

## INFLUENCE OF ONE BELT ONE ROAD ON INDIA

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The Silk Road Economic Belt (SREB) and the 21st-century Maritime Silk Road (MSR), better known as the One Belt and One Road Initiative (OBOR) and The Belt and Road Initiative (BRI) is a development strategy proposed by China's president Xi Jinping that focuses on connectivity and cooperation between Eurasian countries, primarily with the People's Republic of China (PRC). This paper cover the consist of two components viz., the land-based Silk Road Economic Belt (SREB) and the oceangoing Maritime Silk Road (MSR).

**Key Words:** Silk Road Economic Belt, Maritime Silk Road, One Belt and One Road Initiative, China.

### Introduction

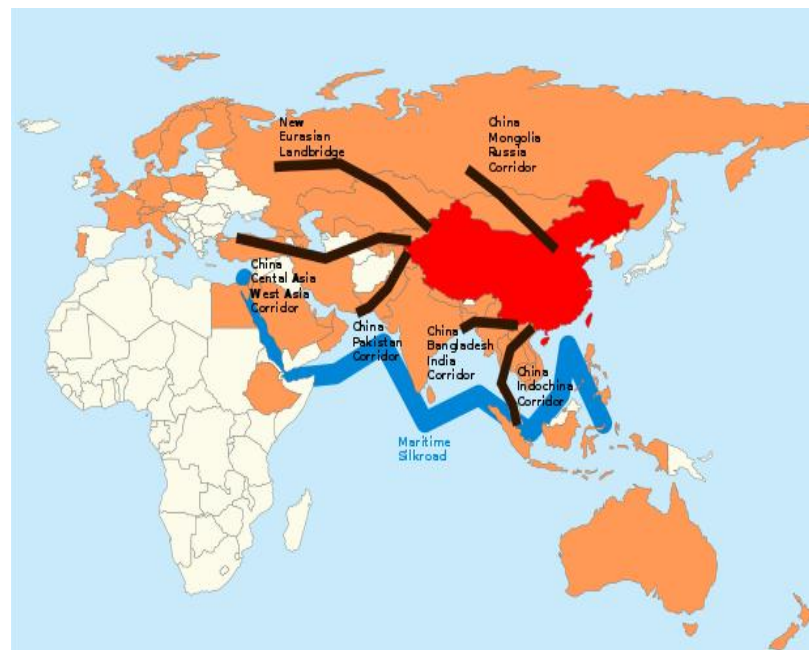
The strategy underlines China's push to take a larger role in global affairs with a China-centered trading network. It was unveiled in September and October 2013 for SREB and MSR respectively. It was also promoted by Premier Li Keqiang during the state visit to Asia and Europe and it became the most frequently mentioned concept in the People's Daily news paper in 2016. It was initially called One Belt and One Road, but in mid-2016 the official English name was changed to the Belt and Road Initiative due to misinterpretations of the term one.

In the past three years, the focuses were mainly on infrastructure investment, construction materials, railway and highway, automobile, real estate, power grid, iron and steel.

### The Corridors In The BRI

The Belt and Road initiative is a land based concept, it is geographically structured along 6 corridors .

1. **New Eurasian Land Bridge:** Running from Western China to Western Russia through Kazakhstan.
2. **China–Mongolia–Russia Corridor:** Running from Northern China to Eastern Russia through Mongolia.
3. **China–Central Asia–West Asia Corridor:** Running from Western China to Turkey.
4. **China–Indochina Peninsula Corridor:** Running from Southern China to Singapore.
5. **China–Myanmar–Bangladesh–India Corridor:** Running from Southern China to Bangladesh through Myanmar and North-eastern India.
6. **China–Pakistan Corridor:** running from South-Western China to Pakistan's Gwadar port.



China in red, Members of the AIIB in orange, the six corridors in black.



### **Maritime Silk Road**

Maritime Silk Road is an oceangoing route, running from the Chinese Coast through Singapore to the Mediterranean

### **Infrastructure Networks**

A prime example of the network is the Silk Road Railway departed in 2013, which goes through China's Xinjiang Autonomous Region, Kazakhstan, Russia, Belarus, Poland and Germany as a land connection between Asia and Europe.

### **Bridging the 'Infrastructure Gap' In Asia and Beyond**

The Belt and Road Initiative is expected to bridge the 'infrastructure gap' and thus accelerate economic growth across the Asia Pacific area and Central and Eastern Europe.

World Pensions Council (WPC) experts estimate that Asia excluding China will need up to \$900 billion of infrastructure investments per year during the next 10 years, mostly in debt instruments. They conclude that current infrastructure spending on the continent is insufficient by 50%. "The gaping need for long term capital explains why many Asian and Eastern European heads of state "gladly expressed their interest to join this new international financial institution focusing solely on 'real assets' and infrastructure-driven economic growth".

### **Silk Road Economic Belt**

The Belt and Road Economies from its initial plan. When Chinese leader Xi Jinping visited Astana, Kazakhstan and Southeast Asia in September and October 2013, he raised the initiative of jointly building the Silk Road Economic Belt and the 21st-Century Maritime Silk Road. Essentially, the 'belt' includes countries situated on the original Silk Road through Central Asia, West Asia, the Middle East, and Europe. The initiative calls for the integration of the region into a cohesive economic area through building infrastructure, increasing cultural exchanges, and broadening trade.

Apart from this zone, which is largely analogous to the historical Silk Road, another area that is said to be included in the extension of this 'belt' is South Asia and Southeast Asia.

Many of the countries that are part of this belt are also members of the China-led Asian Infrastructure Investment Bank (AIIB).

