



# विश्वनीति VIŚVANĪTI



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## From the Dean



The School of International Studies at Jawaharlal Nehru University stands as India's oldest and most consequential centre for the study of international relations, diplomacy, and global affairs. Founded in 1955, SIS has, for seven decades, shaped the intellectual architecture of India's engagement with the world — producing scholars, diplomats, policymakers, and public intellectuals whose work has left an indelible mark on how India thinks about its place in a turbulent and rapidly transforming global order. Our fourteen Centres span every region of the world and every major dimension of international life, from strategic studies and international law to international trade and foreign policy analysis. It is from this tradition of rigorous, policy-relevant scholarship that *Viśvanīti* draws its purpose and its energy.

This issue of *Viśvanīti* offers a panoramic map of India's engagement with the world, written by some of SIS's finest scholars. Together, these contributions form nothing less than a comprehensive survey of Indian foreign policy across six theatres of engagement.

Professor Sharad K. Soni opens the issue with a searching analysis of India's engagement with Inner Asia — Central Asia, Mongolia, and Afghanistan — arguing that the civilisational ties which bind India to this vast Eurasian heartland are not merely historical sentiment but the living foundation of a strategic architecture anchored in connectivity, energy security, and counterterrorism. Professor Ummu Salma Bava examines the remarkable transformation of India's relationship with Europe and the European Union, culminating in the landmark India-EU Free Trade Agreement signed in January 2026 — what European Commission President von der Leyen called the 'mother of all trade deals' — and the emergence of a new comprehensive strategic agenda built on five pillars spanning trade, technology, security, and mobility.

Professor Priti Singh and Dr. Sneha Bhagat navigate India's complex, multidimensional engagement with the Americas — the deepening strategic and technological partnership with the United States, the cautious diplomatic thaw with Canada under Prime Minister Mark Carney, and the expanding South-South solidarity with Latin America and the Caribbean, grounded in shared developmental aspirations and the promise of critical minerals cooperation. Professor J. M. Moosa offers a historically grounded assessment of India-Africa relations, tracing the arc from Nehruvian anti-colonial solidarity to the contemporary imperatives of trade, defence cooperation, and institutional reform — arguing that India must now move with greater urgency and imagination to consolidate its position as Africa's most trusted partner.

Professor Jitendra Uttam confronts the most challenging strategic question facing India in Asia — how to navigate a China-dominated East Asian regional construct that systematically excludes India from the core processes of regionalisation, while the Indo-Pacific framework championed by the United States remains of uncertain institutional weight. And Dr. Suman Das anchors the issue with a rigorous account



of India's integration into the world economy since 1991 — from FDI flows and the digital payments revolution to the \$137 billion remittance economy and the ambitions of a nation on course to become the world's fourth-largest economy. The issue is rounded out by a perceptive review of Vince Cable's *Eclipsing the West*, which situates India's rise within the larger story of Asia's challenge to the Western-led global order.

Taken together, these essays make a compelling case that India's engagement with the world is neither reactive nor episodic, but constitutes a coherent, historically rooted strategic vision — one that this School has helped to shape, question, and refine for seventy years. I commend them to you with pride.

**Amitabh Mattoo**

**Dean, School of International Studies, JNU**

## Viewpoint

### India's Engagement with Inner Asia

*Sharad K Soni*

India's engagement with Inner Asia has been fundamental to its foreign policy, influenced by historical, cultural, and civilisational ties. The current five "stans" of Central Asia, along with Mongolia, Afghanistan, Tibet, and Xinjiang, form a composite cultural and geographical space of Inner Asia, reflecting its historical role as a bridge between East and West and as a heartland of Nomadic civilizations. The Inner Asian steppe can be distinguished by the emergence of a distinctive historical phenomenon, i.e., "the horse breeding, highly mobile Eurasian nomad." These nomads were Turks and Mongols, who are said to have replaced the Indo-Europeans from their position of primacy in the region. Over time, Inner Asia developed into a geo-cultural complex owing to the long history of civilizations of the peoples of the region. Later, the rich religious and intellectual background of scholars and literary men from Central Asia and Mongolia helped the Inner Asian region to make a distinctive and significant contribution to world civilization. Today, however, a large part of Inner Asia is no longer peripheral but intermediate between centres of gravity in Russia and China. The region occupies a significant place in India's foreign policy in terms of strategic interests, with Central Asia, Mongolia, and Afghanistan being the primary focus.

#### **Rekindling Historical Ties**

Having been united by ways of life, such as nomadic pastoralism and trade, and by many common aspects of culture, Inner Asia has had its own languages, scripts, as well as religious and political traditions. Historically, India's engagement with Inner Asia has been marked by diverse interactions and exchanges. Prominent mountain ranges such as the Kunlun, Karakoram, and Himalayas enabled trade and religion, especially Buddhism, to flow through their passes between India and Inner Asia. Overland trade routes, most notably the Silk Route, further facilitated the exchange of goods, ideas, and cultural practices.

All this created a complex network of connections that still shape India's current diplomatic efforts. Indeed, India's approach to Inner Asia demonstrates a thoughtful combination of historical continuity and practical adjustments to contemporary geopolitical conditions. Projects like the International North-South Transport Corridor (INSTC), the Chabahar Port, and involvement in the Shanghai Cooperation Organisation (SCO) underscore India's commitment to rekindling historical connections while also pursuing key strategic objectives like energy security, regional stability, and cooperation in counterterrorism.

#### **India and Central Asia**

India's interactions with Central Asia are deeply rooted in history. Central Asia served as a corridor for commercial exchanges and a conduit for intellectual and religious ideas, including the spread of Buddhism from India to Inner Asia and further into East Asia. Even during the Soviet era, India was among the few countries maintaining sustained contact with Central Asia, ensuring the historical connections were not entirely disrupted. After the Soviet collapse in 1991, these long-standing cultural and historical linkages provided a foundation for India to rebuild its relations with the newly independent Central Asian republics. India's foreign policy toward the region is often framed within a narrative of shared history, portraying Central Asia as a contiguous geopolitical space bound together with India by common heritage.

In the post-1991 era, India gradually strengthened its ties with the Central Asian Republics of

Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. The focus has been on energy cooperation, counterterrorism, and connectivity. The International North South transport corridor (INSTC) and Chabahar Port projects are critical to this strategy, providing India with an alternative route to bypass Pakistan and access Central Asian markets. India's full membership in the SCO since 2017 has provided a multilateral platform to deepen engagement with the region and coordinate on regional security issues, including the stability of Afghanistan. On the other hand, Central Asian states perceive India as a balanced and benign partner without territorial ambitions, a critical distinction in a region historically wary of external dominance. The shared commitment to secularism, democracy, and opposition to religious fundamentalism has reinforced India's image as a reliable interlocutor.

### **India and Mongolia**

India's engagement with Mongolia has been an essential element of its Inner Asia outreach. Both the historical-cultural and politico-diplomatic ties have contributed significantly to the deepening of contemporary bilateral relations, which were elevated to the level of a strategic partnership in 2015. This occurred as India began to be considered by Mongolia as both its "spiritual" and a "third neighbour", while Mongolia was recognised as an integral part of India's "Act East" policy to realise New Delhi's strategic vision in China's backyard. Moreover, democracy and Buddhism are the two key elements that bind the two countries, in addition to 'soft power diplomacy' that provides an extra edge in strengthening their strategic partnership. Since then, the two sides have signed a number of agreements and MOUs aimed at building confidence for a mutually beneficial bilateral relationship. India's US\$1.7 billion credit line in the construction of the first-ever oil refinery in Mongolia to be operational by 2028 is a significant move in supporting Mongolia's endeavour to create a business-friendly foreign investment regime.

The strategic partnership has helped deepen their defence cooperation, besides exploring potential tie-ups in areas like the civil nuclear sector, space research, and renewable energy. Collaboration in the exploration and development of Mongolia's vast uranium reserves can be an area for India to play a key role, given its experience with nuclear energy. India has also been providing training facilities to the Mongolian defence, peace-keeping, and military operations alongside regular consultations between their National Security Councils on issues of mutual interest in regional and multilateral affairs, including terrorism. India's role in promoting a multipolar Asian security architecture makes it an essential partner for Mongolia, which seeks to maintain its strategic autonomy in a region dominated by Russia-China dynamics.

### **India and Afghanistan**

Afghanistan also occupies a unique place in India's engagement with Inner Asia due to its geographical location as the crossroads of Central Asia, South Asia, and West Asia. Historically, cities like Herat, Kandahar, Mazar-e-Sharif, and Kabul served as hubs of cultural and commercial interaction with Iran, India, and Central Asia. India's ties with Afghanistan are long-standing and multidimensional. Indian development assistance has included infrastructural projects such as the Zaranj-Delaram highway, the Salma Dam (Afghan-India Friendship Dam), and the new Parliament building in Kabul. Humanitarian efforts have ranged from medical missions to the donation of buses, aircraft, and computer centres. Over 700 Afghan professionals have been trained in India, strengthening people-to-people contacts. Even after the return of the Taliban in 2021, India has continued to provide humanitarian aid, medical support, and scholarships, signalling a policy of pragmatic engagement.

