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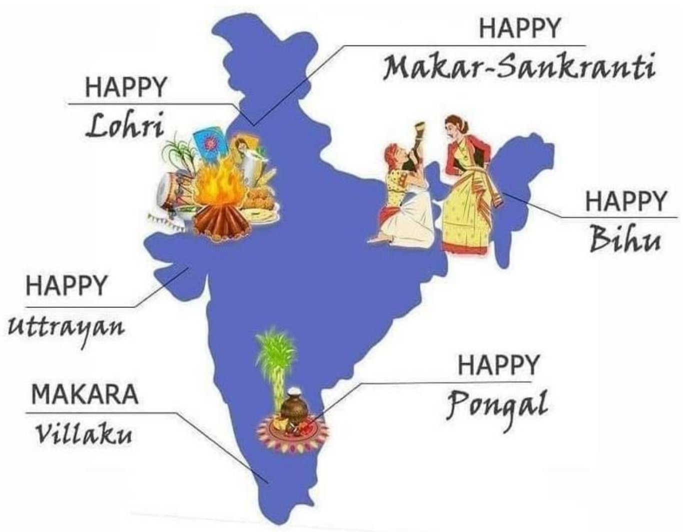

Lessons From Tawang: The Five Changes India Needs To Make In Dealing With China

By V P Malik

Author is former Chief of Army Staff.

From rules of engagement to intelligence and surveillance, Delhi needs to reconsider its approach to face an unrelenting Beijing on the LAC

Fifteen days after the latest salami-slicing attempt with 300 PLA soldiers in Yangtse (Tawang), the Chinese foreign minister, Wang Yi, declared that “China and India have maintained communication through the diplomatic and military channels and both countries are committed to upholding stability in the border areas”. He gave no explanation for the PLA intrusions which have gone on regularly for over two decades.

Occupation of Indian territory, or disputed territory, which had long been considered no man's land, or placing blocks on the routes which were regularly patrolled/occupied by India, are all part of such tactics. Since 2020, these intrusions have resulted in brawls, scuffles and the use of crude, lethal sticks between the PLA and Indian soldiers.

In early 2020, the PLA carried out a major military exercise in the Tibetan Plateau. In April, two divisions were diverted to strengthen its deployments on the Line of Actual Control (LAC) in Eastern Ladakh, leading to its part-occupation of Depsang Plains and salami-slicing attempts in the Galwan valley, Pangong Tso area and a few other locations. The clash in the Galwan valley on June 15, 2020, resulted in the death of 20 Indians and an unknown number of PLA soldiers. These confrontations have led to deployment of over 60,000 fully armed troops on the LAC by each side, equipped for a conventional war. At many locations, these deployments are in eyeball-to-eyeball situations. Both sides are also engaged in improving their border military infrastructure. Political and diplomatic talks and 17 rounds of military level discussions have not resulted in expected "disengagement" of troops at many places in Eastern Ladakh. The "de-escalation" process, which was to follow "disengagement", is nowhere in sight.

With the latest PLA attempt to occupy Yangtse, using tactics as witnessed in Eastern Ladakh, it is obvious that China is in no mood to relent. It will continue its coercive diplomacy and engage Indian troops in aggressive tactics and border skirmishes. No Indian strategist takes Wang Yi's statements about "upholding stability in the border areas" seriously.

How are our frontline military units placed in this background? I believe many considerations, including some political and diplomatic decisions, are stacked against them which need urgent review.

First, the rules of engagement (ROE): China has repeatedly flouted all five agreements on LAC/border issues, signed with India since 1993. There is neither peace nor tranquillity for the soldiers posted on the LAC. Why, then, is the Indian army being made to follow the ROE which were drawn as a follow up of these broken agreements? It is wrong to expect the army, any army, to get involved in physical melees, brawls and scuffles with its adversary. No army is expected to fight with crude sticks. Even on sentry duty, a soldier is expected to stop any stranger at a distance. If that person continues to advance, the soldier on duty is expected to fire for effect. It is high time that we follow the same norms on the LAC. Our soldiers should be allowed to fire if, despite warning, the adversary continues to advance toward our position. No politicians will then be able to say that "Hamare soldiers ki pitayee ho rahee hai".

