

Received on 04.05.2016
Accepted on 30.05.2016

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The Bottom-Up Approach to Regional Integration in South Asia

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Abstract

Regional integration has become a widespread practice after the end of World War II. The intensification of globalization in 1990s and end of cold war imparted fresh momentum to regional integration. The European Union is the most successful example of regional integration. However, the integration theories like Neo-functionalism and Liberal Intergovernmentalism and others, based exclusively on European experience are inadequate to throw light on integration process in other regions like South Asia. In spite of institutionalized efforts in the form of establishment of South Asian Association for Regional Cooperation (SAARC) in 1985, South Asia continues to be the least integrated region of the world. The fundamental reason for its failure is the lack of background consensus among regional actors on the core issues of peace and development. In comparison, European integration was driven by this consensus, brought about by the devastation of the World War II. This calls for an alternative approach for regional integration in South Asia. This may be termed as Bottom-Up Approach, which aims at adopting those strategies and practices like bilateral and sub-regional cooperative mechanisms, which may create and sustain the background consensus, a prerequisite for initiating regional integration process.

Keywords: Integration Process; Background Consensus; Bottom-Up Approach; Saarc.

The marking of international regions symbolizes certain common attributes, which may experience changes and modifications over a period of time. The process of regional integration is just one of these changes. The process of regional integration as a noticeable tendency is a post-World War II phenomenon, which became more intensified and visible in the post-cold war globalized conditions. At present, the regional integration is increasingly regarded as a tool for reaping the benefits and countering the negative impacts of globalization (EU: 2016). The process of regional integration is essentially a collective and collaborative attempt to move on the path of regional prosperity, peace and progress. For external world, it is a collective approach to progress and development in the competitive global environment. The Europe, Latin

America, North America, Africa, West Asia, Central Asia, South-East Asia and South Asia are prominent regions of contemporary world. Initiatives for regional integration in these regions have been institutionalized, but the success and effectiveness of these initiatives is not uniform and leaves much scope for speculation. For example, notwithstanding the ongoing debate on the viability of the European Union, it is considered the most successful example of regional integration, followed by the ASEAN. Other initiatives of regional integration are placed at different points on the scales of success. Why it is so? This paper is based on the assumption that each region has its unique characteristics as well as its distinct patterns of interaction with external world, which collectively undermine or promote the process of regional integration. The paper is an attempt to

examine the status of regional integration in South Asia or rather its failure within the available theoretical frameworks and outline an alternative approach for such integration in South Asia. Accordingly, the paper is divided into three parts: Part-I attempts to understand the process of integration in South Asia and identifies the core factors for its failures. Part-II examines the available theoretical approaches to regional integration and suggests an alternative approach (Bottom-Up Approach) to regional integration in South Asia. Part-III outlines the policy implications of Bottom-Up Approach with respect to South Asian conditions.

PART-I

South Asia consists of eight members of South Asian Association of Regional Cooperation (SAARC): Afghanistan, Pakistan, Nepal, Bhutan, Bangladesh, Sri Lanka, Maldives and India. The thirty years of experience of regional integration in South Asia in the form of SAARC amply demonstrates huge failures amidst patches of success stories. It has remained far away from its final goal of regional economic integration as well as fast socio-economic development. There have been many serious academic attempts to analyze the causes of failures and put forth suggestions to remove its weaknesses. The policy makers in South Asian capital have struggled hard to overhaul its structures and operations, but final story remains the same e.g. South Asia is the least integrated region in the world. A World Bank study (World Bank: 2006) remarks, 'South Asia is the least integrated region in the world, where integration is measured by intraregional trade in goods, capital, and ideas. Intraregional trade as a share of total trade is the lowest for South Asia. There is little cross-border investment within South Asia. The flow of ideas, crudely measured by the cross-border movement of people, or the number of telephone calls, or the purchase of technology and royalty payments, are all low for South Asia. In South Asia, only seven percent of international telephone calls are regional, compared to 71 percent for East Asia. Poor connectivity, cross-border conflicts, and concerns about security, have all contributed to South Asia being the least integrated region in the world.' Even the success stories of regional economic integration achieved by European Union or the ASEAN have failed to inspire national actors in South Asia. If a given course of action fails to achieve the stated objectives, fresh ideas or new alternatives may be given a chance to be considered and put into practice. Thus, now is the time to think of some other alternative route to reach the goal of integration and

prosperity in South Asia.

