CONCLUSION

India is underwent a series of remarkable transformations after the end of Cold War and dissolution of USSR. India’s security policy has been transformed by new strategic compulsions and Pakistan’s nuclear tests of 1998, as well as by major changes in Asian power relationships. The end of the Cold War devalued India’s long-standing relations with Russia and reoriented India’s foreign relations around a much broader network of global friendships, with the United States emerging as India’s most important extra-regional relationship. India today is increasingly integrated with the world economy, and its foreign policy is built on the pursuit of security and preponderance of power in its broader neighbourhood, and of substantial influence in global governance.

India’s policy makers recognized need for pragmatism, and assessed that India’s continued economic growth is the essential foundation for accomplishing the India’s foreign policy’s goals that require much more sophisticated and substantive relations with the United States, and strong security as well as economic ties with Southeast Asia and Japan. Developments in Asia and globally have led the United States and key Asian countries to reciprocate India’s interest for reasons of their own, and this growing convergence of interests has given a further boost to India’s geopolitical reach. Two factors could retard or reverse this process: a renewal of active India-Pakistan hostility and a reversal of India’s economic progress.

India’s first transformations is domestic in character and started with the economy. India formally adopted a new economic paradigm by initiating the policy of restructuring, deregulating and liberalizing the economy involving integration with the world economy. This was in response to the realization that relatively inward-looking
growth model adopted since independence in 1947 had become inappropriate to deal with the end of Cold war and with globalization and associated technical changes. The proximate cause of the adoption was however the severe macro-economic crisis, particularly concerning the balance of payments the problem of heavy debt.

The geopolitical impact of India’s domestic change

While these political and economic changes were taking place, India was re-tooling its foreign and security policies to take account of the end of the Cold War. India’s foreign policy, traditionally built on nonalignment and on a strong security and diplomatic relationship with the Soviet Union, now treats the United States as its most important friend outside the region. India’s economic interests have assumed a higher priority in defining India’s foreign policy and security goals.

India’s security posture and its status in the world are based on its continuing possession of a nuclear deterrent. India’s quest for a special role in the world remains a strong feature of its foreign policy, but the character of that role has become more India-specific and less visionary than during the years of Nehruvian foreign policy, and the tools India uses to pursue it have broadened.

Strategic Alliance with the US

Indian Prime Minister Manmohan Singh’s visit to Washington put the new India-US relationship on display. Its most noteworthy accomplishment was an agreement between India and the United States on civilian nuclear cooperation that could transform the strategic partnership that is emerging between the two democracies. But the broad outlines of cooperation that were sketched out in the two leaders’ joint statement were the culmination of a decade of steady
intensification of Indo-US relations, based on a growing awareness of common interests. The Indo-US rapprochement started with expanding economic ties over the preceding years, as India’s economy “globalized”. According to Indian trade statistics, bilateral trade in merchandise goods and commodities has increased from a paltry USD 5.6 bn in 1990 to approximately USD 18 bn in 2003, a jump of more than 221 per cent. India still does not attract anything close to the amount of US investment going to China, but there are still plenty of opportunities. The pace of India’s economic reforms has slowed since last year, but even with a modest pace, the country is regarded as one of the most attractive destinations for foreign investors. Government-to-government economic dealings have not led to changes as dramatic as the surge in private trade and investment might suggest, but there have been notable accomplishments. In January 2005, for example, the United States and India signed an “Open Skies Agreement” that will facilitate greater trade and economic cooperation between the two countries. Before the agreement, Indian airlines were limited to a few major US cities: Chicago, Los Angeles and New York. Now they can fly directly to these cities as well as to other regional hubs like Houston and Minneapolis. US airlines, meanwhile, are permitted to fly non-stop to Indian cities. The agreement also removes restrictive requirements on cargo flights between the two countries.

The biggest change in India-US relations compared with the Cold War era, however, lies in the security relationship. Today’s Indo-US security ties are based on a growing harmony between US and Indian interests, especially those relating to the region from the Middle East through Southeast Asia. India’s accelerating economic growth has made its leaders conscious of their need for energy imports, and has propelled energy security and the safety of sea lanes of communication in the Indian Ocean to near the top of India’s security agenda. This has been a strong basis for creating a new security
relationship, one that involves regular joint military exercises and periodic joint operations. Recent examples include Indo-US cooperation in post-tsunami relief operations as far a field as Indonesia and an Indian offer to escort sensitive US naval cargoes through the Straits of Malacca. These represent a major change from the traditional Indian discomfort with non-regional countries' presence in the Indian Ocean.

