



NOVEMBER 2022

UNITED SERVICE INSTITUTION OF INDIA
CENTRE FOR STRATEGIC STUDIES AND SIMULATION
(CS3), USI

SOUTH ASIA MONITOR



EDITORS
DR MADHUKAR SHYAM
SWAYAMSIDDHA SAMAL

NOTE FROM HEAD CS3

Dear All,

Political instability grips South Asia as countries like Afghanistan, Sri Lanka, and Pakistan grapple with volatile socio-political realities in their domain.

For this edition of the monitor, we present to you an analysis of encroachment by China on Nepalese territory. It is then followed by news, which consists of remarks made by the Sri Lankan President on the country's economy, Ambassador Pankaj Saran's warning call to Bangladesh, Pakistan's new pick of an Army Chief and the outcomes of a meeting on CEPA between India and Bangladesh. Hope you enjoy this edition of the monitor. Happy reading!

Maj Gen RPS Bhadauria, VSM (Retd)
Head, Centre for Strategic Studies and Simulation (CS3)
The United Service Institution of India

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NEIGHBOURHOOD WATCH

Analysis

China encroaches on Nepali territory

(Abridged from an article originally appeared in ANI titled China encroaches on 36 hectares of Nepal's land at 10 places on the northern border)

China has invaded 36 hectares of Nepali territory along its northern border in 10 different locations as a result of its salami-slicing technique. The Ministry of Agriculture's survey report claims that at 10 locations along the northern border, China has encroached on 36 hectares of Nepali territory. Like this, research carried out by the Ministry of Home Affairs concluded that border concerns needed to be addressed under Nepal's "state policy," according to Meta Khabar.

The extent of the issue, however, is probably unknown to both the international community and the people of Nepal. Nepal has not reacted to China's People's Liberation Army (PLA) building an animal husbandry veterinary centre there in 2016.

The UK-based media said in February 2022 that China has accused Nepal of infringing on shared borders. The journal claims that China has begun making plans to construct roads and canals near the border post in Nepal's far western Humla district based on official papers. According to Media Dabali, China was also charged with "surveillance actions in the Lalungzong border area, the Chinese border close to Nepal."

Recent investigations have revealed that in addition to China's ban on "Hindu and Buddhist temples" in the border region, Nepalese farmers are also subject to limitations on where they may pasture their animals. According to Meta Khabar, the extent of Chinese encroachment is such that more than seven of Nepal's fifteen bordering districts, including Dolakha, Gorkha, Darchula, Humla, Sindhupalchok, Sankhuwasa, and Rasuwa, are experiencing Chinese land invasion. Darchula and Gorkha villages have also been occupied by China; the most recent example is Rui village. On the distant Humla district boundary, China also erected eleven structures

in September 2020. This district's pillars had been discovered to have been transported and destroyed by China.¹

The Kathmandu Post reports that in the final week of September 2021, the Home Minister received a report from the research group, which was chaired by Joint Secretary Jayanarayan Acharas. While the government has made strategic recommendations that the border dispute is included in state policy, find an early resolution - long and short, and study China-built structures and roads inside Nepali land, the study has made some recommendations of a strategic nature related to the status of the border pillar.

This is not the first instance of Chinese involvement and encroachment on Nepali territory. The PLA "entered [an] unprotected territory and constructed a veterinary centre" in 2009. The Ministry of Agriculture reportedly published a survey report in 2017 that "shows that China has encroached 36 hectares of Nepal in 10 spots along the northern border," according to the Himalayan Times. The same report from 2016 said that China has constructed several structures in Nepal. A 2020 British media investigation discovered that China has taken over 150 hectares of Nepalese land in five different districts, including Humla.

Chakka Bahadur Lama, an MP for Humla, voiced alarm over the observation by pointing out that the "11 columns" is missing. In protest of the unauthorised building of 9-11 homes in Nepal's Humla district, there was a demonstration in front of the Chinese Embassy in Kathmandu in September 2020.

The prevailing consensus is that Nepal maintains its diplomatic quiet despite the report's claim that the Ministry of Foreign Affairs of Nepal has brought up the matter of encroachment with the Chinese. According to Media Dabali, the leadership of the Nepali Congress (the present administration led by Prime Minister Sher Bahadur Deuba), as well as the Chinese Friendly Communist Party in Nepal, have both consistently maintained this quiet.