SAARC's Mandate: Before we move for any new vision of integration in South Asia, it appears imperative to review the mandate, mechanism, achievements and failures of SARRC and the reasons for the same. The idea of SAARC was given by Zia-ur Rehman, the then President of Bangladesh, which received currency in early 1980s and came into existence as SAARC in 1985. A heterogeneous group of seven South Asian countries-India, Bangladesh, Nepal, Sri Lanka, Bhutan, Pakistan, and Maldives-joined this association. Afghanistan was admitted in SAARC in 2007, which gives valuable link between South Asia and Central Asia. The formation of SAARC evoked two contradictory perceptions, which are still in currency. First, SAARC was viewed as the mechanism to counterbalance the Indian hegemony in the region. Second, the success of SAARC was viewed as giving another opportunity to India to consolidate her dominance in the region. These contradictory perceptions, as illustrated below, have undermined the growth and performance of SAARC for last 29 years.

The SAARC Charter adopted in Dhaka in its First Summit in Dec 1985 provides for its principles and objectives. Among its main principles are: faith in sovereign equality and territorial equality of nations; keeping away from political, bilateral and controversial issues; non-interference in the internal affairs of member states and taking all its decisions by consensus of all member states. The SAARC is mandated to achieve the objectives of promotion of welfare of people and their quality of life of South Asia; accelerating economic growth, social progress and cultural development in the region; to promote and strengthen collective self-reliance among the countries of South Asia; to promote active collaboration and mutual assistance in economic, social, cultural, technical and scientific fields; to strengthen cooperation with other developing countries; to cooperation in international and regional forums; and to cooperate with other regional and international organizations with similar objectives (SAARC Charter: 1985).

Patchy Success Amidst grand Failures: With the framework of above principles the SAARC has struggled to fulfill its mandate. With eighteen summits in last 29 years, the focus of SAARC has gradually shifted from project based cooperation to trade liberalization (SAFTA) and finally to enhancing connectivity among member states. So far it has initially identified nine areas of cooperation; which were, time to time, extended to 16 areas: Agriculture and Rural development; Bio-technology; Culture;

Economic and Trade; Education; Energy; Environment; Finance; Funding Mechanism; Information Technology and Communication; People to People contacts; Poverty Alleviation; Science and Technology; Security aspects; Social development; and Tourism. Small to modest progress has been made in launching initiatives of cooperation and coordination in these areas.

However, the most visible initiative towards regional integration has been the South Asia Free Trade Agreement (SAFTA) which was signed in 2004 and became effective on 1 July 2006. For the purpose of implementation of SAFTA, member states are divided into two categories: Least Developed Countries and Non-Least Developed Countries. In brief, the Non-LDCs will reduce their tariff to 0-5 percent within seven years (Up to 2013), whereas same reduction will be done by LDCs within a period of 10 years (up to 2016). In total 226 goods are included in the SAFTA. The goods which are not included in this list are not subject to reductions in custom duty. The total cumulative exports under SAFTA framework has increased from \$ 6.9 million in July 2006 to US\$ 3 billion in June 2013. The intra-sub-regional trade among SAFTA members is rising slowly and steadily. South Asia's intra-sub-regional trade share, out of its total global trade, increased from 2.7 percent in 1990 to 4.3 percent in 2011. SAARC's share is still very low when compared with corresponding figures from other regions. The corresponding figures of intra-sub-regional trade for ASEAN and ASEAN+3 were 26 percent and 39 percent, respectively (Moinuddin: 2013).

In order to expand cooperation in trade and further deepen the integration of the regional economies, the **SAARC Agreement on Trade in Services** was signed at the Sixteenth SAARC Summit held in Thimphu in April 2010. The Agreement entered into force on 29 November 2012. Since the signing of the Agreement, the Expert Group on the SAARC Agreement on Trade in Services has been engaged in negotiating Schedules of Specific Commitments. The Schedules of Specific Commitments for liberalization of trade in services are in the process of finalization. A **Study on Development of an Institutional Framework for Data Collection on Trade in Services** has been conducted by SAARC with the financial and technical assistance of Asian Development Bank (ADB).