### **Maritime Silk Road**

The Maritime Silk Road, also known as the "21st Century Maritime Silk Road" is a complementary initiative aimed at investing and fostering collaboration in Southeast Asia, Oceania, and North Africa, through several contiguous bodies of water like the South China Sea, the South Pacific Ocean, and the wider Indian Ocean area .

The Maritime Silk Road initiative was first proposed by Xi Jinping during a speech to the Indonesian Parliament in October 2013. Like its sister initiative the Silk Road Economic Belt, most countries in this area have joined the China-led Asian Infrastructure Investment Bank (AIIB) .

### **Ice Silk Road**

In addition to the Maritime Silk Road, Xi Jinping also urged the close cooperation between Russia and China to carry out the Northern Sea Route cooperation to realize an "Ice Silk Road."to foster the development in the Arctic region. China's COSCO Shipping Corporation has completed several trial trips on Arctic shipping routes .

The Transport departments from both countries are constantly improving policies and laws related to development in the Arctic, and Chinese and Russian companies are seeking cooperation on oil and gas exploration in the area and to advance comprehensive collaboration on infrastructure construction, tourism and scientific expeditions.

### **Closely Related Networks**

The China Pakistan Economic Corridor (CPEC) and the Bangladesh-China-India-Myanmar (BCIM) Economic Corridor are officially classified as "closely related to the Belt and Road Initiative". In coverage by the media, this distinction is disregarded and the networks are counted as components of the initiative. The CPEC, in particular, is often regarded as the link between China's maritime and overland Silk Road, with the port of Gwadar forming the crux of the CPEC project.

### **China–Pakistan Economic Corridor (CPEC)**

China–Pakistan Economic Corridor also known by the acronym CPEC) is a collection of infrastructure projects

currently under construction throughout Pakistan. Originally valued at \$46 billion, the value of CPEC projects is now worth \$57 billion.[24][25][26] CPEC is intended to rapidly modernize Pakistani infrastructure and strengthen its economy by the construction of modern transportation networks, numerous energy projects, and special economic zones.[27][28][25][26] On 13 November 2016, CPEC became partly operational when Chinese cargo was transported overland to Gwadar Port for onward maritime shipment to Africa and West Asia .

**Financial Institutions:** In order to meet financial requirements of the initiative, China has suggested following sources.

#### **Asian Infrastructure Investment Bank (AIIB)**

The Asian Infrastructure Investment Bank, first proposed by China in October 2013, is a development bank dedicated to lending for projects regarding infrastructure. As of 2015, China announced that over one trillion yuan (\$160 billion US) of infrastructure projects were in planning or construction.

The primary goals of AIIB are to address the expanding infrastructure needs across Asia, enhance regional integration, promote economic development and improve the public access to social services. Board of Governors is AIIB is the highest decision-making body under the Asian Infrastructure Development Bank Articles of Agreement.

On 29 June 2015, the Articles of Agreement of the Asian Infrastructure Investment Bank (AIIB), the legal framework was signed in Beijing. The proposed multilateral bank has an authorized capital of \$100 billion, 75% of which will come from Asian and Oceania countries. China will be the single largest stakeholder, holding 26% of voting rights. The bank plans to start operation by year end.

#### **Silk Road Fund**

In November 2014, Xi Jinping announced plans to create a 40 billion USD development fund, which will be distinguished from the banks created for the initiative. As a fund its role will be to invest in businesses rather than lend money for projects.

The Karot Hydropower Project in Pakistan is the first investment project of the Silk Road Fund, [34] and is not part of the much larger CPEC investment. This is the Silk Road Fund's first foreign investment project. The Chinese government has already promised to provide Pakistan with at least 350 million USD by 2030 to finance the hydropower station.

#### **Motivation**

Practically, developing infrastructural ties with its neighboring countries will reduce physical and regulatory barriers to trade by aligning standards.

#### **Controversy**

A report from Fitch Ratings suggests that China's plan to build ports, roads, railways, and other forms of infrastructure in under-developed Eurasia and Africa is out of political motivation rather than real demand for infrastructure. The Fitch report also doubts Chinese banks' ability to control risks, as they do not have a good record of allocating resources efficiently at home, which may lead to new asset-quality problems for Chinese banks that most of funding is likely to come from.

#### **Influence of Obor on India**

India is currently the world's fastest growing economy. So it has a great influence in this initiative. The OBOR may have its own merits and de-merits for India and its economy. But the main problem for India is the intention of China to become a super power in the south-Asian region .This was clearly understood when China tried to construct road in Dokhlam Bhutan. There are many things that matters for India about OBOR, but main the following reasons may have greater influence.

#### **Indian Ocean**

China is trying to establish itself as a world power and the immediate threat to it (appears to be) is India. So in order to counter the Indian influence in Indian Ocean, China has come forward with the String of pearls/ maritime silk route. This policy tries to establish various bases in the Indian Ocean in the name of trading ports on which later military vessels will dock in the name of protecting their ships finally blunting the difference between trade and military ports.

#### **Connectivity With The Middle-East**

Many middle-Eastern countries are good economic partners of India. The countries like Saudi Arabia and UAE have recently improved their diplomatic relationships with India. Which may provide greater benefit to India in future. But at the same time China's MSR of the OBOR may become a major huddle. Because the MSR will pass through the Persian Gulf and due to this



the region's ports will get more ships than before and eventually will earn more income. So China may get greater connectivity with those countries than India.

But , In order to counter this India has already signed an agreement with Iran and in fact has started working on the Chabahar port situated in the south west part of Iran . This will provide a good connectivity not only with Middle-East but also the Central-Asia.

### **Conclusion**

The OBOR will be a great revolution in the Asian and European economy. But by taking this initiative China may try to dominate the Asian economy. In order to implement this effectively, every country must be given equal rights in making decisions regarding this project.

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