Moreover, Afghanistan remains central to India's connectivity agenda. Due to tensions with Pakistan, which block overland trade via the Wagah-Attari border, India has encouraged Afghan traders to use the Chabahar Port as an alternative route to Indian markets. This strategy supports Afghanistan's economic recovery and integrates it into a broader regional connectivity network. In addition, Afghanistan remains an area where India's strategic, developmental, and commercial interests intersect. It is imperative for India to situate its Afghan policy within a wider regional framework,

where trade, economic linkages, development, humanitarian assistance, and diplomacy can be advanced both bilaterally and multilaterally.

### **Factoring Tibet and Xinjiang**

India's engagement with Inner Asia also intersects with the Tibet and Xinjiang regions, historically forming vital links in the trans-Himalayan trade and cultural exchange networks. The spread of Buddhism, trade caravans carrying silk and spices, and the exchange of artistic and philosophical ideas connected India with these regions for centuries. However, incorporating Tibet and Xinjiang into the People's Republic of China in the mid-20th century transformed these connections. The Tibetan question still remains a sensitive issue in India-China relations. The bilateral dynamics have become even more complicated due to the presence in Dharamshala (India) of the Dalai Lama and the Central Tibetan Administration, which is considered the government-in-exile. Nevertheless, India has maintained a careful balance between supporting Tibetan cultural preservation and avoiding overt political confrontation with China.

India's connection with Xinjiang dates back to ancient times, which were marked primarily by trade and deep socio-cultural ties. However, unlike in the past, Xinjiang factors are essential in India's strategic calculus, given its proximity to the India-China border and its role in China's Belt and Road Initiative (BRI). Security developments in Xinjiang, including concerns over extremism, have direct implications for India's security environment. As such, while direct engagement with Xinjiang remains limited, India's participation in SCO counterterrorism exercises signals a shared interest in addressing extremism emanating from the region.

To sum up, India's engagement with Inner Asia reflects a unique combination of historical continuity and contemporary strategic adaptation. By invoking shared cultural and civilisational legacies, India has crafted a narrative of partnership rather than dominance, an approach well-received by Central Asian Republics, Mongolia, and Afghanistan. Developmental projects, connectivity initiatives, and multilateral cooperation reflect India's determination to remain a significant regional player despite geographical and geopolitical challenges. In such a scenario, India will have to navigate a complex geopolitical environment dominated by Russia-China dynamics, the US strategic interests, and regional power competition in Afghanistan. Hence, given that the geopolitical landscape of Inner Asia evolves with shifting great-power rivalries and connectivity initiatives, India's proactive, historically grounded diplomacy will remain crucial for advancing its interests in the region.

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## Viewpoint

### India's Choices in the China-dominated East Asian Regional Construct

*Jitendra Uttam*

The post-World War II dominance of the United States in East Asian affairs is facing a formidable contest from the colossal rise of China as a great power. The 'strategic triangle' that the US created in 1951 under the rubric of the 'San Francisco System' no longer provides a Midas touch of stability and prosperity in the region. China's growing economic weight has compelled countries in the region to offer it a larger role in the regionalisation process, which has traditionally been dominated by the United States. By implicitly reinventing a geo-economic identity based on the underlying idea of 'Asia for Asians', China has outmanoeuvred the US-centric geopolitical architecture. This paradigmatic shift caused by the 'China factor' is changing the strategic calculus of the East Asian region.

The US-backed institutional arrangement led by APEC (Asia Pacific Economic Cooperation) and EAS (East Asia Summit) seems to be competing with Sino-centric ASEAN+3, RCEP, and Trilateral Cooperation between China, Korea, and Japan; however, regional balance is decisively tilting in favour of ASEAN-led Sino-centric 'Asian-Asian cooperation' framework. India is feeling the pressure of an increasingly China-dominated regional order in Asia. Caught between looming strategic contest between China and the US, India clearly sees two probable scenarios; one, scepticism surrounding Indo-Pacific envisions re-run of Cold War-like great power contest leading to the narrowing of its foreign policy options, and two, enthusiasm about non-Asian commitment to Asian security foresees alignment with the US as the only way out from the Chinese domination and thus interpret it as the widening of foreign policy options.

#### **Rising China and the Idea of 'Pan-Asianism'**

The economic rise of China, along with other East Asian countries, is rivalling the cumulative weight of the US and European economies.

This power transition has brought the long-held East-West dichotomy, best expressed in Rudyard Kipling's lines, "Oh, East is East and West is West, and never the twain shall meet" (1889), to the forefront of analysis. Clearly understanding the advantage to be gained by rekindling the idea of 'Pan-Asianism', China has carefully embedded its national interests within the 'Asian values' discourse. East Asia's claim to assert its prized place in the West-dominated world system originates from the articulation of Asian solidarity based on the region's shared values. From a civilizational perspective, ideas of Asian solidarity provide a cooperative identity frame similar to the supranational European identity. This framework offers compelling grounds for countries in the region to shed the so-called 'China fear syndrome' and view rising China in a positive light.

Nonetheless, the Chinese parochial vision of Asianism carefully excludes India, which shares a 3,500 km-long border with a civilisation connected historically through old Buddhist links and other cross-border exchanges of scholars, ideas, and goods. Indeed, China's massive trade surplus with the US and Europe is a major constraint on an inward-looking Asian regionalism. China wants to use the growing weight of Asian identity against any major encroachment by Western powers. In this process, China, however, has reduced Asia to only a bargaining chip. China uses the Pan-Asian solidarity card when it is convenient, and hides it when it needs to promote an outward-looking approach to ensure open markets for its expanding exports. In other words, under the rhetoric of Pan-Asianism, China is busy constructing a new regional Asian order where all roads lead to China – from Moscow to Beijing, from Madrid to China's eastern city of Yiwu, and from Pakistan's Gwadar deep sea port to China's Kashgar, Xinxiang's western city, and so forth. At the same time, China provides only lip service to regionalism as it eyes markets globally. However, the ongoing US tariff war

has dented the prospects for an integrated global economy, pushing India to open up to China and the rest of Asia.

### **China-US and the 'Indo-Pacific' Strategy**

Learning from its own history when the dominant US compelled war-torn European powers out of the Americas, successive US administrations have been worried about the idea that someday China would repeat history and push the US out of East Asia. Indeed, the presence of US troops in Korea and Japan is a major strategic challenge to the rising Chinese power. Thus, an early eviction of US troops from the neighbourhood is a priority for Beijing. Here, Chinese and American foreign policy goals are moving in conflicting directions – the US sees an interest in maintaining continuous dominant say in Asian affairs, but China would like to substantially raise the cost of the US military presence in the neighbourhood.

In fact, behind the US 'Indo-Pacific' strategy lie elements that may serve as building blocks to eventually facilitate balancing against China or to lay a firm foundation for a policy of strategic containment. Though the eventual success of the 'Indo-Pacific' strategy largely depends on the US engagement with Asia, China's foreign policy behaviour in tackling regional hotspots such as the East China and South China Sea, issues of rising intra-regional trade imbalance, and border issues with many neighbouring countries, including India, Vietnam, etc., will also be critical.

China's crucial advantage in dealing with the US-centric East Asian order lies in its growing proximity to other Asian countries. China uses 'Asian values' as a pretext to drum up support for 'Asian-Asian Cooperation', which is an emotive issue and easily touches the hearts of the Asian public. Beijing also uses its growing economic weight to push for deeper trade, investment, and supply chain relations. East Asia, often termed as 'factory Asia' where export-push from the region's economic powerhouses dominates over everything else, has already witnessed protests from the Trump administration, which has imposed crushing tariffs on goods coming from many Asian countries, including China and India.

The days when the United States worked as a 'demand-side pole' complementing China's 'supply-side pole' and exporting mass-manufactured goods seem to be over. To manage the growing US fatigue from the Chinese imports, Beijing has two options: one, emulating the US-style domestic demand-led growth by becoming 'buyer of the last resort'; and two, find other markets. Asia's growing affluence can create a major market opportunity for Chinese firms. Understanding the slippery Asian slope, the US has responded by linking the Asian order with the global order. To facilitate this, the US has reimagined the Asian strategic landscape by replacing the Asia-Pacific with the Indo-Pacific. In this new framework, India has been propped up through QUAD and other arrangements to balance with China in Asia. However, whether a major country like India can have interests that converge with those of the United States remains debatable. The recent turn of events, marked by 50 per cent tariffs on Indian exports to the US, suggests the opposite.