Second, LAC perceptions: Why do we continue to use terms like "our" and "their" perceptions of the LAC? When the government of India has given maps on which the LAC is marked and expects the military to ensure that no territory is lost, such little known perceptions of the LAC invariably cause a fiasco while explaining the situation in Parliament and to the public. The Chinese do not use the terminology of perception in their statements. In fact, it gives them a handle to continue with their aggression activities as happened post Galwan. In the geographically transparent environment which prevails today, we must give out our version of the LAC subject to a final resolution of the boundary dispute with China. We need to be straightforward and remain firm on the ground.

Third, intelligence and surveillance: Intelligence is a nation's first line of defence. This, with our surveillance structure, is a critical constituent of safety, security and also grand strategy. In the kind of terrain where the military is operating, it is almost impossible to defend "every inch of territory". We need reliable and timely information to mobilise adequate forces where the adversary is expected to strike or intrude. It requires a round-the-clock, high level of intelligence, all-weather surveillance capabilities and assessments for the troops on the ground. In 2020, despite satellite imagery, high altitude UAVs and availability of a host of modern surveillance equipment, we failed to assess and react to the Chinese troops' movements in Eastern Ladakh. Our intelligence and surveillance structure along the northern border requires urgent focus and improvement wherever gaps exist.

Fourth, dual command and control: The Western and Central sectors of the LAC are guarded by the Indo-Tibetan Border Patrol (ITBP) backed by the army. However, both work under different ministries. Despite several discussions, there is no unified command and control, which often leads to a lack of coordination, responsibility and accountability. The ITBP units deployed on the LAC, now hot, need to be placed under the operational control of the army.

Fifth, offensive spirit: During training, we diligently inculcate and imbibe an offensive spirit in our military. And yet, most of the time, we expect the military to remain defensive and passive on the border. Our frontline military formations should not only be capable of defending intrusions but also plan and be prepared to retaliate proactively — Kailash Range style — taking advantage of the high-altitude mountainous terrain.

Read complete article on website indianexpress.com

India, The Bridge

By Shri. C. Raja Mohan

Authors is senior fellow, Asia Society Policy Institute, Delhi and a contributing editor on international affairs for The Indian Express

India should avoid the temptation of building a bloc against the developed North. Instead, offer sustainable economic cooperation to the Global South through national, regional, and global institutions to further joint causes

Is India returning to the post-colonial roots of its foreign policy? The decision to convene a virtual summit of the leaders of the so-called Global South — or the developing world — this week is certainly an important effort to reconnect with one of India's natural international constituencies.

Delhi's decision to renew its engagement with the developing world and take up their causes that don't get enough international attention is a welcome move. India's leadership of the G20 this year offers a special moment to engage with developing countries.

The summit, however, is not a simple return to the past. After all, the context and concerns in the 21st century are very different from those in the middle of the 20th. India and the Global South are very different today from what they were in the 1970s, when the political mobilisation of the so-called "Third World" peaked.

On the face of it, though, the Global South is a reincarnation of the Third World framework from the 1970s. But many of the past political divides — including the one between North and South — have blurred. India's new activism in the Global South must necessarily adapt.

The idea that there were "three worlds" became obsolete after the collapse of the Soviet Union. Many countries of the Second World or the socialist world have become a part of the First World of capitalist states. Many East European countries that were part of the Soviet economic and military sphere of influence are now part of the European Union and the North Atlantic Treaty Organisation.

Consider, for example, that China, which continues to call itself a developing country, is today the world's second-largest economy. Its military power overshadows many developed states of the North. After he led the Chinese Communists to power in Beijing in 1949, Mao Zedong turned to Stalin, the leader of Soviet Russia from the Global North, for economic and military assistance.

Today, China's economy is 10 times larger than that of Russia and is more advanced in several technological and industrial areas. It is also the senior partner in the Sino-Russian alliance.