The status note, prepared by SAARC Secretariat in May 2014 on the economic and financial cooperation (SAARC: 2014) claims that significant progress has been made in the areas such as South Asian Free Trade Area (SAFTA), SAARC Agreement

on Trade in Services, trade facilitation measures harmonization of customs procedures, harmonization of standards, elimination of non-tariff and para-tariff barriers to trade, increasing cooperation in the field of finance and planned pursuit of South Asian Economic Union (SAEU). The SAARC Leaders have been emphasizing the importance of enhancing financial and economic cooperation for regional integration. Several mechanisms under trade and economic cooperation have been established to push the process of moving from SAFTA to South Asian Economic Union. Some other notable achievements are: the Regional Convention on Suppression of Terrorism; SAARC Agriculture Information Centre at Dhaka; SAARC Audio Visual Exchange programme (SAVE); adoption of Social Charter to set targets for eradication of poverty, population stabilization and human resource development; establishment of SAARC Development Fund, Food Bank, the Arbitration Council, and the Regional Standards Organizations, establishment of SAARC University at Delhi and so on. Besides the above cooperative mechanisms and processes, the mere existence of SAARC as a regional organization of South Asia has provided and continues to provide an essential platform for taking initiatives of regional cooperation as well as consolidating nascent South Asian identity, which may lay down a solid foundation for regional integration.

Amidst modest success, the failures of SAARC are more pronounced and the balance sheet is not in its favour. Still the intra-regional trade and investment remains low, bilateral as well as cross-national conflicts continue to persist; interdependence and connectivity among regional actors remains off the mark; consensus among the members of SAARC on the core issues of regional integration remains elusive; and the involvement of and interference by external actors continues to grow. In brief, all elements of regional integration are either missing or are very weak. SAARC's failures or lack of success become glaring in face of rapid success achieved by other regional organizations like European Union and ASEAN. Regional integration still remains a distant dream in South Asia. Reasons for this dismal state of affairs are not far to seek. Primarily, there are three kinds of impediments in the way of success of SAARC: **Political Impediments** such as perception about India as big brother by her small neighbours, domestic conflicts as in Tamil issue in Sri Lanka, fundamentalism Vs secularism in Bangladesh or painful democratic transition in Nepal, bilateral disputes as between India and Pakistan; **Economic Impediments** such as differential development levels

and glaring economic inequalities in the region in areas of trade, manufacture and services, low level of intra-regional trade among the SAARC countries as a percentage (four percent) of global trade, restrictive trade policies of the SAARC countries, dominance of foreign capital, competitive behaviour of economies, communication gap and lack of monetary cooperation and; **External Impediments** such as involvement of China as counterweight to India or at present involvement of the US and other western countries due to their strategic interests (Chowdhury: 2001).

Noted political Scientist Samuel Huntington, in his famous book, 'Clash of Civilizations', termed SAARC as a failure on the ground of prevailing cultural and ethnic diversities among the societies comprising South Asia. He argued that SAARC has been a failure because unlike the countries belonging to organizations like EU, the SAARC countries have wide cultural, ethnic and religious diversities. India and Pakistan are enemies of each other. South Asia consists of two cultures; Hindu and Muslim (Shaheen: 2013). The ongoing process of globalization has, if anything, accentuated these diversities across societies and nations in South Asia. Weerakoon (2004) observes, 'Globalization has economic, political and cultural impacts, the effects of which, it is argued, may be particularly powerful in culturally heterogeneous societies, divide along the lines of identity, such as language, religion, ethnicity, caste and class. South Asia, with its complex economic and political history, with the world's largest concentration of poor people, and a high degree of political volatility is particularly vulnerable to charges of inequities of globalization.' Even, the much acclaimed SAFTA has not been able to bring momentum of regional economic integration due to its inherent features as well as outward looking nature of leading regional economies. Sikri (2009) finds SAFTA as a 'wholly inadequate framework for trade liberalization within South Asia, because of very low range of tariff cuts, long periods of tariff reductions and higher number of goods on the 'negative list'.