### **India's Place in the Increasingly Sino-centric East Asian Region**

India has enormous stakes in how regionalisation unfolds in East Asia. Reflecting the seriousness of the issue, back in 1992, India launched an ambitious 'Look East' policy to construct deeper engagement with the countries of the region, and sharpened it with the "Act East Policy" thereafter. With careful consideration of evolving patterns of regionalism in East Asia, the Indian foreign policy establishment sees the emergence of a China-dominated East Asia as almost certain. This conclusion is based on visible and verifiable forward momentum in China-inspired institutional arrangements such as ASEAN+3 and Trilateral Cooperation between China, Japan, and Korea, and relative failure of US-inspired institutions – APEC and EAS. This 'two-lane with differing speed' process of East Asian regionalisation has put many countries at a disadvantage, particularly India, which finds its foreign policy space in the region narrowing. China-sponsored policy to exclude India from the core regionalisation process has alarmed New Delhi. China's narrow definition of Asian civilisation finds only Confucian-inclined countries as the inheritors of 'Asian values'.

Alienated by Beijing's overbearing approach to regionalism, India began looking to the United States to gain a foothold in regional institutions. In fact, India's post-Cold War rapprochement with the United States has cleared the way for the nation's membership in the EAS process, and eventually the country may gain entry into APEC. However, increasing distinction between US-backed institutions for regional unity and China-inspired institutions pushes India to its worst foreign policy dilemma: 'Whether to choose between real-happening institutions-led by China or US-led institutions that are increasingly reduced to margins of the regionalisation process?' Some policy planners in India also see US-inspired institutions such as APEC and EAS only as 'talking forums' with good photo opportunity sessions. Not only India but many other US allies, including Korea, question the effectiveness of US-backed regional institutions. Sensing the crisis-like situation, the US has advanced the idea of the Indo-Pacific; however, many in New Delhi remain sceptical about whether the US-inspired Indo-Pacific will have any teeth or may face APEC-like irrelevance. India faces a stark reality: it

did not become a party to RCEP and has no free trade agreement with the US either.

### **Conclusion**

It may not be in the interest of the East Asian region that Beijing tries to exclude India from the so-called 'Asian identity' construct; rather, efforts should be aimed at finding a new balance among Asian and non-Asian countries in the region. Giving recognition to embedded diversity in the vast Asian region would provide some validity to 'Asianism', a rhetoric that Beijing actively promotes. The growing signs of Beijing-dominated East Asian regional identity may provide ample reasons for many other East Asian countries to find legitimacy in US-backed regional institutions, including wider US foreign policy initiatives within the framework of the Indo-Pacific. It is almost certain that China-dominated Asia may face contestation within Asia with the tacit approval of the United States. Given the region's outward-oriented economies, an inward-looking Asia may not be in Asia's, or even India's, best interest.

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## Perspective

### **India's Relations with Europe in an Era of Geopolitical Flux and Interdependence**

***Ummu Salma Bava***

#### **Introduction**

India's relations with individual European countries and the European Union have witnessed a profound transformation after the end of the Cold War. The economic liberalisation in the 1990s and the nuclear test were critical in expanding India's relations with Europe. However, in the current global landscape, defined by the retreat of multilateralism, the resurgence of great power competition, and the tangible impacts of strategic interdependence, India's relations with Europe have also been forced into a reassessment. In the last decade, the renewed impetus for strengthening the political, economic, security and civil society relations has to be evaluated against the backdrop of these shifting geopolitics and changing balance of power, exacerbated by the COVID 19 pandemic, evolving supply chain configurations, the Russia- Ukraine war, and the war in the Middle East, along with the shock waves induced by Washington through the disruption of economic activity via higher unilateral tariffs. This piece looks at how geopolitical considerations are increasingly shaping India-Europe/EU relations and transforming the strategic partnership.

#### **Transforming Economic Engagement with a Free Trade Agreement**

Although trade has defined India's relations with the European Union, often seen as the cornerstone of the relations, it is not only one of the largest trade partners but also the largest foreign investor. The robust bilateral relations between New Delhi and many capitals, such as Paris, London, and Berlin, have also underscored their multi-dimensional nature. The major breakthrough in this direction occurred when France elevated its bilateral relations with India to a Strategic Partnership in 1998, even before the nuclear tests. This signalled other countries to upgrade their relations, and Germany and India launched one in 2000. And in a much-needed move to realign the bilateral relations, India and the EU also upgraded their relations to

a strategic partnership in 2004 and adopted a Joint Action Plan in 2005. However, despite the strong political base of shared values and the fact that both are democracies, the relationship between New Delhi and Brussels has underperformed compared to the robust outcomes in engagement with the United States and Russia. The single biggest factor in recent times has been the new impulse driven by rapidly evolving geopolitics, with its impact on both India and the EU. In 2018, the EU announced it had upgraded its strategy for India, signalling a shift in perspective. In contrast, the Commission communication on China in 2019 flagged concerns about it being a competitor, partner, and systemic rival, and remains to date the strongest statement on China underlying the over-dependence on that country. Strong economic growth has propelled India's economy amid global slowdowns, further strengthening New Delhi's attractiveness as a partner in a growing multipolar arena.

The political imperative to transform trade relations between the two has led to a Free Trade Agreement (FTA), negotiated amid an unprecedented geopolitical and geoeconomic backdrop. The growing geo-economic significance of China's presence, shaping trade relations with all countries, especially after COVID, has revealed the vulnerability of dependence on a single supply chain as a key dynamic factor. The political urgency to conclude the FTA by the end of 2025 was also shaped by the US's unilateral tariff imposition on all countries, including India. Although India's strong relations with Russia cast a long shadow on the India-EU relations, it is the Trump administration's tariff imposition on both India and the EU that also intensified a common geoeconomic urgency to conclude the FTA.

In a landmark India-EU Summit in New Delhi on 27 January 2026, both sides signed the FTA. Despite the EU's new Carbon Border Adjustment Mechanism (CBAM) regulation, which has been in effect since January 2026, the FTA heralds a

major economic upgrade and a new chapter that expands strategic cooperation between India and the EU. Indian sectors that benefit from this include fisheries, textiles, footwear, gems and jewellery, and pharmaceuticals. The EU will benefit from the agri-food, chemical, machinery, medical devices, avionics, and automotive industries. Opening market access, reducing tariffs, and expanding trade volume is also a political statement that covers a joint population of about 2 billion people and 25 percent of the global economy, thereby infusing more trust and resilience into the bilateral relationship. European Commission President Ursula von der Leyen called it the 'mother of all trade deals. In a span of three years, FTAs between India and the EU, the UK, and EFTA have opened Indian trade to all of Europe amid growing geoeconomic contestation and also signalled a shift in political engagement.

In a further remarkable development, the 16th Summit also agreed on an MOU on the Comprehensive Framework on Cooperation on Mobility. Given the shortage of skilled labour in Europe and the demographic advantage on the Indian side, this is a major breakthrough that supports skills and legal mobility from India. To execute this, a pilot Legal Gateway Office in India to enhance skill mobility was launched recently. The summit also gave a push to clean energy through a Green Hydrogen Task Force.

### **Redirecting Political Engagement to Enhance Strategic Partnership**

If the economic partnership between India and the EU has undergone a profound transformation, it has also developed in the backdrop of the war in Ukraine, which has severely tested the political relations. However, it has also now led India and the EU to prioritise de-risking, enhance strategic autonomy, and expand resilience. In a major shift in the content of political engagement, the India-EU 16th Summit on 27 January 2026 adopted Towards 2030: A Joint India-European Union Comprehensive Strategic Agenda. This agenda replaces the Roadmap 2025 adopted in 2020. The new Comprehensive Agenda emphasises five pillars of cooperation: (1) prosperity and sustainability- with a focus on trade and investment, strengthening supply chains and economic security, advancing clean transition and resilience; (2) Technology and innovation- supporting critical emerging technologies,

promote digital environment, promote research cooperation; (3) Security and defense- bilateral cooperation, defence industrial cooperation, deepening engagement on regional security, countering traditional and hybrid threats; (4) Connectivity and global issues- connectivity, promoting cooperation in third countries, shaping effective global governance; (5) Enablers- expanding skills mobility, involving business communities, reinforcing institutional architecture. Along with the FTA, the agreement on security and defense cooperation, once a peripheral element in bilateral relations, is an endorsement of a response to the transformed geopolitical aspect of the relations. Three areas can be further identified in which this security and defense partnership has become more robust: maritime security, counterterrorism, cybersecurity, and defense industrial cooperation. Both have also agreed to start negotiations on an India-EU Security of Information Agreement, being perceived as a major trust builder in the bilateral relationship.

The push towards enhancing the bilateral engagement on security and defense was preceded in 2023 by the first EU-India Security and Defense Dialogue, which gave a new political direction to the emerging security component in the relationship. In June 2025, the first-ever EU-India Strategic Dialogue took place, further reinforcing the political shift in the bilateral relations. Thus, navigating interdependence and reimagining the relationship has become a political priority on both sides and underscores the growing political convergence despite differing threat assessments.