¹ <https://www.ndtv.com/world-news/china-encroaches-on-36-hectares-of-nepals-land-at-10-places-report-3548168>

The parliament will be sidelined by the government of Nepal's silence on this issue, and it will be challenging to persuade the populace that the northern border of the nation is secure. Furthermore, repressing China's criticism only serves to support Nepal's northern neighbour's expansionist intentions. By spreading the myth that Nepal has no territorial disputes with China and solely with India, China has argued that Nepal's geographic integrity has been violated, according to Meta Khabar. According to Media Dabali, China's invasion of Nepal "fits into a larger pattern of Chinese aggression into neighbouring Bhutan and Indian territories." China's border actions endanger Nepal's northern border as a result.²

² <https://www.aninews.in/news/world/asia/china-encroaches-on-36-hectares-of-nepals-land-at-10-places-on-northern-border20221124011200/>

News

Pay Higher Taxes or Return to Queue Era: Sri Lankan President

According to Sri Lankan President Ranil Wickremesinghe, the International Monetary Fund (IMF) has demanded that the government of Sri Lanka significantly increase tax revenue as a percentage of its Gross Domestic Product (GDP), warning that failure to comply would result in a return to the infamous era of queues seen during the first half of this year.

The target has been set at 14.5–15% of GDP in terms of tax collection by 2026. IMF support won't be given to Sri Lanka if it leaves its commitment. International financial institutions including the World Bank, Asian Development Bank, and the nations that have provided financial help won't provide their assistance without IMF approval. If that occurs, the nation will return to the time of lines, he stated in a special statement about the most recent tax reforms implemented by the government. The government agreed to the IMF's recommendation for a surplus in Sri Lanka's preliminary budget since the country needs its assistance, and as a result, it was determined to raise tax income from 8.5% of GDP to 14.5% of GDP by 2026.

"At first, a choice had to be taken on how to raise the income. The decline in revenue led to the printing of money. The printing of Rs 2,300 billion (Rs 2.3 trillion) during the previous two years has caused inflation to increase to 70–75%, and even more when it comes to food inflation. Controlling these rises while assuring income. Therefore, during the discussions with the IMF, a new tax system has been proposed." President Wickremesinghe provided an explanation for the increase in direct taxes, stating that the IMF desired a change to the personal tax structure because direct taxes only accounted for 20% of Sri Lanka's tax revenue and that efforts to persuade the IMF to accept the tax relief threshold of Rs 200,000 were unsuccessful.

He said that the IMF Extended Fund Facility (EFF) plan, which had been engaged into during the Yahapalana Government's time when Sri Lanka's income was between 14.5 and 15% of GDP, was derailed by the tax cuts implemented by the Gotabaya Rajapaksa Government in late 2019. He said that the IMF Extended Fund Facility (EFF) plan, which had been engaged into during the Yahapalana Government's time when Sri Lanka's income was between 14.5 and 15% of GDP, was derailed by the tax cuts implemented by the Gotabaya Rajapaksa Government in late 2019. However, the nation's taxes were significantly cut in November 2019, and government revenue fell to 8.5%. The IMF announced that it was unable to give the agreed-upon assistance in this situation, setting aside the accords. The government lost around Rs 600–700 billion in income that year. The nation had to deal with the Covid-19 outbreak at the same time. According to him, these problems were the primary causes of Sri Lanka's economy's downfall. The President stated that harsher circumstances would eventually have to be confronted, that these decisions are being made grudgingly rather than voluntarily, and that they will be frequently reviewed.³

Pak PM picks Asim Munir as next Army Chief

Lt. Gen. Asim Munir was selected by Pakistani Prime Minister Shehbaz Sharif on November 24 to replace General Qamar Javed Bajwa as the new Army head, putting an end to the uncertainty surrounding the crucial appointment. The Joint Chiefs of Staff Committee has chosen Lt. Gen. Sahir Shamshad Mirza to serve in that capacity (CJCSC). Additionally, both commanders received promotions to four-star generals. After the appointments, Defense Minister Khawaja Asif told the media that President Arif Alvi had received the "advice," adding that all had been resolved in accordance with the law and the Constitution.⁴

