

# CENTRE FOR JOINT WARFARE STUDIES



SYNODOS PAPER

I VOL - XIII NO-14 / SEP 2019

## GEO-STRATEGIC AND GEO-ECONOMICS OF ISLAND DEVELOPMENT



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### INTRODUCTION

The 1382 offshore-identified islands of India hold immense unexploited potential for fostering growth and achieving cohesive socio-economic development of the region in particular and also, the nation as a whole. They have immense Geo- Strategic importance and can also significantly contribute to the GDP by leveraging the gains from promoting infrastructure and tourism on a large scale. Considering this, Island Development Agency (IDA) was set up in June 2017 following Prime Minister's review meeting for the

holistic development of islands. The meetings of the agency are chaired by the Union Home Minister. Members of IDA include cabinet secretary, the home secretary, secretary (environment, forests and climate change), secretary (tourism) and secretary (tribal welfare).

For decades, India has debated the costs and benefits of developing the islands and its utility. The financial costs are significantly high with serious environmental constraints. The presence of indigenous tribes and concerns for their welfare has been a key factor challenging island



development. However, the security environment in India's maritime domain has changed drastically. After years of neglect, the government is finally making a push to develop their islands. The need to develop these islands, their strategic importance, and their potential as a tourism hotspot has long been known and argued for. Despite various attempts previously to undertake feasibility studies and develop the islands, not much materialize.

### **IMPORTANCE OF ISLAND DEVELOPMENT**

#### **Maritime Strategic Importance.**

Andaman and Nicobar Islands in the eastern Indian Ocean are located near the Straits of Malacca. These islands allow Indian navy to cover the key waterway facilitating trade between East and Southeast Asian countries with Europe, Africa, and the Middle East. As the main entry point into the Indian Ocean from the western Pacific, these islands could provide India with unparalleled advantages as Beijing expands its presence in the Indian Ocean. The Andaman and Nicobar Islands offer India advantages vis-à-vis South-East Asia and well into the Indo-Pacific, as part of its Act East policy and naval diplomacy ventures.

Lakshadweep offers almost the same package for India's naval diplomacy efforts in the western

Indian Ocean region. Lakshadweep could also offer a secondary base for maritime co-operation with Mauritius, the Seychelles and the Maldives. It is a matter of record that during the Cold War, prior to the Southern Naval Command being established in Kochi, India planned to base a fleet in either the Maldives or Lakshadweep. Although that endeavor did not materialize, because India was preoccupied with its coastal security rather than power projection, its thinking has changed over the past decade or so. India's maritime attention is predominately oriented towards the eastern Indian Ocean and the western Pacific Ocean. Lakshadweep, along with the Karwar naval base, will be used for the concept of Command of the Sea in the western Indian Ocean, without requiring major changes to the Indian Navy's command structure.

Given the strategic location of Andaman & Nicobar (A&N Islands) and the Lakshadweep Islands and China's assertive expansionist policy in the Indian Ocean Region (IOR) there is a need to develop critical infrastructure and upgrade the military base in these regions. India's only tri-service command is established at the A&N Islands at the entrance of the Malacca Strait, the 2.8 km long -world's most congested choke point, and the primary route for Chinese oil supply. Illicit activities such as Piracy

and territorial violations can be curbed if the Islands such as Lakshadweep are strategically developed. To start with, as a part of its maritime strategy, India has plans to convert the present naval outpost in Lakshadweep into a fully-fledged operational base, able to project power and provide sea denial and command of the sea capabilities, especially in relation to Pakistan. Andaman & Nicobar Islands is center-point for the development of Quad Group's maritime agenda in the Indo-Pacific Region.