The dual levels of India-Europe engagement also received a further boost with the Indo-Pacific assuming a new political and strategic meaning, shaping their bilateral engagement in maritime security. The European Union articulated its Indo-Pacific Strategy in 2021 after France, Germany, and the Netherlands announced their respective strategies for the region. Resonating with India's own approach that supports a free, open, and rules-based order in the Indo-Pacific, this was a strong indicator of a strategic shift in the EU's engagement with the Indo-Pacific, signifying a major pivot that recognised the region's importance to European security and prosperity. For India, given the growing contestation in the region and China's growing influence on both land and maritime frontiers, the EU's new focus on the

Indo-Pacific is a timely development.

Notwithstanding the divergent approaches to Russia, movement could also be seen at the member state level, when Germany in 2024 adopted the strategy document 'Focus on India', which seeks to expand the bilateral relations, especially in the context of the heightened geopolitical standoff in both Europe and Asia, while identifying India as a key partner in the Indo-Pacific. Similarly, at the AI Impact Summit in India in February 2026, France endorsed its partnership with India to create a sustainable, accessible, and sovereign AI, and India and Sweden agreed to strengthen cooperation in these areas. India, in parallel to the EU, also has strategic partnerships with the following EU member states: France, Germany, the UK, Italy, Greece, Poland, a green strategic partnership with Denmark, and an upcoming one with Spain. These bilateral strategic partnerships strengthen India-Europe relations, as all sectoral cooperation is evident in these interactions, and ultimately lead to the development of a multi-tiered partnership.

### **Conclusion: Expanding the Strategic Connect**

In conclusion, the structural shifts in geopolitics, the rise of an assertive China, the war in Ukraine, and the disruptive role of the US challenging global governance are all catalysts that have contributed to India and the EU recalibrating and strengthening their relationship. As the political and economic aspects have begun undergoing

profound transformation, a new impulse is also visible at the people-to-people level. India- EU cooperation in migration and mobility has become an important aspect of their strategic partnership, which broadly covers facilitating the legal movement of skilled workers, students, and researchers from India. The demographic complementarity has made this mutually beneficial to address labour shortages in Europe, enabling students and researchers from India to participate in knowledge exchange and production. However, managing legal migration flows is essential to avoid human trafficking and enable legal channels that will contribute to economic growth on both sides.

Despite the positive trends, there are challenges regarding how both position their interests and seek common action to maintain a stable international order. Although India and the EU have differing perspectives on human rights and democracy, this has not hampered progress on climate action and on strengthening renewable energy cooperation, even as both seek to diversify and build resilient supply chains. In an arena of shifting geopolitics and growing interdependence, both sides will have to bridge their normative differences to make their partnership more consequential. Any strategic partnership is a work in progress, and the same applies to the India-Europe/ EU relations as well, as both sides navigate political uncertainty and growing contestations from other states that have brought a renewed focus on the value of partnerships.

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## Opinion

### **India-Africa Engagement: Strong Foundations and Challenging Future**

*J M Moosa*

India and Africa have long historical and civilizational linkages. There has been a continuous flow of people, material, and ideas throughout history. Much before the arrival of European colonialism, both had flourishing relations with dhows plying in the direction of monsoon winds. In the recent past, both regions suffered under European subjugation, and this shared trauma is one of the foundations of fraternal relations. Also, during this period, many Indians were transported as indentured labourers, while others went to explore trade, and a few went for other opportunities.

This colonial suffering, misery, and experiences in South Africa transformed a barrister from Porbandar into a political activist and eventually a Mahatma. In South Africa, he experimented with the power of non-violence and devised the technique of Satyagraha, which was then successfully applied in India to fight against British rule. During its anti-colonial struggle, India developed deep and cordial relations with the peoples of Africa. Nehru laid the foundation of India's Africa Policy after independence. He considered India's independence struggle as incomplete until colonialism was uprooted from Africa. He also felt Africa was a neighbour across the sea and of direct concern to India. Consequently, India took the lead in promoting Afro-Asian unity by inviting African countries to attend the January 1949 Asian Relations Conference in New Delhi to support the Indonesian struggle. This conference was the precursor to the Bandung Conference, where the Non-Aligned Movement was born. The Africans acknowledged both Nehru's and Mahatma Gandhi's support for their struggle against colonialism. Ali Mazrui contends that Gandhi's message of non-violence and passive resistance inspired many African leaders, including Kwame Nkrumah of Ghana, Kenneth Kaunda of Zambia, and Julius Nyerere of Tanzania.

In the early 1960s, however, India did not get the anticipated diplomatic support from the African countries. One reason attributed to this decline was the Sino-Indian war of 1962, when many African countries were reluctant to favour any side. The second reason was India's insistence on a peaceful nationalist struggle, which further contributed to the decline. On the other hand, powers such as the USSR and China supported armed nationalist movements in Africa. Consequently, a substantive reassessment of the Africa policy was undertaken. In 1964, what was called Indira Gandhi's African Safari, she visited many African Countries. Also, in the same year, India launched the Indian Technical and Economic Cooperation (ITEC) Programme to provide educational and training opportunities to Africans. This added new impetus to the relations. Another significant change was to develop country-specific engagement policies rather than treating the whole continent as a single bloc. By the 1970s, India's stature had risen in African eyes, largely due to the signing of the Indo-Soviet Treaty (1971), the victory over Pakistan in the 1971 war, and, most importantly, the successful peaceful nuclear explosion (called Pokhran 1) in 1974.

By the early 1970s, most Asian and African countries had attained political independence. Then the focus shifted towards the demands of an equitable economic order and the promotion of development. The call for the New International Economic Order (NIEO) and the emphasis on South-South cooperation became the basis for furthering the relationship. Towards this end, India promoted many initiatives, for example, the creation of the AFRICA Fund (Action for Resisting Invasion, Colonialism and Apartheid) by NAM during the Harare Conference in 1986.

The collapse of the USSR and the end of the Cold War in the 1990s brought major shifts in the dynamics of international relations. The unprecedented financial crisis compelled India to adopt liberalisation policies and embrace globalisation. However, India not only maintained its

developmental engagement with Africa but also expanded trade and collaboration into newer dimensions. For instance, India launched the Pan-African E-Network, organised India-Africa Forum Summits, and established dialogues with the African Union and sub-regional organisations and economic groups such as AfCFTA, SADC, EAC, COMESA, and ECOWAS.

In the era of globalisation, trade and investment have become the key drivers of international relations, and India's trade with Africa has seen phenomenal growth. In the last three decades, bilateral trade has grown at a remarkable pace, increasing from about US\$4.5 billion in 2000 to about US\$100 billion in 2024. During this period, the trade basket has also diversified from traditional mercantile goods and services to hydrocarbons, renewable energy, pharmaceuticals, health care, digital and information technology, and many new sectors.

One significant initiative to expand India's economic reach was the launch in 2004 of the Techno-Economic Approach for Africa-India Movement (TEAM-9), benefiting eight energy- and resource-rich West African countries, viz. Burkina Faso, Chad, Côte d'Ivoire, Equatorial Guinea, Ghana, Guinea-Bissau, Mali and Senegal. This initiative was part of a broader policy to engage the underdeveloped, yet resource-rich, countries of West Africa. There has been a substantial increase in trade with India's non-traditional partners in Western and Northern Africa. However, given the size of the current African market, with a population of around 1.4 billion and a GDP of about US\$3.4 trillion, there is an enormous prospect for a manifold increase in trade and economic partnerships, subject to appropriate policy initiatives.

Apart from trade and investment, there are many other drivers of this engagement. The twenty-first century has brought challenges of balancing development with environmental degradation, managing inequalities and deprivation, addressing internal conflicts, and addressing global marginalisation. In the global dialogues on climate change and environment, for instance, there are sharp divisions between developed and developing countries. India has been advocating for the Global South, including Africa, amid disagreements and resistance from the North. Furthermore, India is providing advanced technology in various fields, including agriculture and agro-industry, as well as solar and clean energy technologies that are more cost-effective than those in Western countries. It is also sharing its expertise in space technology, healthcare, and capacity-building. In turn, Africa has the potential to provide India with energy resources and critical and strategic minerals that are needed to sustain India's high growth rate.

Currently, the United Nations and its agencies, the WTO, IMF, and the World Bank, and other organisations are functioning with power imbalances and a democratic deficit. Reform of the global architecture to reflect contemporary reality is long overdue. Support from Africa, with a bloc of 55 countries, will be critical for India's efforts to restructure global institutions and secure its rightful role in them.