South Korea, which was one of the poorer countries in the world in the middle of the 20th century, has been a member of the Organisation of Economic Cooperation and Development, the OECD, which is the rich nations' club.

Some of the Gulf countries, like the United Arab Emirates, which were not even independent in the middle of the 20th century today control massive amounts of capital and drive economic development in large parts of the Middle East, Africa and beyond. Singapore, a city-state of the Global South, today boasts a per capita income of $72,000 which puts it among the top tier of the developed nations.

Thinking across borders and beyond the per capita metric, there are slivers of super-rich elites in the developing world and significant underclasses in the developed world. In that sense, the Global South is truly global.

The differentiation within the Global South is not limited to the economic domain. Although the post-colonial moment suggested common political ideals within the Global South, they were quickly lost amidst new inter-state and intra-state conflicts among the newly independent nations.

In fact, none of the post-colonial solidarity movements in the Global South, including the ones focused on pan-Asian, pan-Islamic, pan Arabic causes, have survived the 20th century intact. That also applies to the Non-aligned Movement, which focused on the issues of the Global South.

Four decades ago, when the Non-aligned Summit met in Delhi in 1983, the Iran-Iraq war, the Russian intervention in Afghanistan, and Vietnam's occupation of Cambodia had paralysed the meetings. There was very little agreement on global issues.

While the radicals directed their fire at America, the conservative regimes were focused on the Soviet Union and its proxies in the South. Delhi had to struggle to bridge the political differences within the Global South.

By the 1980s, the economic differentiation too became pronounced within the Global South. The East Asian nations were pursuing a path of economic liberalisation while the statist orthodoxy held in many others.

The East Asian growth miracle was about abandoning the post-colonial ideas of economic development that would follow a path different from capitalism and communism (the so-called "third way"). Even committed communist countries like China and Vietnam joined the bandwagon of export-led economic growth driven by foreign investment.

The G77, a group of 77 countries that came together in the 1960s to alter the terms of economic engagement between the Global South and the North, now boasts more than 130 countries, but has little impact on the nature of the global economy.

The end of the Cold War and the collapse of the Soviet Union in 1991 saw the steady political marginalisation of the NAM. Although a number of new countries joined the movement, it had lost its vigour and purpose in the changing world order. The decline of NAM was accompanied by the rise of regional institutions like the ASEAN. New institutions like APEC (Asia Pacific Economic Cooperation) and NAFTA (North American Free Trade Association) that emerged since the 1990s cut across the North-South divide.

India's own international trajectory followed a similar path. It abandoned the old economic formulae of the NAM and adopted the mantra of globalisation. Instead of scoffing at regional institutions, Indian diplomacy devoted much attention to joining existing or promoting a range of new regional institutions, including the SAARC, ASEAN, IORA, BIMSTEC, and the SCO.

Read complete article on website Indianexpress.com

The Paradise And A Tax Haven – Part II

By Udaya Kumar Varma

Author is a former IAS Officer of 1976 batch of Madhya Pradesh Cadre. He retired in 2013 from the post of Secretary, Information and Broadcasting, GOI.

Christopher Columbus called the islands, 'Las Tortugas' after noticing the teeming population of turtles in the surrounding seas. It was his fourth voyage in search of a New World, and the year was 1503. But he did not, however, touch the Grand Cayman, the biggest of the three islands. Instead, he stopped at Little Cayman and Cayman Brac, the two tiny ones.

It was in fact Francis Drake who not only landed at the bigger island of Grand Cayman but also named it Cayman after another marine creature, an alligator called 'Caiman' sighted in sizable numbers in the vicinity.

The immediate follow up of this discovery was that the ships sailing in this area found a new anchorage, essentially to stock up on turtle meat, delicious and rich in protein. Sadly, though predictably, the turtles were hunted with such abandon and ruthlessness that their population rapidly dwindled. The poor turtles were decimated and continue to face existential peril reaching almost extinction till a massive program was launched to save them.

Ruefully, the plight of the caimans turned out to be even worse as they were also hunted and practically exterminated. Just a few survive today mostly in the protection of Zoological Parks.