The framework for the new Indo-US defence relationship was spelled out in an agreement initialled during the visit of the Indian defence minister to Washington. Since 2003, India and the United States have also gone a long way toward removing the restrictions the US had placed on defence trade and cooperation. Under the Next Steps in Strategic Partnership agreement (NSSP), announced in January 2004 and completed in 2005, India tightened up its legal and administrative framework for controlling the export and use of sensitive technologies, making it possible for the United States to remove many of the controls that had prevented export to India of these technologies. In March 2005, the United States announced that it would permit US corporations to bid on a major contract for the supply of advanced fighter aircraft to the Indian air force, including US willingness to license co-production of the aircraft in India. This was a major breakthrough in US licensing policy, and for the first time made it possible for US companies to be serious contenders for a major Indian military procurement contract. The agreement on nuclear cooperation, the final element in this new structure of security relations and trade in sensitive technology, will be more controversial. The United States undertook to work toward changes in its laws and in international agreements to make possible civilian nuclear cooperation with India, including sales of civilian nuclear equipment. India, on a reciprocal basis, agreed to a package of measures which it described as assuming "the same responsibilities and practices and
acquiring the same benefits and advantages as leading countries with advanced nuclear technology such as the United States. These included most prominently placing their civilian nuclear facilities voluntarily under safeguards, working toward a multilateral Fissile Material Cut-Off Treaty, and participating in the full range of arrangements for control of international trade in nuclear and related technology, including the Missile Technology Control Regime and the Nuclear Suppliers Group. Implementing this agreement will be complex, and will face domestic criticism in India and the United States as well as international questions. But once implemented, the agreement will remove the burden of sanctions from India arising out of its nuclear status and position the country as one of the guardians of the world’s security against nuclear trade. There has been much speculation about whether Washington’s friendship with India is predicated on US hostility toward China. At present, both India and the US are actively engaging with China. However, the fact that India’s rise to greater economic and military power coincides with China’s, coupled with the great potential for clashes some years hence between Chinese and US interests, certainly increases US interest in a strategic partnership with India.

India Looking East

**The China connection:** The change in India’s relations with China is nearly as dramatic. For years, Indian security thinkers have spoken of China as their main strategic challenge, and consciousness of the war India lost to China in 1962 is still vivid. Chinese policymakers have looked at India with a mix of apathy and suspicion, and reacted angrily when India justified its 1998 nuclear tests on the basis of the threat from China. In the past five years, with India opening up its economy and beefing up its armed forces, Beijing has begun to take notice. Trade is the driving force. Bilateral trade was
about USD 2.5 bn in 1999; five years later, it stood at USD 13 bn. Although India represents only 1 per cent of China's global trade, China has emerged as India's second largest trading partner after the United States. Indian companies look with envy at China's manufacturing prowess, while Chinese IT companies want to learn from India's success in the services sector. Bilateral investment flows are small but growing. Indian software and services companies, like Tata Consultancy Services, have set up a base in China not just to cater to Chinese firms but, more importantly, to the multinationals doing business there. For Chinese firms, India's huge middle class obviously looks very attractive. Most interestingly, the biggest Indian technology companies are actively seeking out joint ventures with their Chinese counterparts.

There has been significant progress on the political side of the relationship as well. Border talks, desultory for most of the last forty years, have become more serious. During Chinese Premier Wen Jiabao's visit to New Delhi in March 2005, the two governments formally declared their intention to move toward settling their dispute. More importantly, the Chinese have now accepted Indian sovereignty in the small Himalayan territory of Sikkim, and the two countries have established a system for local trade in part of the disputed border areas. Both these decisions signal their intent to move forward. This does not end the traditional Sino-Indian rivalry, which is still felt more keenly in India than in China. Their size, geographic proximity and contemporaneous rise to greater political and economic power ensure that competition will remain a feature of their relationship. China, increasingly, is a benchmark against which Indians judge their own economic performance and political status. Two more concrete issues are likely to ensure that Sino-Indian friendship remains laced with competition. One is energy, with the two countries increasingly locked in a race to secure resources globally, especially oil and gas, to fuel
their expanding economies. The other is Indian concern about China's apparent long-term moves into the Indian Ocean. China has a long-standing friendship with Pakistan and played a major role in Pakistan's nuclear programme.

In addition, China now has a significant presence in Myanmar (Burma) and an expanding relationship with Iran. China's plans to build submarines, in the view of many Indian security analysts, make little sense unless one assumes that they would be deployed to the Indian Ocean. These moves are a direct challenge to India's increasing focus on the Indian Ocean as a vital element of its security.

**Engaging Southeast Asia and Japan**

India is also broadening its profile in the Far East, where it had minimum influence during the Cold War years. India's "Look East" policy is a tacit acknowledgement that India needs to learn from the record of its eastern neighbours. The "Look East" policy reflects, once again, India's interest in protecting its broader economic and political interests throughout Asia. Bilateral relations with Japan soured when India tested its nuclear weapons in 1998. However, they have improved greatly in the past years. The fillip to Indo-Japanese relations was provided by the August 2000 visit of prime minister Yoshiro Mori, the first by a Japanese Prime Minister to South Asia in a decade.