From a military and strategic perspective, Africa is of vital importance to India. Historically, the Indian Ocean connected the two continents, but in the current era, it poses enormous security challenges. Pirates in the Gulf of Aden and the Horn of Africa create major obstacles to the free flow of traffic and ships in these sea lanes and trade routes. On the other hand, the presence of China, the USA, France, and other powers pose a major security threat and strategic disadvantage to India. Given this new security environment, India's current approach to maritime security is under the broad umbrella of Security and Growth for All in the Region (SAGAR). Under SAGAR, India's maritime engagements with the Indian Ocean Rim countries are based on multiple, but complementary, structures and frameworks that consider the east coast of Africa as the primary area of India's maritime interests and concerns.

Similarly, India's engagement in the security and defence sector has emerged as a key pillar in Indo-African relations. Both sides have strengthened and diversified their defence cooperation through training and capacity building. The military exercise AFINDEX exemplifies this growing partnership. Other initiatives in recent years include the India-Africa Defence Dialogue (IADD) and the India-Africa

Defence Ministers Conclave (IADMC), which aim to expand the scope of their military engagements. Furthermore, India is one of the largest troop contributors to UN peacekeeping operations in Africa, supporting efforts to maintain peace on the continent.

Between 2017 and 2022, the top three African countries to import Indian arms were Seychelles, Mauritius, and Mozambique. Apart from conventional arms, India has also supplied patrol craft and light helicopters to several African countries. Although Africa currently accounts for about 10-15% of India's total defence exports, there is potential for further growth, as African defence needs align with the expanding capabilities of the Indian defence industry.

Another significant challenge that Africa faces is in meeting its education and workforce goals. With its population expected to yield a workforce of 1.25 billion by 2050, it is imperative that gaps in educational access and quality are addressed. UNESCO estimates that over 34 million children in Africa remain out of school. Shortages of trained teachers, inadequate infrastructure, and regional disparities further complicate the crisis. India has been a long-standing partner supporting Africa's aspiration to build resilient, knowledge-based societies. As both navigate a rapidly changing global economy, such collaborations are vital. Apart from providing scholarships under various schemes, such as ITEC and CV Raman fellowships, many Indian institutions, including those from both the public sector (like IIT Madras) and the private sector, have established institutions in Africa. Also, the PAN Africa e-network has been upgraded to e-ArogyaBharati and e-VidyaBharati with a far more developed and extensive set of courses and services.

Africa stands at a crossroads today, in a world undergoing profound and turbulent change. Additionally, the continent is on a trajectory of becoming a significant influencer in global politics, moving beyond its erstwhile marginalisation. African nations are exerting themselves in multilateral forums, influencing the global order, forging trade agreements, and charting their own development paths more than ever before. However, there are significant challenges due to the current turbulent global order. The shifting global balance of power presents both substantial risks and significant opportunities. In response, Africa is enhancing its interaction with global powers such as the EU, China, the US, and other emerging global powers. In 2023, during the G20 summit held in New Delhi, the African Union (AU) became a member of this elite group.

The continent is progressing with significant initiatives, such as the African Continental Free Trade Area (AfCFTA), which represents an ambitious vision of regional integration. However, a successful AfCFTA will depend on strong institutions, robust infrastructure, and inclusive policies that benefit individuals across all socio-economic levels. In addition to these issues, the continent faces serious security concerns, violent conflicts, disruptions to climate change, deprivation, and epidemic diseases that complicate Africa's ability to attain its rightful place in the comity of states. Against this backdrop, developing resilient policies is necessary to secure long-term peace, stability, and prosperity. To this end, Africa has been aggressively seeking and reaching out to various powers for collaboration and engagement.

As one of Africa's oldest and most trustworthy partners, India must play a crucial role in this new era. India can outpace other players by leveraging its historical and deep cultural ties to enhance cooperation in trade, technology, education, capacity-building, and other areas. In this context, the Ten Guiding Principles enunciated by Prime Minister Narendra Modi in Uganda provide a roadmap for future collaboration between Africa and India to advance their mutual interests. However, India will need to proactively engage with Africa and identify niche areas of partnership amid the aggressive outreach of global players.

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## Opinion

### **India's Engagement with the Americas: Revitalising Partnerships in an Emerging Global Order**

*Priti Singh, Sneha Bhagat*

The Americas, which include Canada, the United States of America, and Latin American and Caribbean countries, are crucial to India's vision for the new global order. In the post-Cold War international order, India stands as a valuable partner for the region. For the US, closer ties with India are seen as beneficial for diversification of its supply chains in Asia and the broader Indo-Pacific, while for Canada, India represents an alternative to reduce its overreliance on the US. With Latin America, India shares south-south solidarity and can build a mutually beneficial relationship grounded in their developmental experiences and comparative advantages in natural resources. The diversity and unique nature of India's engagement within this region of the Americas collectively highlight India's expanding diplomatic reach and pragmatic vision for a multipolar world. The trajectory of India's Viśvanīti has evolved over the years to focus on strategic convergence within the specific sub-regions.

#### **Sustaining a Strategic Partnership with the United States**

Often described as the 'defining partnership' of the 21<sup>st</sup> century, India-US relations have experienced several peaks and dips, but they have withstood all challenges. In fact, India-US relations over the past two decades have reached a peak in history, even as strained ties persist over trade and tariffs, geopolitics, and immigration. As the world's largest and oldest democracies, respectively, they share similar political values. Additionally, in the current geopolitical context, India

and the US also align strategically in managing China's rise.

Over the years, the US has become India's largest trading partner and an important source of foreign direct investment. India has been designated as a 'Major Defence Partner' of the US. Subsequently, the two have developed strong military ties, and the US has become a major supplier of defence equipment to India. In fact, the two sides have moved beyond a simple buyer-seller relationship to co-produce, collaborate in critical technologies, and conduct joint military exercises. These collaborations are helping India to strengthen its defence industrial base and enhance innovation and competitiveness.

Another significant aspect that brings the two countries together is the presence of a strong Indian diaspora in the US, described as a 'model minority'. People from India looking to immigrate in search of better economic opportunities find the US very alluring. Additionally, US universities are the most preferred destinations for Indian students seeking higher education abroad. Being hardworking and growth-oriented, the Indian diaspora has carved out a unique and admirable space for itself in the US society, its economy, and its polity. They have seamlessly integrated into the American way of life; it is no surprise that people of Indian origin are present in leadership positions across a wide spectrum of fields.

What has remained a constant hurdle in the relationship is the differing strategic outlook of the two proud democratic

nations. American policymakers have often tended to ignore India's security concerns when looking at the larger strategic picture from the perspective of US priorities. While India has always insisted upon protecting and exercising its strategic autonomy to secure its national interests, the US has at times failed to appreciate this. The US expects India to put its security concerns on the back burner to accommodate its own strategic priorities. The changing global environment after the end of the Cold War has led to a positive trajectory.

Besides, the two sides still do not see eye to eye on issues such as climate change, trade liberalisation, and continued US military aid to Pakistan. Under the current presidency of Donald Trump, some of these issues have escalated, threatening to damage the entire fabric of the relationship. Other areas of disagreement with the current administration include the Russian war in Ukraine, Iran, and the US interference in the recent India-Pakistan conflict.

There have been moments of elation and exuberance, but also of bitterness, yet it has never prevented the two sides from engaging with each other. Since the previous year, India-US relations have run into rough waters over the tariffs imposed by President Trump on India. Despite the semantics of these announcements, the Modi-Trump talks seem to point towards the relations heading in a positive direction.

### **Recalibration in India-Canada Relations**

Historically, the relationship between India and Canada has been one based on shared democratic values. Diplomatic ties had been strained by India's nuclear tests in 1974 and 1998, which led to Canadian sanctions. The 1985 Air India Kanishka bombing added another layer to the contention, i.e., India's concern over what it has viewed as Canada's leniency toward extremist groups operating on its soil.

Despite these political turbulences, the people-to-people and economic ties have proved remarkably resilient. The Indian diaspora in Canada is powerful and politically influential. The community acts as a cultural and social bridge, fostering deep connections with their homeland.

On the economic front, the relationship has been steady. It is noteworthy that despite the recent diplomatic row over the killing of Nijjar, which brought the relationship to a historic low, bilateral trade has remained unwavering. Private sector-led Canadian investments in India actually grew, defying expectations. Therefore, while diplomatic relations tend to be volatile, the economic partnership remains robust and resilient, an incentive for both nations to seek stability in India-Canada relations.

In the recent standoff, with diplomats being recalled or expelled, all avenues of diplomacy were closed, and the prospects for relations improving under Justin Trudeau's administration were dim. However, the ascension of Mark Carney to the office of Prime Minister has opened the possibilities of a potential reset in the ties. The other angle is that Carney won the April 2025 federal elections on an anti-Trump agenda. Under him, the need for Canada to diversify its connections away from the US is understandable, and therefore, he has adopted a pragmatic approach towards India. Carney, on the sidelines of the 2025 G7 summit, had pledged to take 'calibrated and constructive steps' toward normalising ties with India. The two sides have since appointed new envoys and agreed to resume negotiations for an interim trade agreement, which had been paused due to the diplomatic fallout. These steps hint at the political will on both sides to realise the full potential of this partnership.