Lack of Consensus on Core Issues

One may argue that other regional organizations like EU or ASEAN have also face similar challenges and differences on the way of their progress. ASEAN, supported by the US and her Western allies, was established in 1967 as a counter balance to rising communism in the region. The region became a chessboard for cold war politics with active inference by China also. Vietnam and Cambodia also suffered

political conflict and instability during cold war era. Consequently, ASEAN could not achieve any visible progress towards regional integration or effective cooperation among member states till the end of cold war. However, by the end of end of cold war, regional actors were able to strengthen consensus on the core issue of peace and development, which formed the basis for the ongoing march of ASEAN in the post-cold war era. As far as European Union is concerned, the devastation caused by the World War II convinced the European countries about linkage between peace and development in the region. By the end of cold war the consensus on the core issues involved in the regional integration was further strengthened and gradually the European Union emerged as the most successful example of regional integration in the post-cold war period.

Thus, the consensus among regional actors on the core issue of regional peace and development is an essential pre-condition for the success of any initiative of regional cooperation. It is in this field that SAARC members suffer not only from the lack of consensus on core issues of regional peace and development but also from abysmal trust deficit, which undermines the emergence of such consensus in future also. Cold war era or the post-cold war era, lack of consensus has become immune to recovery. The major regional actors particularly India and Pakistan have divergent rather contradictory views on the regional peace and security as well as patterns of socio-economic development. This situation gives rise to the possibility of interference by and involvement of extra-regional issues, which accentuate differences among members of SAARC. Consequently, balancing India in South Asia has become a favorite pass time of many regional and extra-regional actors like China, undermining the any chances of consensus building in South Asia. Additionally, the externally oriented political and economic linkages of SAARC members create a background, which acts as initial hurdle in the process of integration in South Asia. Here lies the genesis of SAARC's stark failures and its real challenge is to find the alternatives to overcome trust and consensus deficit. Without this consensus, the impediments in the way of SAARC may not be overcome.

PART-II

Theoretical Approaches to Regional Integration

A noticeable feature of regional integration theories is that they did not precede the process of integration to explain its intricacies, desirability and viability or

its other aspects, rather they followed this process in order to explain it. Since Europe was the first region in the world to experiment with the process of regional integration in the early 1950s, the early theoretical interventions were also directed to understand and analyze the integration process in Europe. Peace and development were the two great casualties in Europe during the World War II. Both victor and vanquished were reduced to the same level of impoverishment due to huge loss of human and material resources and destruction of social and economic infrastructure. Intra-European conflicts caused this devastation. Europe was destroyed by Europe. The end of War led to the emergence of two superpowers, reducing mainland Europe to the secondary position in the global power structure. Europe was relived not only from the seat of global power centre also from the worries and responsibilities associated with such power centre. It was in this **background** that European leaders and people could realize the necessity and relevance of regional cooperation and integration in Europe. The realization led to the emergence and spread of a broad consensus in favour of integration. The result was the modest beginning of integration process in Europe in early 1950s. The European Coal and Steel Community (ECSC) was established in 1952 under treaty of Paris by six European countries-Belgium, France, Italy, Luxembourg, the Netherlands and West Germany; followed by establishment of European Atomic Energy Community (Eurotom) and European Economic Community (EEC) in 1957 under the Treaty of Rome. The Merger Treaty of 1967 provided for the merger of three distinct communities under the EEC. In the post-cold war conditions of globalization, need for restructuring was felt. Accordingly, European Union, with wider jurisdiction, replaced the EEC under the Maastricht Treaty in 1993. As the rationale of European integration received gradual acceptance, its membership increased from original six to present 28.

All theories of regional integration are based on the European integration experience. Wiener, A and Diez, T. (2009) classify these theories into three broad categories on the basis of their explanatory focus:

1. Theories 'Explaining integration' like Federalism, Neo-Functionalism, and Liberal Inter-governmentalism;
2. Theories 'Analyzing governance' like New Institutionalism, Multi-level Governance, and Social Constructivism; and
3. Theories 'Constructing the EU' like Discursive Approaches, and Gender Perspectives.