The April 2005 visit of Prime Minister Junichiro Koizumi to New Delhi provided momentum to this relationship. Japan and India have a number of mutual interests: preventing incidents of piracy and terrorism in the sea lanes through the Malacca Straits, improving bilateral trade relations, and promoting peace in Sri Lanka. There have also been occasional joint military exercises, although India is also careful in not portraying its relationship with Japan in a too
militaristic tone. Giving higher importance to security-related Indian cooperation with Japan is likely to be inhibited by concerns over its likely negative impact on the developing Sino-Indian relations, which are more multi-dimensional than the Indo-Japanese relations.

On the economic front, Japanese investments in India have been sluggish. Japan is currently the seventh largest trading partner of India with a share of 3.1% in India's total exports and imports in 2003. Before the Indian economy began to open up in 1990, the Indian market held little interest for Japan. As India opens up, reforms its capital markets and makes it easier for foreign companies to do business, and as the Indian middle-class population gets wealthier, Japanese companies are beginning to pay more attention. Japanese firms have an advantage over their rivals: brand recognition. Sony, Toyota, and Panasonic are household names and Indians admire Japan for its economic and engineering prowess.

In a similar fashion, India’s relations with the ASEAN countries have seen a spurt in high-level visits and expanding trade and investment in the past decade. India has become a formal dialogue partner of ASEAN, and would like to expand its participation in Southeast Asian and Asia-wide institutions. Here too, there has been a modest but increasing programme of joint military exercises and port visits.

For India, the big attraction is a more stable set of political and economic relations to the east, as well as the possibility of joint operations in the energy field. India shares with the ASEAN countries an interest in not having China become by default the primary outside power. This has been of particular interest to Singapore, which has taken the lead in encouraging India to play a
larger role in the region, and which has supplemented its official interest in India with a growing array of academic programmes focusing on India and on Indian Ocean security issues.

India’s greater interest in East Asia ties in with its desire to expand the blue-water capability of its navy. The Indian Navy seems keen to play an active role in Southeast Asia. India’s relief operations in the wake of the tsunami disaster last year earned its navy the admiration of many countries in Southeast Asia. Opportunities for such a role in the Persian Gulf are limited because of the heavy US presence there and the likely objections of Pakistan.

Before 1990, India’s Middle East policy was largely determined by its stance on the Arab-Israeli issue. India voted at the United Nations against the creation of Israel, opposing the concept that religion should be the basis for a nation and wanting to express solidarity with the Arab world and with India’s large domestic Muslim population. But since 1992, when the two countries established diplomatic relations and institutionalized relations have steadily improved. The two most talked about areas of cooperation are defence and intelligence. India has signed, or has in the pipeline, defence agreements with Israel worth USD 3 bn, making Israel the second largest supplier of arms to India after Russia.

At the same time, steady economic growth over the past decade has caused a sharp spike in India’s energy requirements. Already ranking sixth in global petroleum demand, India meets 70 per cent of its needs through crude oil imports. By 2010, India is projected to replace South Korea and emerge as the fourth-largest consumer of energy, after the United States, China, and Japan. As a result, Indian diplomats are also looking beyond the Middle East, to places like Venezuela and Sudan, to diversify oil supplies. This quest for securing
energy could re-shape South Asia’s geopolitical landscape and affect India’s diplomatic relations, particularly with the United States. India imports 70 per cent of its crude oil requirement from the Middle East, and its dependence on foreign supplies is set to rise in step with its rapidly growing economy. Saudi Arabia is India’s biggest supplier of crude oil, accounting for almost a quarter of India’s total imports of 1.9 m barrels per day, while Nigeria accounts for 15 per cent. India’s energy needs are a major factor in India’s deepening ties with Iran. In January 2005, the Gas Authority of India Ltd. (GAIL) signed a 30-year deal with the National Iranian Gas Export Corp. for the transfer of as much as 7.5 m tons of liquefied natural gas (LNG) to India per year. The deal, worth an estimated USD 50 bn, will also entail Indian involvement in the development of Iranian gas fields. A breakthrough moment in India-Iran relations came on January 26, 2003, when President Mohammed Khatami became chief guest at India’s Republic Day parade, an honour reserved for India’s most trusted friends. Both countries signed the “New Delhi Declaration” promising to expand trade. Since then, bilateral relations have progressed gradually, driven by a mutual desire to expand trade links, India’s growing appetite for oil and natural gas, and a common strategic outlook in Afghanistan and Central Asia. The growing economic ties between India and Iran are moving in the opposite direction from Washington’s continuing efforts to isolate the Tehran regime. India and the United States have agreed to identify ways to cooperate in preventing the further spread of nuclear technology. But signing long-term deals with Iran would make it hard for India to oppose Iran if it came before the United Nations for sanctions. Energy and geopolitics both drive India’s interest in Central Asia. India’s strong interest in Afghanistan goes back to pre-independence days, with Afghanistan seen as India’s geographic security frontier. The difficult relations between Afghanistan and Pakistan, and India’s desire to maintain close ties
with a few well-placed Muslim countries, kept this relationship important after independence. Following September 11 and the collapse of the Taliban government, the Karzai government came to power with close ties in New Delhi, and India has continued to tend these carefully, much to Pakistan's discomfiture. The Central Asian countries north and west of Afghanistan, recently separated from the Soviet Union, held many of the same attractions for Indian policymakers and strategic thinkers, but several of them also have oil and gas and hence great interest for India's future energy supplies. India has been eager to expand its influence in these countries for reasons of geopolitics, rivalry with Pakistan, and energy supply. Indeed, India's growing relationship with Iran is based in part on Iran's willingness to give India land access to Central Asia, which Pakistan has thus far refused.