**Energy Potential.** The Islands host an unexplored Exclusive Economic Zone (EEZ) with clearly demarcated boundaries that can be capitalized on in numerous ways. The varied ecosystem can be exploited for its medicinal plants and exotic plant species, sustainable agriculture and horticulture practices conducive to the agro-climatic conditions of the regions can be propagated. The IOR is home to large-scale hydrocarbon which can be explored. Recently India's exclusive rights to explore polymetallic nodules from seabed in Central Indian Ocean Basin (CIOB) have been extended by five years. This can boost India's hunt for alternate renewable energy resources so as to meet the energy needs of the nation.

**Economic Importance.** Fisheries, the main occupation of the larger population of these regions, can be given a thrust so as to develop

modernized and sustainable inland fisheries and aquaculture ecosystem integrated with the 'Blue Economy' vision. Most importantly, the Islands can be developed as prime Tourist Hotspots for not just the country, but also internationally. The pristine beaches, coupled with rich tropical vegetation, can be turned into a more economical and attractive alternative to conventional destinations such as Bali and Maldives. This help in creating many forward and backward linkages and boost the economy of the regions to a large extent.

**Trade and Regional Connectivity.** Indian Ocean Region handles most of the sea trade in the world. The shallow coastline of mainland India has severe impact on trade capacity. Deep water ports can be developed on these Islands thereby paving way for creation of additional service and refueling stations. Greater connectivity of these islands with South East Asia can be harnessed for India's Act East Policy.

**International Cooperation.** The 2016 Indo-Japan Joint Statement on Bilateral Cooperation envisioned to develop "Smart Islands" on the line of the 'Smart Cities' project. Japanese capital and expertise can be both pioneering as well as beneficial to this endeavor. The development of the Reunion Islands by France can be a guiding example and also opens up the opportunity for prospective collaboration with Paris in



implementation of such projects. The positive response by OECD countries in taking on 'Smart Cities' projects further demands similar international cooperation.

### **RENEWED FOCUS ON MILITARY INFRASTRUCTURE IN INDIA'S ISLANDS**

India's island territories, Andaman and Nicobar Islands in the east and Lakshadweep and Minicoy in the west are getting renewed attention not just from the civil administration but also from defense planners after a recent review both in the Ministry of Defense (MoD) and the National Security Council Secretariat (NSCS) in consultation with the Island Development Agency (IDA). India has recently finalized an exclusive Rs 5,650-crore military infrastructure development plan spread over ten years for the strategically located Andaman and Nicobar archipelago which will allow stationing of additional warships, aircraft drones, missile batteries and infantry soldiers there against the backdrop of China's rapidly expanding footprint in the Indian Ocean region. The initial plan was pegged around Rs 10,000 crore but the decision was taken to focus largely on land that was already available under acquisition by the Andaman and Nicobar Command (ANC). A feasibility study to have an air base on the Great Nicobar Island in addition to the one existing at Car Nicobar, has been undertaken. The Navy already has INS

Baaz, a naval air station at Campbell established in 2012. It dominates the 6-degree channel, one of the busiest sea lines of communications in the world. Basing India's fighter jets in ANC, sometimes rightly described as an unsinkable aircraft carrier will be a more effective power projection than an aircraft carrier. Given the current budget constraints, developing the island territories for dual use purpose will be more inexpensive than building a third aircraft carrier.

The Indian Navy has recently opened a third air base about 300 km north of Port Blair called INS Kohassa to beef up surveillance of Chinese ships and submarines entering the Indian Ocean through the nearby Malacca Straits. The facility, the third in the islands, will have a 1,000-metre runway for helicopters and Dornier surveillance aircraft. But eventually the plan is for the runway to be extended to 3,000 meters to support fighter aircraft and longer-range reconnaissance aircraft. Other plans include a deep-water port at Kamorta, completing the process of setting up Operational Turnaround (OTR) bases, Forward Operating Bases and Naval Air Enclaves along both the coast which would enhance the reach and sustainability of the Indian Navy's surveillance efforts. India has already taken to deploying fighter jets like Sukhoi – 30 MKIs, long range maritime patrol Poseidon – 81 aircraft and Heron – II surveillance drones to



the archipelago on regular basis now. Additional Dornier -228 aircraft and Mi-17 V5 helicopter can also be based at the ANC