“Bangladesh does not want to cross India’s Redlines on Chinese Port Projects, Weapons, Finances” - Ambassador Pankaj Saran

³ <https://stratnewsglobal.com/neighbours/sri-lanka/pay-higher-taxes-or-return-to-queue-era-sri-lankan-president/>

⁴ <https://www.thehindu.com/news/international/pakistan-pm-picks-lt-gen-asim-munir-as-new-army-chief/article66177589.ece>

China has been taking a confrontational approach against all our neighbours, especially those who are close to us, Ambassador Pankaj Saran has said. Sometimes it is fairly clear that the money being poured in isn't only for business, industry, or development, but rather is plainly for dual-use applications. For us, this is a source of concern. We do not desire a scenario in which China utilises or takes advantage of the weaknesses of smaller neighbours or nations to further its objectives in relation to India.

We have been in contact with Bangladesh to let them know that everything about their development plans and economic expansion is exceptional. But when we come across programmes, projects, or other activities that, in our perspective, are excessive, we have a problem. Additionally, there is a clear indication of dual-use purpose. It is unhealthy to invest in port infrastructure, military equipment for the Bangladeshi armed forces, financial resources that limit their ability to make independent judgements about their foreign policy, or that unduly rely on China. Sometimes it is obvious that they go beyond customary international trade and development cooperation.

The ex-Deputy NSA continues, "Bangladeshis claim to be responsive. They are aware of the Chinese behaviour pattern they are observing. Not just inside their own nation, but also throughout the rest of the subcontinent and the rest of the world. They are hence wary. When it comes to us, they don't want to go beyond certain bounds. However, they also contend that all of the interaction between them and China is purely business and consistent with development cooperation. There are so two sides. They are aware of our worries. Because Bangladesh is located inside India, geography is important."⁵

Meeting on Comprehensive Economic Partnership Agreement (CEPA) between India and Bangladesh

A discussion on the Comprehensive Economic Partnership Agreement (CEPA) between Prime Ministers Narendra Modi and Sheikh Hasina had the following key points, some of which were discussing steps towards economic integration that must

⁵ <https://stratnewsglobal.com/neighbours/bangladesh/bangladesh-doesnt-want-to-cross-indias-redlines-on-chinese-port-projects-weapons-finances/>

be moved forward relentlessly, the Teesta River sore spot, inland waterways and the construction of small ports, the \$500 million defence credit line “where there’s a lot India can offer including joint production and servicing of equipment”, and “doubts about China’s true intent”. Bangladesh has elections in the upcoming year which could mean issues could be raised on the Rohingya humanitarian and security issue between India and Bangladesh.⁶

About the Editors

Dr Madhukar Shyam is a Research Assistant at the Centre for Strategic Studies and Simulation (CS3) at the United Service Institution of India, New Delhi. His previously included being an Assistant Professor at the Dept. of Political Science, Delhi Colleges of Arts and Commerce, University of Delhi. He finished his M.Phil. and PhD. from the Centre for East Asian Studies at the School of International Studies, at Jawaharlal Nehru University. His M.Phil. is on ‘Middle Kingdom and New Confucianism in Chinese Foreign Policy; 1989-2016’ and PhD is on ‘Intellectual Property Rights in China: A Case Study of Copyright; 2001 to 2018’. He writes on International Politics, China’s Foreign Policy, and its Economic policy for different journals.

Swayamsiddha Samal is a Research Assistant at the Centre for Strategic Studies and Simulation (CS3) at the United Service Institution of India. (USI). She holds a Bachelor of Arts from Jawaharlal Nehru University in Mandarin language and a Master of Arts from Pondicherry University in Politics and International Relations. Her M.A. dissertation was on ‘Chinese ties with three African states: Kenya, Somalia, and Djibouti’. She has previously interned at the Takshashila Institution and published in various news outlets. Her research interests are Chinese politics, specifically the Chinese Communist Party, China’s foreign policy, and its role in the Indo-Pacific region.

⁶ <https://stratnewsglobal.com/neighbours/bangladesh/bangladesh-doesnt-want-to-cross-indias-redlines-on-chinese-port-projects-weapons-finances/>

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**Rao Tularam Marg, Opposite Signals Enclave, Anuj Vihar, Vasant Vihar, New
Delhi, Delhi 110057**



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