By leveraging their resilient economic connections and the powerful diaspora, and by recognising the shared strategic interests in an increasingly multipolar

world, India and Canada can move beyond the cyclical pattern of confrontations. The path forward is not about ignoring past issues but about pragmatic efforts to build a partnership that reflects the long-term strategic and economic realities of the 21st century. The cautious thaw now underway is a significant and necessary step toward a more promising and stable future for both nations. The potential in India-Canada ties is hard to miss, and the bilateral relationship is simply awaiting a breakthrough to be fully realised.

### **Towards Convergence with Latin America**

India and Latin America, owing to shared developmental aspirations, have emerged as significant partners in South-South politics. Latin America's natural resource endowment, its potential as a trade hub for economic growth, and the Indian diaspora in the Caribbean serving as a bridge through cultural diplomacy are the catalysts. Engagement with Latin America supports India's vision of a multipolar world order, reducing dependence on the West and branching out from East Asian alignments. Reciprocal visits by leaders of both sides signify commitments of India and Latin America and the Caribbean to diversify strategic partnerships beyond Asia, Africa, and the West.

Bilateral trade has grown, with only a minor slump during the pandemic. Petroleum, pharmaceuticals, automobiles, IT services, and agri-exports are the main components of the trade basket. Latin America's comparative advantage in agricultural products can help India diversify food supply chains and strengthen its food security. Through Mexico, a USMCA member, India can gain indirect access to the North American market by meeting the criteria of USMCA's 75 per cent regional value content. Agreements being worked out with Peru and Chile have the potential to expand Indo-Pacific maritime trade routes.

Over time, through fora such as the G20, G77, NAM, BRICS, IBSA, BASIC, International Solar Alliance, and Global Biofuels Alliance, the two have sought a more equitable and sustainable global order. Brazil, Mexico, Argentina, and Chile are crucial partners for India in negotiations on climate change, global health governance, and reforms in the WTO and the UN. Latin America is pivotal to India's energy security and renewable energy transition, notably the Lithium Triangle, which supports India's electric mobility and battery storage ambitions. Equally significant is its cooperation with Brazil on renewables and biofuels.

India leverages the Caribbean Indian diaspora as a symbolic bridge in multilateral fora like the Commonwealth and CARICOM. The Indian Diaspora in Guyana, Suriname, Trinidad and Tobago, and Jamaica has consistently played a leading role in politics, such as Cheddi Jagan in Guyana, Basdeo Panday and Kamla Persad-Bissessar in T&T. The small yet impactful 'new' Indian diaspora, which includes IT professionals, academics, and business leaders, adds new dimensions to the soft power links. The popularity of Bollywood films, yoga, and performing arts is widely felt across the Caribbean and even parts of Latin America.

India's policy choices show pragmatism and a non-ideological stance. While engaging with the region, India downplays factors like regime ideology or internal politics. Instead, it focuses on the continuity of engagements. The engagements are marked by a low-security footprint and limited defence posturing. Even when defence is the axis, the focus remains on training, sales, and joint exercises rather than forming traditional security alliances. Flexible bilateralism is the hallmark of India's relations with the region as it tailors its approach on a country-by-country basis. Transactional yet cumulative, the agreements and pacts have resulted in deeper, mutually beneficial ties.

However, geography, logistics, and

language increase the costs of the relationship. Moreover, a sizeable presence of China and the US in trade, infrastructure, finance, and strategic arena has circumscribed India's forays in the region. However, India's ties with Latin America and the Caribbean have been characterized by limited trade in a few products or sectors and with a few countries. There is a need, therefore, to diversify markets and products; build connections and communication; and prioritise sectors of mutual advantage. Furthermore, heterogeneity of Latin American regimes' political orientations requires tailored approaches. Deeper ties in critical minerals, energy, information technology, the service industry, the automobile sector, and infrastructure projects, while steering clear of heavy security entanglements, could be the way forward.

### **Conclusion**

Despite the distance, the Americas are a critical part of India's foreign policy vision rooted in Vasudhaiva Kutumbakam, which emphasises

interconnectedness and oneness. India's engagement with the Americas reflects its dynamism and flexibility, aiming to converge on common objectives. India-US relations are marked by growing strategic, economic, and technological cooperation, while balancing security interests amid occasional differences on trade and global governance. India's relations with Canada have proved resilient, with the two sides successfully weathering the stormy phase and reconfirming the inherent elements of cooperation. India's engagements with Latin America and the Caribbean have also been progressing rapidly, especially in recent years, as evidenced by the spurt of high-level visits to the region. For India, its pragmatism in foreign policy is not a rejection of idealism, but more a dismissal of alliance-based relationships. India stands tall seeking strategic autonomy, but is not aloof. The outreach to the Americas strengthens India's global positioning, diversifies energy and trade sources, and helps revitalise partnerships amidst the emerging global order.

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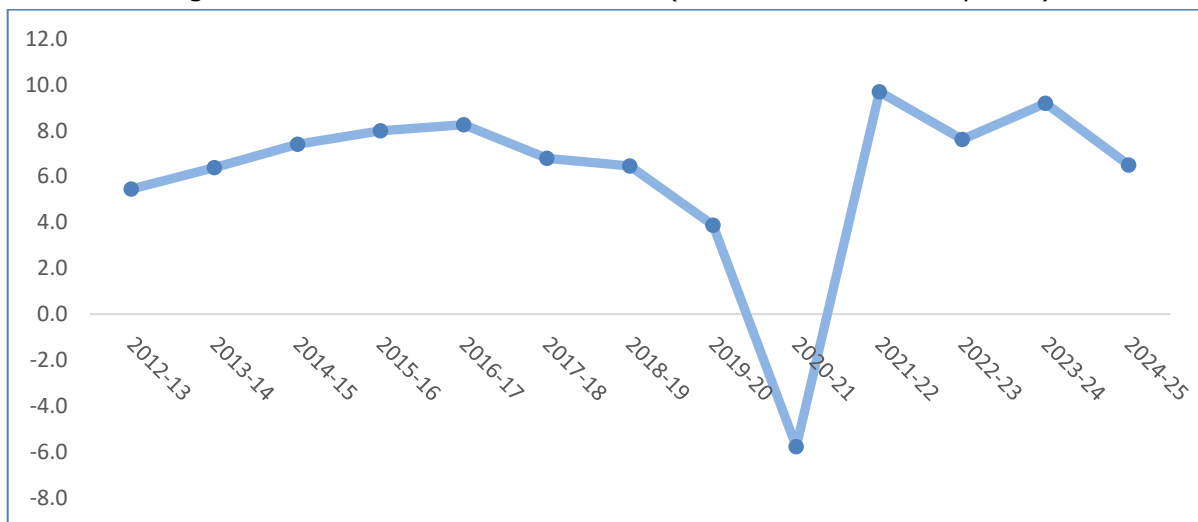
# Opinion

## India and the World Economy

*Suman Das*

The 1991 reforms were a pioneering moment in the history of the Indian economy. The adoption of the path of liberalization, privatization, and globalization proved to be beneficial to the economy, putting it on a high-growth trajectory. In the post-reforms period, India’s growth was primarily driven by the services sector, and eventually it was recognised as the fastest-growing emerging economy characterised by services-led growth. While the share of agriculture in gross value added (GVA) remained stable at around 18 per cent between 2011-12 and 2024-25, the share of services increased from 49 per cent to 55 per cent in this period. The share of the industrial sector remained stagnant at 30 per cent between 2011 and 2024. The real GDP grew by 6 per cent during this period. This impressive performance of the Indian economy is indeed noteworthy, given the severe global challenges, including the COVID-19 pandemic and the negative impact of geopolitical disturbances. Figure 1 depicts the growth rate of GDP during 2012-13 to 2024-25 (PE). The economy witnessed steady growth throughout the period, except in 2020-21, when it experienced negative growth due to the COVID-19 pandemic, but recovered to a positive growth phase thereafter.

Figure 1: Growth rate of India’s GDP (at constant 2011-12 prices)



Source: Ministry of Statistics and Programme Implementation, GoI

According to the World Economic Outlook 2025, the Indian economy was expected to be the fourth largest, after Germany, with a nominal GDP projection of US\$4.2 trillion and a growth rate of 6.4 per cent in 2025. Furthermore, India is also expected to achieve a nominal GDP of US\$5.07 trillion by 2027. Additionally, it has already secured the third position after the US with a GDP (at Purchasing Power Parity) of US\$17.65 trillion and a growth projection of 4.6 per cent annually. Furthermore, India's contribution to global GDP (at Purchasing Power Parity) has been impressive. As per the projections of the IMF, India was estimated to contribute nearly 8.5 per cent to world GDP in 2025, and to reach 10 per cent by 2030. India’s engagement with the world economy can be perceived through the lenses of cross-border capital flows, international trade, the Indian brand of digitalized finance, and the Indian diaspora.

