move had revived the cases against the Sharif family. There are four cases against Nawaz Sharif. On his return, he can be incarcerated and put behind bars immediately.

The Pakistan Muslim League (Nawaz) (PML-N) has been looking for a narrative which might lead to Nawaz Sharif attacking former Army Chief Gen Bajwa and former DG ISI Faiz Hameed. However,

Shehbaz Sharif has sent a message to his brother indicating that such posturing might not sit well with the army. If such attempts at posturing and narrative building go unchecked, Nawaz Sharif might face the same fate as Imran Khan. Further, Shehbaz Sharif might be a more favourable candidate for the Prime Minister from the army's point of view in case there is a hung parliament and the PML-N emerges as the largest party. There also have been rumours of former PM Shahid Khaqan Abbasi and former finance minister Miftah Ismail breaking away from the PML-N to form a new party. There are also speculations that former Pakistan People's Party (PPP) senator Mustafa Nawaz Khokar might join this new party. The splintering of the parties might result in coalition politics after the next elections.

Striking Comments by Pakistan Ministers

Addressing the Council on Foreign Relations on the sidelines of the United Nations General Assembly, caretaker PM Anwaarul Haq Kakar said, "The rising wave of Hindutva-inspired anti-Muslim extremism in India and other minorities should be a matter of deep concern for the entire international community, including the US. The Saffron Brotherhood is more near to the Nazis' brotherhood. To me, Hindutva, ISIS, centre of the right present on European continent, probably even here in the US, in nature it's a global brotherhood of fascism." These comments by PM Kakkar echo the sentiments of the Pakistan army, ensuring that the PM is very much in tune with the army's thought process.

Pakistan's caretaker foreign minister, Jalil Abbas Jilani, in a special address with Asia Society, claimed that Hinduism was born in Pakistan, as he called on the people to visit the historic land. He

claimed Pakistan to have a more than five-thousand-year-old history, including the Gandhara and Buddhist civilisation. He added that even though the Arab region gave Islam, Buddhism flourished in Pakistan. These claims stand apart from the government's position on Pakistan's history, which starts from the invasion by Muhammad Bin Qasim in 711 AD, which created the foundation for Islam. Pakistan government and the media did not react to these remarks.

Judiciary and the New Chief Justice of Pakistan

Qazi Faez Isa took over as the new Chief Justice of Pakistan (CJP) on 17 September 2023 and is currently serving as the 29th CJP. CJP Qazi Faez Isa has been able to constitute a full court, which former Chief Justice Bandial had been avoiding. He also brought forth a lot of cases that were put on the back burner earlier, like the review of The Faizabad Dharna case. Within the judiciary itself, CJP has been making efforts to heal the internal rifts between the judges at the senior level. However, his tenure might prove challenging as the judges loyal to former CJP Bandial might make it difficult for CJP Isa to consolidate power and unite the SC judges. The Parliament passed the Supreme Court (Practice and Procedure) Bill 2023 in April 2023. It aims to address concerns about the CJP's authority, procedures and powers and composition of benches for hearing important constitutional issues. The objections will most likely be dismissed, and the amendment will be accepted and become law.

The Military Reshuffle

Significant promotions have happened in the Pakistan army. Four generals were supposed to retire on 13 September 2023, but only three did, as DG ISI Lt Gen Nadeem Anjum was given an extension. He is most likely involved in political engineering that the Pakistan

army is doing in the run up to the next elections and is involved in the SIFC to facilitate army-guided economic investments. He is also seen travelling with the Army Chief all over Pakistan, having effectively won his trust. After seven or eight super sessions, three major generals have been promoted from the 82nd Long Course of the Pakistan Military Academy, Kakul to fill the vacancies of those retired. One of the prominent super session is that of Major General Irfan Malik, who served as Commander of the Strategic Forces in Sargodha. He had worked closely with Lt Gen Faiz Hameed but had become a part of a controversy for threatening Maryam Nawaz, former PM Nawaz Sharif's daughter.

Currently, there are a total of 25 three-star generals, with two or three vacancies still remaining to be filled. Gen Asim Munir seems to be breaking the conventional pattern of promotions to bring forth people who are loyal to him. There are two retirements scheduled for the month of November. Subsequent promotions will bring a clearer picture of loyalties and the evolving dynamics within the Pakistan Army.

Pakistan has been facing technical difficulties in terms of its equipment. The JF-17 Thunder fighter aircraft, developed by the Chinese, are almost entirely grounded now due to technical problems. Due to this, Pakistan is hoping to engage with the US for better equipment. The F-16s provided by the US have proved to be much more reliable for the Pakistan Air Force.

The US Engagement with Pakistan

In late September, the US's Ambassador Donald Blome visited Gwadar port and Gilgit-Baltistan. The US engagement with Pakistan has witnessed a sharp rise in the last three to four months. The US

quite possibly agreed to bail out Pakistan through the IMF SBA because it had previously conceded some influence over Pakistan to China and now seeks to reclaim it. As the war in Ukraine and Russia continues, it would also like to wean Pakistan away from Russia. However, the de-hyphenation of India and Pakistan in the US foreign policy has been in the making for some time now. Balancing relations with both India and Pakistan might prove tricky for the US due to the recent developments in India-Canada relations on account of the Khalistan issue and the heavy Chinese influence in Pakistan's politics and economy.

Despite Pakistan's active participation in the Ukraine war by supplying Ukraine with arms and ammunition, Russia has still tried to strike a deal with Pakistan for oil. This could be an early sign that Pakistan could be relevant for both Russia and the US. With China showing reluctance to invest further in the China-Pakistan Economic Corridor (CPEC) projects in Pakistan due to concerns over Pakistan's economy, it might open doors for the US to cast a wider net of influence over Pakistan. The US realigning with Pakistan makes Russia and China suspicious of Pakistan simultaneously, thus allowing the US to have better access to the country while maintaining a stable multidimensional relationship with India.

About the VIVEKANANDA INTERNATIONAL FOUNDATION

The Vivekananda International Foundation is an independent non-partisan institution that conducts research and analysis on domestic and international issues, and offers a platform for dialogue and conflict resolution. Some of India's leading practitioners from the fields of security, military, diplomacy, government, academia and media have come together to generate ideas and stimulate action on national security issues.

The defining feature of VIF lies in its provision of core institutional support which enables the organisation to be flexible in its approach and proactive in changing circumstances, with a long-term focus on India's strategic, developmental and civilisational interests. The VIF aims to channelise fresh insights and decades of experience harnessed from its faculty into fostering actionable ideas for the nation's stakeholders.

Since its inception, VIF has pursued quality research and scholarship and made efforts to highlight issues in governance, and strengthen national security. This is being actualised through numerous activities like seminars, round tables, interactive dialogues, Vimarsh (public discourse), conferences and briefings. The publications of VIF form lasting deliverables of VIF's aspiration to impact on the prevailing discourse on issues concerning India's national interest.



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