D. The South Asian neighbourhood: India-Pakistan tensions ease for the moment

One of the hallmarks of India's new foreign policy is that it extends well beyond the traditional boundaries of the South Asian region. Nonetheless, the continuing dispute between India and Pakistan remains central to India's geopolitical position. India's approach to relations with Pakistan and its other South Asian neighbours has not undergone the kind of fundamental change that characterises India's approach to the United States, Asia and the Middle East. The key question is whether India will decide at some point that it needs to push more aggressively for a settlement with Pakistan in order to take full advantage of its new international position. The ceasefire agreed in November 2003 remains in place at this writing, and officials and leaders from the two countries continue to pursue the complex peace dialogue they inaugurated in January 2004. The best-known and most difficult issue dividing them, the
dispute over Kashmir, is the subject of one working group; a second deals with nuclear risk reduction; and others address six clusters of bilateral issues. India is not only the larger and more powerful country: it also holds the parts of Kashmir that both countries care most about. In a formal sense, India claims all of Kashmir, including the parts now held by Pakistan and China. Pakistan claims that sovereignty over the parts of the state held by India and Pakistan must be decided by a plebiscite in which the inhabitants choose between India and Pakistan, in accordance with UN resolutions from 1949. If one steps back from these formal positions, which many would argue do not represent serious expectations in either country, the two countries have contrasting views of what kind of settlement they could accept. They also differ on how to get there. Pakistan has traditionally wanted to deal with Kashmir first. India has generally sought to address the other, less emotive bilateral issues first, saving for last the Kashmir issue. The two countries have engaged in unsuccessful settlement efforts several times in the past. But the two leaders’ continuing commitment to the current peace dialogue, and their willingness to reassert it even after flare-ups of violence, makes this an important moment for potential progress. The two governments have exchanged high level visits, expanded people-to-people ties, simplified some visa rules and inaugurated a bus service between the two sides of Kashmir. They have expanded modestly the level of bilateral trade, including resuming direct trade by road, and have spoken about permitting direct trade between the Indian- and Pakistani-controlled parts of Kashmir. Both countries say they are determined to move forward with discussions on a natural gas pipeline from Iran across Pakistan to India. The hope is that these steps will generate the goodwill to permit resolution of the harder issues and eventually a lasting peace.
India’s relations with its other South Asian neighbours have always been asymmetrical, reflecting the unequal size and power of the countries involved. India’s position of primacy in the region was always an important element in India’s approach to the region, together with its expectation that this would translate into a degree of foreign policy deference from the other regional countries. But India is now dealing with a more troublesome security situation in the rest of the region, and as with India’s approach beyond the region, its priorities in the rest of South Asia are beginning to shift toward economics.

The ethnic conflict in Sri Lanka has been under way for over two decades. In addition, a ruthless Maoist insurgency has raged for nearly a decade in Nepal, where an ineffective elected government has been pushed aside by a new monarch determined to reverse the democratic changes of the past 15 years. Declining governance in Bangladesh is made more dangerous by the new presence there of a small but vocal Islamic extremist element. India’s response to all these security problems has involved a much higher level of international consultation than in the past. In the past ten years, India has also become more interested in expanding regional trade and investment. India’s agreement in principle with Bangladesh and Myanmar to establish a gas pipeline linking the three countries is one example, and represents a creative way to try to deal with Bangladesh’s political anxieties about energy trade with India. In addition, the South Asian Association for Regional Cooperation (SAARC) has agreed in principle to move toward a South Asian Free Trade Area, and has taken the first steps in that direction, in the form of a bilateral trade agreement between India and Sri Lanka.