The theories of first category explain 'how' the process of takes place and moves ahead. This is the first stage of in the integration process. The theories of second category explain and suggest 'how' the institutions of integration are to be managed. This is the second stage of regional integration. The theories of third category explain 'how' the framework of integration is to be improved with the incorporation of new tendencies and stakeholders. This is the third and final stage of integration process. Since the regional integration process in South Asia is still struggling to resolve the issues in the first stage of integration process, the theories of first category, particularly **Neo-Functionalism, and Liberal Intergovernmentalism** need further elaboration for the purpose of our present discussion.

The formulations of Neo-Functionalism and Liberal Intergovernmentalism represent two distinct phases of integration process in Europe: the former representing initial phase marked by high consensus among members in favour of integration in 1950s, while the latter representing internal dissensions phase marked by 'empty chair' politics of France in mid 1960s. The theory of Neo-functionalism was developed by Earnst Haas (1958) and further elaborated by Lindberg (1963) is based on the early experience of the European integration, particularly the strategy and practice followed by its founders like Jean Monnet. Monnet's approach was characterized by focus on cooperation in individual sectors with hope for spillover effect to other sectors; mutual recognition by participants and piecemeal problem solving. He was convinced that an increased integration will lead to a more peaceful Europe. Accordingly, Neo-functionalists argue that the need for inter-state cooperation in one sector of economy will be articulated by domestic groups, which will generate spillover effect on other sectors. The importance of National government will gradually decline as new supranational mechanisms take shape. Haas defines regional integration as a process, whereby political actors in several distinct national setting are persuaded to shift their loyalties, expectations and political activities to a new centre, whose institutions process demand jurisdiction over the preexisting national states. Neo-functionalists identify three mechanisms as driving force for integration: 1. Positive Spillover-cooperation in one sector leading to demand and justification for cooperation in other sectors; 2. Transfer of Domestic Alliances- shifting of loyalty by domestic groups and association from national institutions towards supranational institutions in view of expected benefits from supranational mechanisms; 3. Technocratic Automaticity- the ability and capacity

of supranational institutions to lead and sponsor further integration, without external support. Neo-functionalism is criticized by scholars like Weiner and Diez, Elistrup-Sangiovanni, Hansen etc for being unsuitable to be applied to all regions and settings; ignoring the diverse domestic political development in member countries; and questioned validity of spillover in all condition (Ganeshlingam: 2012; Laursen: 2008).

The Liberal Intergovernmentalism emerged as a counter point to Neo-functionalism following the growing dissension among members European community in mid 1960s in view of their divergent national interests. It was formulated first by Stanley Hoffmann (1965) and subsequently further expanded by Moravcsik (1993). It argues that the integration should be viewed in the global context and that regional integration is a smaller part of the global system. The states and their decisions act as drivers of integration. Moravcsik (1993 and 1998) has present account of Liberal Intergovernmentalism to explain the process of Integration in Europe. His basic premise is that the fundamental decisions by member states, what he calls 'Grand Bargains', determine the origin, evolution and final outcome of regional integration process. His Grand Bargain framework includes three phases:

1. The First Stage-National Preference Formation, in which state actors decide about their participation in the integration process on the basis of either economic or geo-political interests.
2. The Second stage is Interstate Bargaining about the efficiency and distributional outcome of integration. This bargaining may be based on either of three factors: credible threats to veto, credible threat to exclusion, and issue linkages or packager deals.
3. The Third stage is Institutional Choice for integration process, in which state actors may opt for federalist mechanism, or centralized technocratic management, or credible commitment.

In nutshell, Moravcsik highlights the predominant role of state actors in all three phases of integration process.

The brief description of the salient features of two theories-Neo-functionalism and Liberal intergovernmentalism- about explanation of integration leads us to make following observation, relevant for analyzing integration in South Asia:

1. All theories of regional integration are based on European experience and have limited use in understanding integration process in other regions due to diversity in prevailing conditions.

While comparing background conditions of integration in Europe and Asia, Verbeke (2016) observes, 'Since 1945 Europe has been more ambitious than Asia in making explicit a political goal of building an ever-closer union among its peoples. European efforts stem directly from the sheer extent of material devastation and moral exhaustion brought by the two World Wars. This has led Europeans to accept a significant pooling of sovereignty over a whole range of political as well as economic issues. It is fair to say that Asia, at this stage, does not have the same political ambitions. This should make us even more cautious about drawing conclusions from Europe's experiences for Asia. In any case it would be naïve to think that lessons from one area can simply be transplanted to another area in any circumstances'.