Pristine to Paradise

Cayman remained uninhabited except for the turtles, alligators and iguanas until the 1660s. Pirates, including the dreaded and much feared Blackbeard, Lowther, and Henry Morgan, used the islands as a base from which to attack the galleons bound for Europe as also to stock up water and turtle meat.

The treaty of Madrid in 1670 decreed the island to be a British territory. The earliest settlers who came around 1730, were believed to be the deserters from Oliver Cromwell's army in Jamaica. In 1802 the population of the island was 933, half of them Britishers and the other half of African descent. For over 150 years the inhabitants largely survived on farming, and trading turtle meat with passing ships and witnessed a placid but static passage of time and events.

But in 1950s and 60s, things in the islands began to move dramatically. The first bank-Barclays Bank-was opened in 1953 and the first dive centre in 1957. In early 60s, legislation taking advantage of the absence of taxation offered a slew of advantages. And Cayman Islands was suddenly on the world map, as a tourist and diving destination but more importantly as an international financial centre. And it has not looked back since then. From a subsistence economy in 1950s to enjoying the highest standards of living in the Caribbean, from a population of under 10,000 in 1970 to over 60,000 today, it is now home to people from over 120 different nationalities. In 1970 just 403 visitors came here, today it lures more than 2.3 million visitors every year with its sunny shiny beaches, immaculate order: and a luxurious opulent living.

But be it for a few months or a lifetime, there are compelling reasons to choose Cayman to live, invest and grow. As Cayman is one of the world's leading Offshore Financial Services Centers, the opportunities are as plentiful as they are diverse- investment, career advancement and one of the best standards of living in the region.

Indians In Cayman

At the end of 2019, around 1,000 Indians resided in the Cayman Islands, making up around 2.6% of the total population and 3% of the expatriate population.

Most of the community is employed in the hotel and hospitality industry, or in security-related organizations. A small number are doctors, chartered accountants, and other professionals. Interestingly, The Caymanian Government was the first foreign government to officially recognize Indian medical degrees, a move to attract Indian medical professionals to the island.

This minuscule community of just over a thousand manage to send every year over US $2.5 million to India making it the ninth largest destination of remittances from Cayman Islands, according to the Cayman Islands Monetary Authority (CIMA).

But more interestingly, with $3.82 billion of investments, this famous offshore tax haven was the fifth largest source of FDI for India in FY22, up from being the sixth largest in FY21.

National Stock Exchange of India has a total market capitalization of roughly 3.5 Trillion US$ which translates to roughly 2700 US$ per Indian. In other words, an average Caymanian citizen has an investment in India one thousand times more than an average Indian in his own country.

Trade Vs Investment

Bilateral trade between the Cayman Islands and India totalled US$3.54 million in 2015–16, declining from $6.75 million in the previous fiscal. It has been one-sided. India has not made any imports from the Cayman Island since 2013–14, when it imported $10,000 worth of residue and waste from food industries, and prepared animal fodder but has been exporting in small quantities non-railway vehicles and spare parts, medical and surgical instruments, iron and steel articles, pharmaceuticals, and electrical machinery and equipment.

But there has been a dramatic increase in the Foreign Portfolio Investments (FPIs) from Cayman Islands over years. It stands as the second largest source of FPI after Mauritius, growing by four times between 2018 and 2021. Database, a company that compiles data on such investments showed that FPIs from the Cayman Islands jumped to 33,242.24 crore in 62 NSE listed companies by the end of FY 21 from 8,732.53 crores in 28 listed companies. This data only reveals the investments where an individual had a holding of more than 1%.

Among listed Indian firms, IndusInd Bank had the highest Cayman FPI of 12.83% at the end of FY21, up from 1.13% in FY18. Next is Lemon Tree Hotels, with 9.05% in March 2021 from 2.06% in the same period of 2019 and no holding in March 2018.