Europe, Russia, and the Developing World
Two pillars of India’s Cold War foreign policy have become markedly less important. Russia had been India’s steadiest diplomatic supporter, major trading partner, and principal military supplier for four decades. Its trade significance has all but disappeared. It remains India’s largest supplier of imported military equipment. Russian diplomatic support does not have the significance it once did, but Russia shares India’s interest in shaping a more multipolar world. Russia is not currently a significant energy supplier to India, but could become one as energy markets change in the next two decades. India continues to attach importance to its role as a leader among developing countries, but this has become a much less prominent feature of a foreign policy that today revolves more around relations with the United States and the major Asian countries. Europe figures in India’s geopolitical vision in two principal respects. First, it is a strong trade and investment partner (see table 3), and a Consisting of India, Pakistan, Nepal, Bhutan, Bangladesh, Sri Lanka and Maldives. critical part of the economic success India is trying to achieve. Second, its political dialogue with the major European countries is essential to the global role India is constructing. India enjoys good relations with all the nations in the European Community. India has signed Bilateral Investment Protection Agreements (BIPAs) with 16 of the 25 EU member states. The EU (as a bloc of 25 nations) is India’s largest export destination and has a share of over 24% in its total exports. In the year 2003, India was 19th largest exporter to the EU and absorbed 1.35% of total EU imports. On the other hand, India was 16th largest importer of the EU’s products and had a share of 1.46% in its global exports. The last major summit between the EU and India was held in The Hague on November 8, 2004. India and the EU states are working closely on terrorism, UN reforms, non-proliferation and other strategic issues. India’s rise as a strategic power India’s foreign policy during the early
decades after independence was based on a global role centred on non-alignment and leadership in the developing world. It relied heavily on India's standing as the largest democracy in the world, and on articulate Indian leaders who appealed to justice and idealism. Its hallmarks included resistance to the then prevailing division of the world into East and West and a push for economic aid and redistribution. During the 1990s, India had a relatively low profile in global governance. It last served on the UN Security Council from 1990 to 1992, a term largely shaped by the conduct and aftermath of the first Iraq/Persian Gulf war, at a time when India was only beginning to come to terms with the collapse of the Soviet Union. More recently, India's most active role in global governance has been its participation in multilateral trade negotiations. At Cancun in September 2003, India emerged as one of the main opponents of the agricultural trade agreement sought by the developed countries. Its hard line played well to important political constituencies at home. As the world and India's role in it evolve, India's military power and economic success are key building blocks for the role it aspires to. India seeks greater standing in global affairs and institutions as they are now organised, but it also would like to see a different global organisation emerge, one in which power is distributed more evenly, among a larger number of important powers, including itself. The big prize in India's quest for a larger role in global governance is a permanent seat on the UN Security Council. India has worked with four aspirants to permanent seats (Germany, Japan and Brazil) to craft an approach that can command substantial global support, and has made this an important element in its global diplomacy. Whether or not it succeeds in the current round of UN reforms, India will continue to work on this as a long-term effort. India will also be looking for additional platforms for participation in global governance. Prime Minister Singh's attendance at the Gleneagles meeting at the
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invitation of the G8 is one example. At the regional level, India’s involvement in ASEAN forums is intended to raise its profile globally as well as regionally. In the next decade, one can expect to see India more actively involved in Asia-wide organisations and possibly seeking entry into the International Energy Agency (IEA). India will also make greater use of its leadership position in the Global Fund to fight AIDS, tuberculosis and malaria. In the WTO, India’s perspective is likely to continue to evolve, reflecting the shift in India’s exports toward more sophisticated goods that can benefit by some measures India has traditionally opposed. And Indian participation in the organisations dedicated to preventing nuclear transfer, should it come about in the wake of India’s recent nuclear agreement with the US, would be an important indication of its “coming of age” in global governance. India’s concern until now has primarily been to secure a seat at the table. How India would use these platforms, should they become available, is less clear. It would certainly wish to protect its strong interest in retaining foreign policy autonomy, and would probably oppose interventionist approaches to political, human rights and security problems in developing countries. On the nuclear front, India would want to protect its own freedom of action as much as possible, while preventing Pakistan from joining the non-proliferation organisations. IV. Conclusion: India as a global power? At this point, however, it is too early to call India a global power. Its stable democratic political system, huge middle-class population, immense military clout in South Asia, rising economic fortunes and global ambitions make it a potential power that could play a very important role in world affairs. But India’s impressive growth in recent years is still held back by structural factors. The economic reforms enacted thus far enjoy a broad political consensus, but the present coalition government, like its predecessor, is proceeding cautiously with new ones. Its major achievement since coming to power in May 2004 is the
introduction of India’s first value added tax. To become an economic powerhouse and catch up with its bigger rival, India will have to sustain at least 8% growth, over a long period of time. Its first challenge will be to address some structural issues in the economy. These include reining in the runaway fiscal deficit, freeing its manufacturing sector from antiquated labour laws, selling state-owned assets and using the freed-up cash for investments in physical infrastructure. These are tough choices under the best of circumstances, but India’s complicated coalition politics make these decisions even harder.

Second, India’s relations with Pakistan, the US and China will be crucial. Peace and stability will be critical in attracting and keeping foreign investment. If India follows a pragmatic foreign policy and lets its economic priorities dictate foreign policies, it will reap the dividends of peace. Continued tensions with Pakistan might prevent India from realising its full economic potential. India’s economic fortune will also depend on how it manages its relations with the US: India’s growing ties with states like Iran, Sudan and Venezuela to secure energy resources could create speed-bumps in the bilateral relations of the two countries. This could in turn slow down or disrupt US investment and technology transfers to India. Bilateral relations with China are perhaps not as important for India as its relations with the US or Pakistan. For the moment, both countries have entered into a pragmatic dialogue that puts more emphasis on trade and commerce than political differences. But as both China and India race to secure energy sources around the globe and flex their naval muscles in the Indian Ocean region, their rivalry could intensify.