2. Any theoretical formulation on regional integration, in order to be meaning full and complete is required to address the issues involved at three stages of integration process: **Background of integration**; beginning and evolution of integration process; and governance and improvement of integration process. If we measure the abovementioned theories of regional integration, we find that none of them has addressed the issues involved in the background of integration, which refers to 'why' and 'whether' of regional integration. In other words, the questions should be asked, why there should be regional integration at all? Or whether the prevailing background conditions are appropriate for regional integration or not? Without addressing these fundamental questions, if we attempt to analyze the process of integration, it is like measuring the strength of a building without the knowledge of its foundation. The theories based on the European integration missed this point because, following the upheaval of World War II, the consensus in favour of peace, development and cooperation in Europe was so strong and overwhelming, that this consensus was taken for granted and the next steps of integration process were identified for the theoretical analysis. But, this background consensus was not available in South Asia, when SAARC was superimposed as a formal structure of Cooperation and integration. Or this background consensus may not be available in other regions of the globe.

Background Consensus and Bottom-Up Approach

On the basis of our experience of regional

integration elsewhere as well as in South Asia, one may identify two approaches to regional integration. The First may be called '**the top down approach**' which is suitable for regional integration in those regions which have capital of the background consensus arrived at the regional level among regional actors on the core issues of peace and development. This background consensus may be the product of crisis or some other available conditions. Under this approach, the process of regional integration is initiated at the top level by regional actors collectively and it gradually percolates down to the lower levels of individual countries and societies. At the initial stage, at least, the political elites and leaders are convinced by the potential benefits of such integration. The regional integration process followed in Europe after the World War II and post-cold war period in South-East Asia follows the top down approach. This is the most dominant approach of regional integration in present context. The theories of integration listed above represent this approach. SAARC too followed this pattern but faltered gradually due lack of consensus among regional actors required for the success of this approach.

If there is deficit on the count of background consensus, alternative approach for integration may be attempted. Mere cosmetic changes will not succeed. Many scholars and institutional studies diagnosed the causes of SAARC's poor performance and suggested viable strategies for its success, but these efforts have gone in vain. For example, The World Bank (2011) has proposed a road map for South Asia to accelerate growth and faster human development with country specific strategies. It is aware of the regional imbalances in growth and development. It pleads for a general South Asian strategy, which has three general core elements: inclusive growth and creating quality jobs, responding to financial and food prices crises, and promoting regional integration. The World Bank has also identified certain common vulnerabilities in South Asia: natural disaster, access to water, and conflict and violence. The strategy appears sound but it does not prove effective on the ground due to lack of consensus among actors, which is precondition for its success under the top down approach.

What is the way out? The viable option is to follow Bottom-Up Approach to create and sustain background consensus in favour of cooperation and development. The idea of Background Consensus consists of three aspects: **1.** The nature of domestic political and economic processes and institutions of the regional actors; **2.** The intra-regional linkages

among regional actors; and **3.** Inter-regional linkages between the given region and other regions. A favourable response to these aspects helps in creating background consensus for integration and vice-versa. In fact the factors underlying prevailing conditions in South Asia attest to a negative background consensus: Domestic regimes ranging from democratic to sectarian and military regimes; very uneven size of economies and levels of development, historical factors leading to mistrust and intermittent hostilities; and external linkages, perpetuated since colonial times; and active involvement of external actors in the regional affairs (China and others) and so on. Like South Asia, every region has some specific background ingredients which either reinforce or undermine the process of regional integration. Underlying the critical significance of background consensus Cameron (2010) remarks, 'As the EU's experience demonstrates, historical reconciliation is a critical element in developing the necessary political will for cooperation and, ultimately, integration. The fundamental basis for the success of the EU is the historical reconciliation between France and Germany, achieved by years of sustained political effort from the leaders of both countries. In stark contrast, there has been no such effort in many other parts of the world where there are ambitions of regional integration. In East Asia, for example, there can be no integration without genuine reconciliation between Japan and China, and Japan and Korea. The East Asia experience is replicated elsewhere with unresolved problems and deep suspicions between, for example, Brazil and Argentina, India and Pakistan, and Saudi Arabia and its neighbours. Only after historical reconciliation can countries proceed gradually along the various steps required to create a regional community'.