On the Western coast, a bigger naval facility on the Minicoy Island is being planned to beef up India's naval presence. Minicoy is just 71 nautical miles from the northernmost atoll of Maldives. A better-equipped Minicoy Island that has necessary military infrastructure extends India's influence in the Indian Ocean without any overt military movement. The new plan will also complement INS Dweep prakshak (Island protector) which was put into operation at Kavaratti in Lakshadweep in 2012. The Kavaratti airstrip runway is being extended to 3,200 meters from the current 1,000 meters to enable all types of larger aircraft to operate from. The Indian Air Force is also planning to extend its reach and influence in the Lakshadweep.

Hence, development of islands with requisite military force levels and infrastructure, can effectively function as pivot to counter China's strategic moves in the IOR. China's expanding naval forays in the region, which include nuclear submarines, will only grow over time. India needs to seriously bolster its islands economically and militarily to keep an eagle eye on the region and intervene when necessary.

## THE IMMENSE ECONOMIC POTENTIAL

The A&N Islands alone account for 30% of India's EEZ-revenue. Given their unrealized potential, bridging the infrastructure gap becomes the next crucial step. Historically, Ship Building and Ship Repairing have been the high priority areas for infrastructure initiatives in the islands. However, acknowledging the urgency and potency of the pending development in these regions, 26 Islands have been identified for promoting and implementing development based on sustainable approach to building a thriving economy of the project islands. Laying of Rs, 1,102 Crore worth of submarine optical fiber cable between Chennai and A&N Islands so as to increase telephone and internet connectivity in the region is likely to be completed soon. Moreover, considering the unique maritime and territorial biodiversity of the islands, the enhanced connectivity is one of the key priorities. Key Infrastructure projects such as creation of jetties/berthing facilities, Roll-on/Roll-off ships, Bridges on Andaman Trunk Road, Upgradation of Diglipur Airport, Construction of Minicoy Airport, Modernization of existing Jetty at Kavaratti, Augmentation of Satellite Bandwidth from 1.118 Gbps to 2.118 Gbps in Andaman & Nicobar, augmentation of helicopter services for Islanders and tourists etc are being accorded priority accordingly.



With better communication services, Information Technology based and other Micro, Small and Medium Enterprises (MSME) should be promoted in the Islands. Further, after carrying out systematic study, 18 Projects, both in Andaman & Nicobar and Lakshadweep, have been identified for implementation, out of which 7 Projects are ready for launch through Public-Private Partnership.

Additionally, rainwater harvesting can be popularized so as to both conserve water and also narrow the critical water infrastructure deficit in the region due to scarcity of resources and inefficient management.

**Tourism.** The unique strengths in the possession of Islands have attracted domestic tourists. The arrival of domestic tourists in the Islands have increased significantly in last few years, however, the inflow of foreign tourists to the Islands has been stagnant. This is in spite of the fact that globally, there is a high demand for eco-tourism, adventure tourism and cruise tourism. The demand provides an opportunity of better tourism-based development in the Islands. Tourism has the potential to be an efficient driver of high economic growth in the Islands.

**Other Sectors.** Development potential also exists in other sectors such as maritime trade, shipping, fisheries, under-sea mining, oil and gas. The

Andaman and Nicobar Islands have a long coastal length of about 1,912 km. The Exclusive Economic Zone around these Islands is about 6 lakh sq km constituting 28 per cent of the total EEZ in our country. The Great Nicobar Island is only about 90 km away from the western tip of the Malacca Strait, an important shipping route between the Indian Ocean and the South China Sea. Being at close aerial/shipping distance to a number of countries (Indonesia, Myanmar and Thailand) and the Malacca Strait, the Islands have the potential of enhanced maritime trade, particularly for export of the products made in the Islands. In order to sustainably utilize the potential of Tuna fish, ten deep – sea modern fishing vessels are being procured by Lakshadweep administration. Export of sea food and coconut products will encourage more employment opportunities in the islands. Existing situation calls for formulation of suitable strategies for holistic development of identified Islands. Effective implementation of well-planned strategies in tourism and other key economic sectors would lead to creation of more jobs and generation of additional income for the Islanders. However, while planning development interventions, both the ecological concerns and the tribal-related issues need to be fully addressed so as to ensure a sustainable development process.