Post-liberalisation, India successfully attracted foreign direct investment (FDI). There was a gradual increase in the FDI inflows from around the world over the years. The total cumulative FDI inflow between April 2000 and March 2025 amounts to US\$1.1 trillion. Table 1 lists the top five investing

countries and their respective major shares.

Table 1: Share of top investing countries

Sl. No.	Country	Cumulative Equity Inflow (April, 2000 - March, 2025) (US\$ billion)	Share in total FDI Equity inflow (in %)
1	Mauritius	180.19	25
2	Singapore	174.89	24
3	US	70.65	10
4	Netherlands	53.30	7
5	Japan	44.40	6

Source: DPIIT, Ministry of Commerce and Industry, GoI

The above table shows that 25 per cent of FDI flows into India are from Mauritius, followed by 24 per cent from Singapore, 10 per cent from the US, 7 per cent from the Netherlands, and 6 per cent from Japan. The highest FDI inflow of 16 per cent was in the services sector during the period, which corroborates the evolution of India as a service-led growth economy. The other major sectors which attracted FDI are computer software and hardware (15%), trading (7%), telecommunications (5%), automobile industry (5%), construction activities (5%), construction development (4%), drugs and pharmaceuticals (3%), chemicals (other than fertilizer) (3%) and non-conventional energy (3%). Apart from this, the economy also recorded US\$281.7 billion as foreign institutional investment during April 2000 to March 2025. On the other hand, outward FDI (OFDI) from India has also increased over time, indicating India's engagement in investing abroad across diverse sectors such as manufacturing, agriculture and mining, community, personal, and social services, insurance, wholesale and retail trade, and hotels and restaurants. For instance, India's OFDI was US\$4.8 billion in March 2025, compared with US\$2.8 billion in March 2012. The following table shows the top five major destinations for Indian OFDI as of March 2025. Table 2 shows that Singapore led with 20 per cent of OFDI, followed by Mauritius (14%), the US (11%), Kenya (8%), and the UAE (8%).

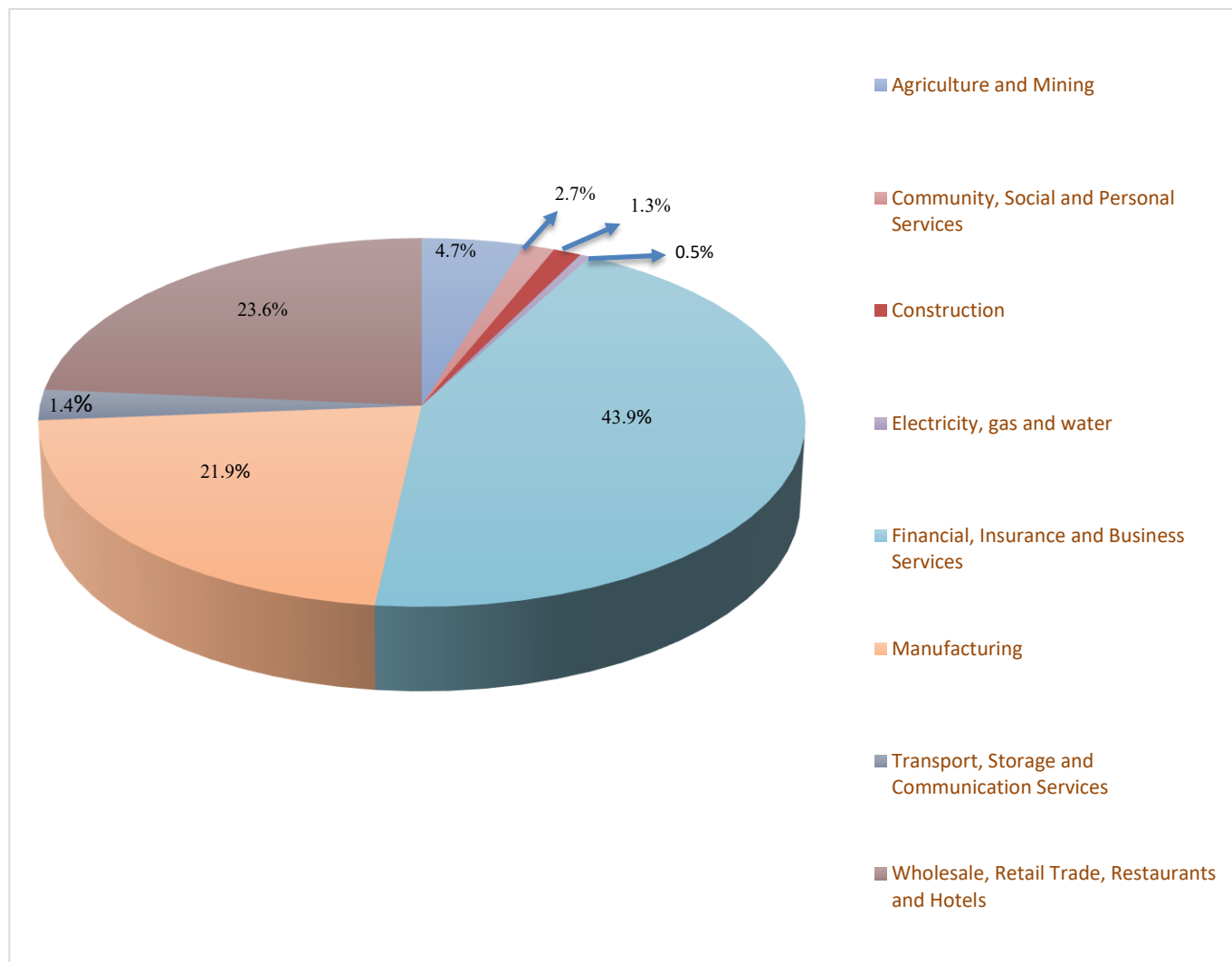
Table 2: Top five countries for Indian OFDI (March 2025)

Sl. No.	Country	Investment (in US\$ billion)	Share in total OFDI (in %)
1	Singapore	2.10	20
2	Mauritius	1.44	14
3	US	1.17	11
4	Kenya	0.83	8
5	UAE	0.80	8

Source: Reserve Bank of India

Figure 2 represents the sector-wise OFDI flows of March 2025. The figure shows that financial services recorded the highest OFDI in March 2025. The other sectors which also got a major share of OFDI are trade, hotel and restaurants (23.6%), manufacturing (21.9%), agriculture and mining (4.7%), transport, storage and communication (2.7%), community services (2.7%), construction (1.3%), and electricity, gas and water (0.5%).

Figure 2: Sector-wise OFDI flows (March 2025)



Source: Reserve Bank of India

The post-reforms era is also characterised by an expansion of trading activities between India and the rest of the world. Table 3 reports the top five exporting and importing countries of India during 2011-12 to 2024-25. The table shows that the US served as the major export partner while China served as the key import partner of India, with the UAE, Saudi Arabia, Hong Kong, Singapore, and Switzerland as other trading partners.

Table 3: Top exporting and importing partners of India (2011-12 to 2024-25)

Sl. No.	Export partner			Import partner		
	Country	Exports (in US\$ billion)	Share in total exports (in %)	Country	Imports (in US\$ billion)	Share in total imports (in %)
1	US	758.8	18	People's Republic of China	1029.7	14
2	UAE	433.1	10	UAE	488.9	7

3	People's Republic of China	213.2	5	US	447	6
4	Hong Kong	161.7	4	Saudi Arabia	401.2	6
5	Singapore	159.9	4	Switzerland	296.8	4

Source: Reserve Bank of India

Besides, India also has a substantial export market and import demand from the European Union, North and Latin America, Asia, Africa, OPEC, and SAARC countries. Moreover, Indian exports were worth US\$305.96 billion in 2011-12, which increased to US\$ 437.51 billion in 2024-25. Similarly, imports increased from US\$489.32 billion in 2011-12 to US\$721.32 billion in 2024-25. Additionally, the invisible receipts under the current account of the balance of payments, which constitute the receipts from various categories of services and income payments, increased from US\$217.21 billion in 2011-12 to US\$501.41 billion in 2023-24. However, the invisible payments amounted to about US\$105.70 billion in 2011-12, rising to US\$282.55 billion in 2023-24.

The total trade, when categorised into oil and non-oil commodities, provides a clear picture of India's integration with the world economy. While India is known as an oil-importing nation, it is also a significant exporter of petroleum products. In 2024-25, total oil and non-oil exports amounted to US\$63.34 billion and US\$374.08 billion, compared to US\$56.04 billion and US\$249.93 billion in 2011-12. On the contrary, the total oil and non-oil imports amounted to about US\$185.78 billion and US\$534.46 billion in 2024-25 as compared to US\$154.97 billion and US\$334.35 billion in 2011-12. As per the Global Trade Outlook and Statistics, April 2025, India contributes 1.8 per cent and 2.8 per cent in the exports and imports of the world merchandise trade, almost 4.3 per cent and 3.4 per cent in exports and imports of commercial services and 5.8 per cent and 3 per cent in exports and imports of digitally delivered services.