Here comes the relevance for the second or alternative approach of regional integration, which may be termed as the **bottom-up approach** of regional integration. This approach addresses the issues involved in the foundational stage of integration. This approach appears relevant for the regions, which are beset by deficit of mutual trust and consensus as well as externally oriented linkages. Under this approach, the process of integration and mutual dependency starts at bilateral or sub-regional level and gradually moves up by demonstrating its potential for mutual benefit for the entire region. Under this process the consensus about the core issues of peace and development may emerge after the demonstrated benefits of regional integration at the lower level, e.g. bilateral or sub-regional level. In brief, the Bottom-Up Approach consists of all those strategies and processes, which aim at generating

background consensus on core issues of peace, development and integration among regional actors, so that the process of integration may be initiated and consolidated. It is not merely the initial creation of this consensus, but its continuous sustenance, which is prerequisite for continuous growth and effectiveness of integration process. For example, the renewed vigour for close integration generated in Europe in the wake of globalization has weakened in the face of financial crisis. The moral dilemma faced by European Union during refugee crisis in 2015 and ongoing debate on Brexit attest the weakening of this vigour. Others have important lessons to learn.

PART-III

Bottom-Up Approach: Policy Implications for South Asia

In view of the conditions prevailing in South Asia, the bottom-up approach appears a sound alternative for regional integration. India being the largest country of the region bears major responsibility and role under this approach. The sustainability of India's rising status and pre-eminent position is contingent on the peace, stability, development and regional integration in South Asia. India is the largest country in the region with 76 percent population and 73 percent land area of the region. She is the largest trading partner of as well as leading investor in many of the countries of the region like Nepal, Bhutan and Bangladesh. India is centrally located and is the only country in South Asia, which shares boundary with all other members of SAARC except Afghanistan. India is now recognized as one of the emerging economies of globe, as it has scored impressive economic growth rate of around 7 percent in last two decades. Thus, India due to her size, strategic location, economic and technological development is poised to play a larger role in the development as well as the economic integration of South Asia.

India needs to initiate, organize, facilitate and lead the process of integration in South Asia. In fact, India has been playing this role, but its efforts are scattered and not consistently followed because they are not weaved into a coherent approach. Some of the major policy implications of the bottom-up approach are listed below:

Principle and practice of Non-Reciprocity

It was first outlined in the Gujral doctrine announced in 1998. Under the Gujral doctrine, India

announced that it will not insist on the principle of reciprocity, while dealing with her neighbours. India will accommodate their valid interests with the spirit of mutual trust and good faith. Other four principles of this doctrine are: not to allow the use of their territory against the other countries of this region; refraining from interference in the internal affairs of other nations; respecting the territorial integrity and sovereignty of other countries; and resolution of disputes by peaceful means through bilateral negotiations. India now offers trade concessions to the Least Developed Countries of the region, namely Nepal, Bhutan and Afghanistan, These concessions may be extended to other countries of the region in due course.

Initiatives of Sub-regional Cooperation

In recent years, India has launched two sub-regional initiatives: First; BIMSTEC or Bay of Bengal Initiative for Multi-Sectoral Technological and Economic Cooperation in 1997. Initially it included five members-Thailand, India, Sri Lanka, Bangladesh and Myanmar. Later Nepal and Bhutan also joined this organization, raising its membership to seven nations. The membership of BIMSTEC is cross cutting with that of ASEAN and SAARC. Hence, it projected as a bridge between South Asia and South East Asia. It has identified thirteen areas of cooperation: Environment; Transport and Communications; Terrorism; Tourism; Fish production; Agriculture and Energy; Technological Cooperation; People to People contact; Poverty Alleviation; Cultural Cooperation; and Trade and Investment. Second sub-regional initiative is Mekong-Ganga Cooperation, which was established in 2000 by the six countries: India, Thailand, Vietnam, Laos, Cambodia and Myanmar. It has identified four areas for cooperation: Tourism, Culture, Education and Transport. At present, the focus of this organization is to develop rail and road connectivity among nation of this group so that cooperative ventures may be implemented among the members. India has taken lead role in implementing various road link projects as well as human resource development programme in this region. What India needs is to further strengthen these sub-regional initiative to demonstrates the beneficial impacts of regional integration and mutual cooperation. This will have positive impact on integration process in South Asia also.