**Civil Air Connectivity.** Diglipur Airport (Shibpur) is expected to be operational for civilian aircraft by Jun 19. Connectivity to Diglipur, Port Blair, Car Nicobar and Campbell Bay through smaller aircrafts supplemented with more helicopter services using the existing 17 helipads effectively will boost much required inter-islands connectivity in Andaman and Nicobar. Seven islands (four in Andaman and Nicobar Islands & three in Lakshadweep) have been identified for seaplane operations That would yield immense benefits to the tourists and the Islanders. Efforts are also on to start international flights from Port Blair. In case of Lakshadweep, there is a plan to introduce better air connectivity to Minicoy Island by construction of new airport. All these measures will improve inter- island connectivity significantly.

**Holistic Development of Islands.** Realizing the potential in Andaman and Nicobar and more or less similar potential in Lakshadweep, holistic development of identified Islands has been accorded high priority by the Government. NITI Aayog has been mandated to steer the process of “Holistic Development of Islands”. Final Site Potential Development Reports have been prepared for four Islands in Andaman & Nicobar (Aves, Long, Smith and Ross) and five in Lakshadweep (Bangaram, Cheriya, Minicoy, Suheli and Thinakara). After carrying out systematic analysis, ready-to-launch tourism-based Projects (three in

Andaman & Nicobar and another three in Lakshadweep) have been identified for implementation with private sector participation. Bids for private sector participation in three tourism-based projects have already been invited by Andaman & Nicobar administration. They include eco – tourism projects in Smith islands & Long islands and tent city project in Aves islands. Three tourism projects in Lakshadweep i.e. the islands of Kadmat, Minicoy and Suheli Cheriyaakara have been identified for issue of bids.

The Ministry of Commerce has issued a notification extending tax incentives for investments made in manufacturing and service sector in islands of Andaman and Nicobar and Lakshadweep. Expeditious implementation of above-mentioned projects will provide high economic return to the private sector, satisfactory jobs and additional income to the islanders and enhanced revenue to the government – a win win situation for all. Above all, stability of the island eco- system will be maintained with effective execution of well-planned economic safeguards.

**Private Sector Participation.** Collaboration is indeed, the need of the hour in this regard as provision of a robust regulatory environment by the government is needed so as to not encroach upon the natural and socio-economic rights of the Particularly Vulnerable Tribal Groups (PTVG)



and also preserve the ecological balance of the region, while facilitating better connectivity and maritime security infrastructure. Moreover, the high financial costs entailed in such investments create a need for private sector involvement, where their operational and managerial expertise is required so as to optimally deliver on these projects. Similarly, International best practices can be modified suitably and replicated so as to maximize returns further.

## CONCLUSION

Although, the need for civil infrastructure development in Island regions is unquestionable, in the wake of existing geo-strategic position of these islands, upgradation of defense facilities is equally important. This will constructively channelize the positive externalities of such assets to enhance the living conditions of entire populace. However, due attention needs to be paid so as to not disturb the ecological balance, disrupt local livelihood-activities, and engage all stakeholders in the decision-making process while ensuring that sufficient institutions

and mechanisms exist for grievance redressal, compensation and rehabilitation. The road to development must sail through the islands. India has thus far kept the islands in solitude and limited interaction with its international partners. Having drawn up the intent and will to develop the island's, India will now have to build its smart islands with cooperation from its maritime partners. The strategic development of these islands is no longer an option but a necessity.

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