China has been careful in managing its strategic ties with Pakistan in the last couple of years in order to push its own relations with India. India’s strategic approach enjoys a broad domestic political consensus. It first took shape when the BJP was in power, and has
continued with remarkably little change since the Congress took over. The BJP expresses its international security goals in starker terms and takes a somewhat more nationalistic approach to the immediate neighbourhood. Within the Congress coalition, the parties of the political left are sceptical of the emerging relationship with the US. But in practice, major decisions, including those on sensitive issues of relations with Pakistan, have become part of the national consensus. India's policies embody a blend of pragmatism and nationalism, and its goals include both close relations with the US and recognition as one of the leaders in a more multipolar world. India's economic growth and ability to manage its key diplomatic relationships will determine the size of the international role it crafts over the next fifteen years. Its leaders' skill in balancing the competing objectives of its foreign policy will help shape the direction taken by both India and the world.

**Military expansion**

India changed from implicit to explicit nuclear weapons status with its nuclear tests in 1998 that ushered in changes in India's military posture. India's nuclear doctrine was based on "no first use", and envisaged treating its nuclear arsenal as a deterrent to nuclear threats. Its aim was to maintain a "minimum credible deterrent". At the same time, the period since 1998 has been a time of major investment in the Indian military. Defence budgets rose by 13 to 25 per cent per year, and the Indian military planned major acquisitions of new equipment and technology. These were intended not only to deal with immediate issues of infiltration from Pakistan-controlled territory, but also for broad-based modernisation, including enhanced power projection capability. India's military strengthening has been an important element in shaping a foreign policy that places greater
emphasis on India’s economic interests, but that also assumes that India will be taking on a greater role in Asian and global affairs.

**India’s Perception of its Role in International Politics**

The 21st century is touted to be the Asian age, belonging to China and India. The end of the Cold War and the growing impacts of globalisation are also making India redefine its position and role both at the regional and at the global level. Since the economic liberalisation of the 1990s, which lead to growth rates of 6-7 percent p.a., India’s global presence has been steadily visible. Two issues are shaping India’s rise – the political dividend it has garnered as the world’s largest democracy and its growing economic status, which, according to projections, will cause it to emerge, along with China, as a key economic driver of the future.

India, the acknowledged leader of the South, is transcending that role to play a larger global role, a development that is endorsed by both the US and the European Union (EU) in their respective Strategic Partnerships with India. But this is an ongoing process, and so it is important to examine the political and economic values the new evolving India endorses in the context of global governance-multilateralism, political and economic values and international security). To assess where India is headed today, it is important to look at the period immediately after independence in 1947, especially the first 10-15 years. India was active with its soft power approach and played a significant role in the decolonization process. The country was also active in international institutions like the United Nations as well as in leading the Non-Aligned Movement. This was due to Jawaharlal Nehru’s, India’s first Prime Minister, vision of India-
blend of the realist and the idealist – that as a big country with a long civilisational history, India was not merely a regional but also an international power. However, India’s foreign policy choices were circumscribed by Cold War politics that defined its political, economic and security relations with other states. Post-Cold War global politics is witnessing changes in power equations between and among states and India is no longer contained in South Asia by the Cold War rubric.

Indian nuclear testing in 1998 and a steadily performing economy have changed not only India’s perception of itself but the world’s perception of India. On the economic front India is still managing the transition from a developing country to a developed one. Although China has shown outstanding performance and has a lead over India in hard infrastructure, India’s performance in soft infrastructure, with its exceptional growth in the IT sector, has changed the perception of the Indian economy to a major extent. India, with its good legal structure, corporate governance, banking system, financial sector, property rights security, its skilled manpower and young workforce, has become the new economic icon of the emerging powers. In comparison to China, which has drawn in higher levels of Foreign Direct Investment (FDI), India’s development model is managing to deliver long term economic payoffs at much lower levels of investment. In an increasingly networked world, India is a brand leader enabling a technologically networked world.

Politically, India views itself as a responsible nuclear power that, unlike its neighbour Pakistan, has not been a source of nuclear proliferation. Its long-held democracy record and its internal fight against terrorism have found resonance among both the Europeans and the US. In the aftermath of 9/11 India was quick to offer overflight rights and bases to the US, which signalled its new intent in foreign policy. This offer acknowledged that India was engaging the US
differently, a significant step in the light of the difficult India-US bilateral relationship throughout the Cold War. Asia has many players and contenders to be its leader both regionally and globally. From within the region China, India and Japan are the key actors, while the US is the most dominant outside stakeholder in the region, followed by Russia. And at the second level there are many natural resource rich states and nuclear states in the making that can potentially alter the power dynamics in the region all the way from West Asia to the Asia-Pacific region. It is in this context that India’s engagements with the regional and global levels are seen reflected in four sets of relationships. These engagements also reflect the structural changes in world politics, especially the fluidity in the emerging power hierarchy and India’s changing political, economic and security requirements.