Development Partnership with Neighbours

India has already launched development partnership with her neighbours like Nepal, Bhutan,

Bangladesh, Afghanistan and Maldives, which needs to be enhanced. India has considerable potential in training, skill development, telecommunication, education, which are essential for socio-economic development of the region. India has, since 2002, invested more than \$ 3 billion in various development projects in Afghanistan; announced \$ 1 billion development package for Bangladesh in 2011; and another \$1 billion development package for Nepal during Prime Minister Narendra Modi's visit in August 2014. This development partnership should take into account the specific needs of the target country.

Strengthening Connectivity and People to People Contact

It has been now realized by policy makers across south Asia that strengthening connectivity is the prior condition for the success of regional integration. The main theme of the SAARC Summit held in 2011 in Addu, Maldives was 'Building Bridges' or improving physical and digital connectivity across member states. To address the need of regional integration in the age of globalization, India announced a **New Neighbourhood Policy in 2005**, which laid emphasis on the following points (Saran: 2006):

1. India should not neglect her border areas as they are the connectors with our neighbours. The development of these outposts needs mindset change in India.
2. India should make major efforts to develop connectivity in the region to facilitate movement of goods and people. This is the most significant component of new policy.
3. India should encourage cultural contacts and people to people contact among countries of South Asia. There are very strong cultural affinities among the people of the subcontinent and by giving full play to these affinities, a sense of togetherness and shared identities may be enforced. This will help in greater understanding among members of SAARC as well as strengthening of regional identity. In all these efforts and strategisation, the key element should be understanding the neighbours, strengthening both the traditional and freshly emerging ties with them and making a much more concerted regional effort in consolidating a regional identity (Assignment Point: 2014).

These policy guideline needs to be pursued with sincerity and consistency. Improving connectivity will spur the process of greater cooperation and

interdependence among members of SAARC. A recent Report on regional integration in South Asia (Assignment Point: 2014) highlights the relevance of connectivity and linkages; 'If South Asia's trade is to be integrated then this will require the integration of the infrastructure of the region. This would point to cooperation in the areas of energy as well as the strengthening of transportation, transit and communication links across the region. This would further require harmonization of standards and simplification of customs procedures. Trade cooperation would point to monetary cooperation, thereby suggesting the need for greater coordination among Central Banks'.

Skillful use of Public Diplomacy

The emerging domain of public diplomacy gains foothold amidst the democratic upsurge in South Asia. Nepal is passing through democratic transition. Democratic process has already begun in Maldives and Bhutan in 2008. Afghanistan and Pakistan are moving reluctantly on democratic path. The consequence of this democratic upsurge is that multiple stakeholders will be involved in the formulation of domestic and external policies in nations of South Asia. India needs to employ its public diplomacy carefully not only to abate anti-India feelings as big brother but also to send the message that sharing of goal of regional integration also involves the sharing of resources required for the realization of this goal. It neither denotes the loss of sovereignty of smaller neighbours nor the dominance of a big country like India. India's big size and technological and economic strength should not be viewed as impediment but as a positive factor in regional development and integration in South Asia.

The above initiatives of India should be weaved together as a new strategy of regional integration in South Asia within the bottom-up approach. As the past performance of SAARC demonstrates, the top down model of regional integration is not relevant for regional integration in South Asia due to the abysmal lack of consensus among regional actors on the core issues of regional integration. Given the specific conditions and impediments to regional integration in South Asia, the bottom-up approach with India in lead role appears a viable alternative. The new central government of India led by Narendra Modi seems to have given priority to India's relations to her neighbours. The invitation of SAARC leaders to Prime Ministers oath ceremony on 26 May, 2014 and the visits of Indian Prime Minister after a long gap to Bhutan in June 2014 and to Nepal in August

2014 are pointer to changing focus on South Asia. But these high profile events without a coherent strategy and approach may not prove effective in the long run. Given India's strategic position in South Asia, she has the potential as well as the responsibility to play a greater role in building and sustaining momentum for regional integration in South Asia.

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