The Red Flag

Ugland House, an elegant four-story building, adorned by beautiful palms in front, is located in Cayman Island's capital Georgetown in Grand Cayman. Its sole tenant is an international law firm of Maples and Calder. But there are 18,857 corporate entities registered at this address. And Ugland House is no exception - in 2008, Cayman Islands had over 80,000 registered companies, almost twice its then population of about 48,000. In addition, there were 277 licensed banks, 9,000 registered investment funds, and 760 captive insurance companies. This is what an attractive financial services destination translates to. Unbelievable but more than true.

In mid-2015, the Supreme Court of India appointed Special Investigation Team (SIT) on black money, found that the Cayman Islands was the largest beneficiary of participatory notes from India, receiving 31.31% of the total outstanding Offshore Derivative Instruments.

The SIT found that the Cayman Islands had a total investment of ₹85,000 crore (US$11 billion) in Indian stock markets as on 28 February 2015, or about ₹1.75 crore (US$220,000) per Caymanian citizen.

Among the Tax-havens, Cayman has the most opaque laws. Consequently, many countries have higher banking liabilities than banking claims vis-a-vis Cayman. US, for example, had banking liabilities to the Cayman Islands of the tune of nearly $1.5 trillion, the highest of any foreign jurisdiction while US banking claims stood at $940 billion.

Obviously, it was so extra-ordinary that heckles were raised. The red flag since then has assumed magnification. Regulators in India are constantly on the watch to check whether tax havens such as Mauritius and Cayman are used by Indians to round-trip their own money. At the end of FY21, there were 20 Cayman FPIs that invested in just one firm in India. There are concerns that a number of such funds could have a high non-resident Indian (NRI) holding and are used by Indian promoters for round-tripping and manipulating share prices.

The Riddle of Ultimate Beneficial Owner (UBO)

A UBO is the person that is the ultimate beneficiary when an institution initiates a transaction.

If the market regulator and the tax authorities are watching Mauritius and Cayman FPIs that may not have provided adequate information about their UBO (Ultimate Beneficial Owners), it may seem fine in principle but quite intractable in practice.

The Reserve Bank of India has initiated some steps to check round-tripping and the SEBI's (Securities and Exchange Board of India) FPI regulations require ultimate beneficial owner (UBO) declaration as well as curbs on Indian resident investment in case of investments through the FPI route. Some experts however feel that a significant majority of the funds have been invested by genuine investors and for reasons that are commercial, i.e., flattening of interest rate in developed jurisdictions.

Tax Information Exchange Agreement (TIEA)

There are over 60 tax havens in the world, and about 100 countries which may want to seek information from them. So, there should be about 6000 TIEAs for free flow of information. Till 2008, only 50 TIEAs were signed, mostly by powerful countries like the US and several EU members.

The Cayman Islands and India signed a Tax Information Exchange Agreement (TIEA) on 21 March 2011. This was the 22nd TIEA signed by the Cayman Island and the 5th for India. However, the strong privacy laws of the Island overwhelm any bilateral agreement.

For one, the conditions imposed on the authority making the enquiry are very difficult to fulfil. It has to give details of the tax structure they are investigating, where it is, who runs it in that place, and what precise information is wanted. In other words, they do not oblige if just a letter asking for bank statements related to an entity is sent.

And when it comes to the crunch, tax havens fight tooth and nail to defend their clients. The best example of this is the recent case of UBS, the biggest of Swiss banks, locking horns with the US government. In July 2008, after months of intense pressure, a UBS official admitted to the US Senate's Permanent Subcommittee on Investigations that it held $18 billion in secret accounts of 18,000 US citizens. Senator Levin, chairman of the subcommittee said, "tax evasion and offshore tax abuses that are burning a $100 billion hole through the U.S. budget."

After decades of protracted negotiation, legal action and considerable political pressure, UBS eventually struck a deal with the US government, agreed to pay $780 million as penalty for conspiring with tax cheats and promised not to open any more accounts without informing the US and to disclose the identities of 4,550 US clients and close the chapter. But India is not US.

A Continuing Challenge

The solution perhaps lies in greater disclosure of information in public domain and liberal exchange of information. But either is not foreseen in near future. If the TIEA was expected to offer a handle to Indian Tax Authorities to lay hands on the information about the ill-gotten moneys stashed here, it is yet only a consolation in theory and a notional comfort. To extract information from the Cayman government is a formidable challenge.