First, there is the immediate region of South Asia, where India shares a border with 6 other countries (Pakistan, Nepal, Bhutan, Bangladesh, Sri Lanka, and Maldives) which together constitute the South Asian Association of Regional Cooperation (SAARC). Recently Afghanistan has been invited to join the SAARC. Because of the various accoutrements of power, sizes of population, history, civilisational role, India is the major undisputed power in South Asia. However, India’s leadership of the region is not accepted unequivocally. Pakistan, with whom India has shared a very tumultuous history since 1947, has persistently challenged this leadership and was aided by the Cold War configuration wherein it was supported by the US. Since the last flashpoint in May 1999 after both countries had gone nuclear, India-Pakistan relations have improved, especially since early 2003 with the peace process.

In contrast to its pre-1990 foreign policy, India is now engaging its neighbours differently. It is coordinating with external actors, as in
the case of Nepal and Sri Lanka. Regional conflicts have also prevented South Asia from emerging as a strong economic entity and impeded the economic benefits to the countries. Thus the uncertainty of the peace process with Pakistan and of a region that is still enmeshed in conflict has the potential to keep India tied to South Asia.

The second set is with the major Powers – US, EU, China, Russia and Japan. In particular the presence and role of the US and China influence the political dynamics and strategic stability of South Asia and thus constitute a part of the first set of relationships. China’s attempts to emerge as the pre-eminent player in the Asia-Pacific region, leads the US speculating over whether India could be a balancer to China in the region. However, India’s Strategic Partnership with the US and the EU are signs of India being recognised as an important contemporary and future partner.

The third set of relations reflects an expanding set of networks with South-East Asian countries aimed at enhancing trade and economic relations, and West Asia and Central Asia, focused on strengthening and further securing India’s energy security. This also covers the Indian Ocean and littoral.

The fourth set is the engagement with Latin America long ignored earlier and Africa, where India is actively pursuing its energy requirements. India’s potential to play a global economic, political and security role depends on developments in the international structure and regimes, regional stability and its own domestic economic growth and internal political stability. At the domestic level, identified major concerns will be the challenges of sustained economic growth: revitalisation of the rural economy, education, health, rural and urban infrastructure, environmental degradation, revitalising the state
institutions for better and enhanced delivery of essential public services, upgrading the financial system for better global integration, a better regulatory system and for this India need a polity which is inclusive, equitable, caring and just. Briefly, the challenge is the transformation of the economy, including upgrading of hard and soft infrastructure, coupled with improved human resource development and governance. Further, management of the social turbulences which will result from all these economic revolutions is critical to India's success as a global actor. Externally, what is significant is the changing dynamics of the Asian region, especially given that its security and economic architecture is still emerging. Against this backdrop the relations between India, the US, Pakistan, China, Russia and Japan have the potential to develop in different directions. Thus India's perception of its own role and the perception of the others is evolving and shifting.

Factors Influencing India's Foreign Policy

The major objective of India's foreign policy has been and would be to secure for itself strategic autonomy so that it can pursue its national interest. India's critical security concerns are external security, internal security, sustained economic growth, energy security, maritime security and access to technology. This strategic autonomy is related to the international system, and one critical question for India is what kind of international system would be beneficial to it. India would like a world that is non-polarised and non-hegemonic for these would maximise Indian autonomy. Both India's security concerns and its relationships to the region and beyond have to be viewed within two global contexts hegemony and globalization.

The US is the dominant military actor globally and in the region as well. A factor working counter to this concentration of power,
globalization is leading to networked interdependence, especially in the economic sphere, as well as to a diffusion of power. It is also impacting on the ability of the state to shape and mould the process as the state is no longer the primary actor. India was brought up on the concept of "balance of power", and this no longer applies today. Both international trade and the international economy highlight that we are in an age of "power of dependence". In order to address its security concerns, India has used a combination of domestic and societal policies and foreign policy factors. In the case of internal and economic security, economic modernization has been driving the policy impetus. India's demography will become an asset only with inclusive growth, with vigorous investment in health, education and infrastructure that link the market needs with skill building in the young workforce.

In order to enhance external security, focus is also being given to defence modernisation and upgrading of weapons systems, with an inclusive nuclear doctrine based on minimum deterrence and a 'No First Use' policy. The question of how military modernization affects political stability in Asia will become even more critical as defence spending across Asia steadily increases. At the foreign policy level, there have been efforts to enhance regional stability, and to expand India's outreach beyond South Asia into South-East Asia and Central Asia. Likewise, are the growing partnerships with the US and the European Union. These policy efforts are aimed at enhancing India's hard and soft power capabilities and capacities, which will ensure its strategic autonomy and also help to achieve great power status.

**Foreign Policy Strategies Adopted by India to Enhance its Role in International Politics**
The BJP-led government’s decision for nuclear testing in 1998 catapulted India to global attention and to the first rungs of the major powers, as some Indian analysts argued. Since the nuclear tests, there has been a new assertiveness in Indian foreign policy. It is not that the successive Indian governments have renounced the Nehruvian view of world politics. But along with high ideals and the strong self-image espoused by Nehru, there is a new-found pragmatism and confidence.