Apart from the various aspects discussed above, India is also emerging as one of the largest recipients of remittances from its large and vibrant diaspora communities. According to the Ministry of External Affairs, Government of India, the total number of Overseas Indians comprising Non-Resident Indians (NRIs) and Persons of Indian Origin (PIOs) is 35 million, spread across 209 countries. The top five nations with Indian diaspora populations are the US, the UAE, Malaysia, Canada, and Saudi Arabia. The diaspora population contributes significantly to the inflow of remittances, NRI investments, transfer of technological know-how, and promotes cultural diplomacy. They also represent India's rich cultural heritage and add to strengthening India's image overseas. The inflow of remittances has been quite remarkable over the years. As per the latest statistics, India received 18.6 per cent of the world's remittances, amounting to US\$137.67 billion in 2024, as compared to US\$62.5 billion in 2011, which was 13.6 per cent of the world's remittances. The contribution of remittances to India's GDP is rising over time. According to the latest estimates, remittances contributed almost 4 per cent of GDP in 2024, and this is expected to increase in the near future, given the continued movement of Indians worldwide.

Over the past decade, India has made remarkable progress in the digital payment system. To promote a cashless economy, the digitalization project was given high priority. India's digital public infrastructure is a class apart. The digital payment platforms, such as Unified Payments Interface (UPI), Immediate Payment Service (IMPS), and NETC FASTag, ensured smooth, easy, and quicker transactions across all quarters of the population. Besides, India has taken the initiative to endorse the indigenously developed UPI and RuPay cards globally. Currently, the UPI is widely accepted in the UAE, Nepal, Bhutan, Singapore, Mauritius, France, and Sri Lanka, while the RuPay card is operational in the UAE, Nepal, Bhutan, Singapore, and Mauritius.

Despite being one of the fastest-growing economies and having a profound impact on the world economy, India still faces several challenges. The challenges of rising prices, the incessant depreciation of the exchange rate, and, above all, the US tariff announcements will have to be

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addressed judiciously and with strategic vision. It is beyond doubt that these challenges are a common phenomenon in the current world order; India's evolving economic policies must address these chaotic phases effectively to sustain momentum and take the economy forward toward achieving the status of a developed economy in the future.

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## Book Review

### **Vince Cable (2025) 'Eclipsing the West: China, India and the Forging of a New World'**

*Manasvi*

The 21<sup>st</sup> century was described as the 'Asian Century' in the early 1990s, in light of Asia's projected predominance in global population and economic growth. Twenty-five years into the 21<sup>st</sup> century, these claims have been strengthened with Asia accounting for around 60% of the world's population, and Asian markets emerging as the dominant force in the world economy. Further, the rise of political and economic nationalism in the aftermath of the global financial crisis of 2008, along with the US's preoccupation with its relative economic decline, especially under President Trump, has raised questions about the continuation of the era of Pax Americana, indicating a significant shift in the geopolitical theatre of the world. These discussions about the changing global order form the subject matter of Vince Cable's latest book, titled *Eclipsing the West: China, India, and the Forging of a New World*.

The author is a former British Parliamentarian and a leading economist who had a long and close association with both countries in multiple professional capacities. He first visited India as a student in the 1960s and later developed plans for large-scale energy-based investments in India and China for Shell, as its Chief Economist. Afterwards, as a member of the Cabinet, he worked on the UK's trade and investment profile in both countries. His extensive experience of working with public and private entities in India and China, and his exposure to paradigm shifts in both economies, equip him with the insights required to comment on their economic and geopolitical trajectories.

In the introductory chapter, he succinctly notes, "The old world is disappearing, but the shape of the new one remains unclear" (p. 15). Highlighting the enormous demographic and economic size of the two Asian giants, India and China, Cable makes a case for their potential ascendancy on the global stage by

2050. Acknowledging that both countries currently fall behind the US in terms of their 'soft power', natural and human capital, and military capabilities - measures relevant for consideration as a 'superpower', he prefers Alasdair Roberts' conception of 'superstates' for making a comparison of India and China with the US as contenders. 'Superstates' are called so because of the enormous size of their territory and economy, coupled with a diverse population. Though these are not 'superpowers' in the conventional way, they have a huge influence due to their sheer size, especially in the contemporary fragmented world. Drawing on Thucydides and Kindleberger Traps, the author elucidates how these superstates pose a burgeoning challenge to US hegemony.

The book is divided into two parts: the first compares India and China, and the second examines their roles in providing global public goods. Using the metaphor of a "limping hare" for China and a "galloping tortoise" for India, the author traces the trajectory of economic growth in both countries, whose starting points were quite similar: colonial experience, independence around the same time, and a socialist path to development. Both countries follow a system of what he calls "State Capitalism", which has a large state sector along with a dynamic but regulated private sector. Yet there are significant differences in terms of the extent and nature of the public-private divide, the corporate landscape, and the financial system. The author assesses these differences and examines how they contributed to or hindered these countries' economic growth. Another chapter is dedicated to evaluating the often-cited dichotomy of "democracy versus autocracy" in the context of the political differences (and the resultant socio-economic differences) between India and China.

In the second part of the book, the author

begins by outlining a paradigm shift in international relations. The relationship between the West and China, initially dictated by geopolitics (China as a counterweight to the USSR), has shifted from one of economic engagement and globalization to a 'geo-economic' conflict grounded in ideas of national security and a zero-sum approach. This situation of competition and conflict between a rising superpower, i.e., China, and the established superpower, i.e., the US, is analogous to Graham T. Allison's formulation of the Thucydides Trap.

According to the Hegemonic Stability Theory, one of the primary functions of the hegemon is to provide access to global public goods. Rooted in this idea, three chapters examine the burgeoning role of the Asian giants in providing access to public goods: the climate, the liberal international economic order, and security. Highlighting the huge energy demands of the growing economies, the author underlines their enormous role in combating climate change. The de-dollarization efforts, development aid, the physical & digital BRI (and India Stack, the Indian alternative for digital public infrastructure), along with competition for 'standard setting', are described as emerging challenges to the contemporary liberal economic order, dominated by the US. The rising 'interest-based' multipolarity and multi-alignment pursued by India and China are emerging as an alternative to the ideological bipolar world of the past, redefining how security is pursued through alliances and alignments. This contributes to a fragmented world order, where cooperation between countries is in a framework of 'variable geometry'. The relationship between India and China, in a similar vein, has been described as 'frenemies': which share complementarities but are not allies.

In the final chapter of his book, the author postulates about three possible scenarios concerning the future global order: 'the Global West', 'a Multipolar World', and 'From Disaster to Multilateralism.' The first scenario envisions a bifurcated and polarized world, where democratic nations, including India, unite under the US's leadership against the autocratic axis involving China, Russia, and

Iran. The second scenario observes the retreat of the US as the global hegemon, and superstates compete for influence in a fragmented world. In the third scenario, shared global disasters like the climate catastrophe and nuclear conflict might force the US, China, and India to cooperate in providing international public goods.

Cable's analysis is remarkable for its depth, criticality, and objectivity. He relies on a data-driven comparison of India and China's relative strengths and weaknesses, yet is careful enough to spell out the shortcomings of such an analysis. The Gross Domestic Product (GDP), for instance, is considered a standard measure of economic size. However, the results for the top three countries in terms of GDP differ when measured at the market exchange rate (the US is ahead of China and India) and when measured at purchasing power parity (China is already ahead of the US in this case). Further, while making a case for the rise of India and China, he also reflects on the challenges that both face in sustaining and enhancing the economic growth that would empower them to do so. The geoeconomic friction with the West affecting China's exports, slowing economic growth, and a looming 'demographic deficit'- marked by a decline in its working-age population are major impediments to China's rise. India is constrained by chronic unemployment, low female labour participation, and resistance to reform.

Yet, Cable's work is not without limitations. His work is characterized by economic determinism, in which he overly emphasizes economic growth as the primary driver of global influence, neglecting key areas such as military and soft power. Further, when reading the book, one must remember that though China and India are economically rising, they are competing with the US within a system that institutionalizes its hegemony (i.e., the Bretton Woods System, institutions like the World Bank and the IMF, etc.).

However, Cable's book is a timely contribution to the discussion of shifting power balances in Asia's favor. The nuanced analysis of the changing dynamics of the global economic

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order driven by the Asian giants, along with a detailed discussion of the similarities and differences in their economic trajectories, is particularly valuable. Given its easy-to-read

language, this book is a good read not only for students of international relations but for anyone interested in changing global dynamics.

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