It requires a political persuasion that in effect means enforcing a diplomatic coercion. The political will and the international political clout needed in its pursuit is enormous because the resistance outside and from within will be strong and uninhibited. And when the rich and mighty including even law makers, seem to gain from the infirmities and loopholes of the law, the challenge is practically impossible to surmount.

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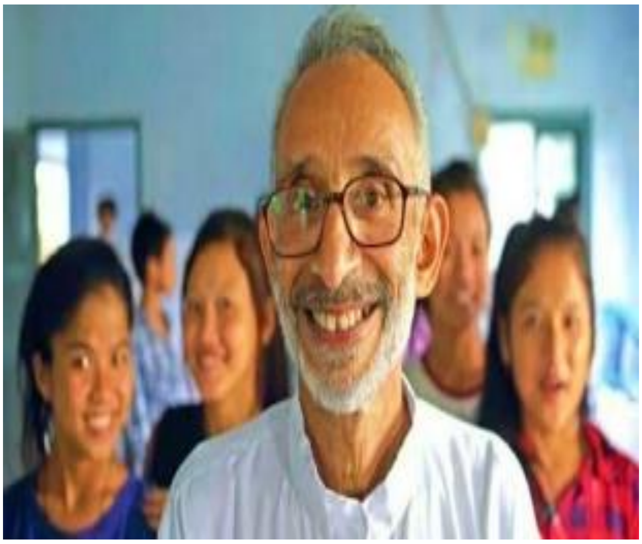

A Keralite who Quit His Government Job To Provide Affordable Education To Children In Arunachal Pradesh.

Sathyanarayan Mundayoor also known as Uncle Moosa, Uncle Sir is an educationist and social activist from India. Mundayoor was born at Arangodukara Mundayoor Mana in Thrissur district of Kerala. After his education he came to Mumbai for work. In 1979, he left his job as a Revenue Officer in Mumbai and came to Lohit in Arunachal Pradesh. He was keen to build up reading habits among children. In the beginning, he would carry books in trunks using tattered state transport buses to reach the remote areas where tribal families live. Satyanarayanan has been working in Arunachal Pradesh for the last forty years. He received India's fourth highest civilian honor Padma Shri in 2020 for spreading education in Arunachal Pradesh.

Satyanarayan Mundayoor or Uncle Moosa – how children call him – has spent more than 32 years in the Northeast India helming the affordable education to all and reading movements.

In 2007, in collaboration with the Association of Writers and Illustrators for Children (AWIC) and the Vivekananda Trust, a gift of children's' books and magazines became the first library as part of the Lohit Youth Library Movement in the government town of Tezu. That was the first step.

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So far, Uncle Moosa has established 13 bamboosa libraries in remote areas like Wakro, Chongkham, Lathaw and Anjaw. These libraries are vast and boast of more than 10,000 books raging from the works of Roald Dahl and Ruskin Bond to Amar Chitra Katha. These libraries turn into a hub of activities that include story-telling, quizzes, booking readings, and enactments.

He started a home library movement entrusting book to volunteers who in turn distribute books to children.

Uncle Moosa has also written a children's book in Malayalam on folk heritage of Arunachal Pradesh.

Uncle Moosa's extraordinary efforts in reforming education in the northeast were recognised by the government and he has now been conferred with a Padma Shri Award, the fourth highest civilian honour. Apart from Padma Shri, Uncle Moosa has also been honoured by following awards:

- Arunachal Governor's Silver Medal for meritorious services to the youth
- He was featured in the 'Amazing Indians' series in the Times Now TV in 2012
- He was included in the 'Civil Society Hall of Fame' in 2016
- In 2022, he received 25th Mahaveer Awards presented by Bhagwan Mahaveer Foundation, Chennai.

With his passion for providing reading books to children in far flung areas of Arunachal Pradesh, Satyanarayan Mundayoor alias Uncle Moosa though from Kerala has done a thing which is unique. His work reflects true nature of selfless service by any human being for the betterment of society.

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