India seeks to project itself with a growing economic power registering a steady 7-8 percent growth in the last few years. And more significantly, India is increasingly moving from the power of the idea to the new argument, which is to augment economic and political power. Freed of the structural limitations of the Cold War, India is seeking to build strategic political and economic alliances at the bilateral, regional and global level that hold promise of rich security dividends.

Indian foreign policy, which during the Cold War was marked by Non-Alignment, today appears to be pursuing a policy of neo non-alignment – i.e. engaging many to meet its different security requirements. The key to India projecting itself beyond the region is to have and ensure stability in the region.

In South Asia it is engaging its neighbours both bilaterally and, more so, within a regional framework (SAARC), in order to achieve its foreign policy objectives. There has been a steady improvement of relations with all the neighbouring states and this augurs well for India. The peace process with Pakistan in the West and the border talks and increased trade with China in the East are bringing new dividends and operational space for India. India’s efforts at engaging the regional levels have been more noteworthy. It has sought membership and representation (even if it only as an observer) in regional organisations in South-East Asia and Central Asia that seek to project India into the region and also to facilitate alliance building. These efforts have been driven by both political and economic
considerations. India’s ‘Look East” policy has brought it substantial visibility in South-East Asia (a region which is increasingly being influenced by China), with membership in ASEAN and the ASEM. Some analysts say that this not only confirms India’s increasing economic presence but is a welcome move by the ASEAN countries to counterbalance China. After all, China is part of all the regional organisations, from ASEAN and ARF to the East Asia Summit (EAS), and is expanding its influence in Central Asia as well as through the Shanghai Cooperation Organisation (SCO). It is interesting to ask here whether India has become dehyphenated from Pakistan, but only then to be hyphenated with China? India does not view this as a counterbalancing move, but looks at the region, with which it has had long historical and trading links, as a natural trading partner. This also fits in with India’s strategic vision of the Indian Ocean, where it defines its maritime security as extending from the Gulf of Hormuz in West Asia to the Straits of Malacca in South-East Asia – a fact reiterated also in the Ministry of Defence Annual Report. This large maritime zone is home to some of the World’s busiest sea lanes for oil and raw materials, both of which are critical to India’s sustained economic growth and thus linked to her economic security. Further, the role of Indian diasporas, which are economically strong and visible, and a growing political conscious of its influence in the US and Great Britain is earning India valuable political and economic mileage. Consequently, even as India increases its diversified regional presence, it is speaking in a new voice which is not representative of just the Third World. As a state in transition to a new identity and role, it seeks to articulate its national interest but also to speak for development issues. The challenge for India is that it cannot be a regional or global actor and sit on the fence; rather, it will increasingly be called upon to take a political stand, as in the case of Iran on the IAEA vote. India’s foreign policy today demonstrates an increasing tempering of idealism with pragmatism and it continues to pursue a multilateral and a rule based global governance.
Implications for the World Order

In a globalised world, just as India engages the world, India is also being engaged by the world. The most dramatic transformation has been in the India-US relationship. Freed from Cold War rhetoric, these two countries have moved from being ‘estranged democracies’ to ‘engaged democracies’. The new dynamism in the India-US relationship is so profoundly different that the US, for the first time in its bilateral relation with India, is engaging it as totally de-hyphened from Pakistan.

Second, it is pursuing a Strategic Partnership with India that endorses India’s current and future potential for the region and the world.

Third, the India-US Civil Nuclear Deal de facto recognises India as a nuclear power and has secured for it exemptions from the current nuclear regime. In other words, India has been engaged on its own terms. For ‘enduring partnership’ India will have to formulate its foreign policy with prudence and caution as the US and Europe and EU are engaging the two emerging powers – China and India – which are pursuing two very different political and economic models of growth. India’s strength and its ideational proximity to the West lie in its being the world’s largest non-Western democracy. India has successfully integrated its pluralism and diversity with institutionalised democracy that has the potential to be a model for others.

India’s pursuit of closer ties with its neighbours in the region and with key external actors in the region is her strategic vision. India’s challenge is the lack of a dynamic immediate neighbourhood. India’s engagement at the international level has an intrinsic national interest to see peace and security in as large a region as possible. That
is one reason why India has participated in UN efforts to promote peace and peacekeeping. India aspires to a multi-polar, rule based, multilateral system. However, it is India's political and economic relations with the existing major powers and emerging powers that will have a major impact on future global political and economic governance.

India's foreign policy looks beyond the neighbourhood to secure its economic interests – especially access to raw materials and energy supplies – both of which can put it on a competition course with China, especially in Central Asia and Africa. For other countries, China and India jointly represent a new emerging challenge. Assessment of Indian foreign policy today shows that it seeks to enhance its power and influence by enhancing bilateral cooperation with the US, Europe, EU, China, and Russia as well as by engaging and participating in regional arrangements and international organizations and skilfully using its soft power. Its growing cooperation with Israel, especially in the military field, and continued relations with the Arab world showcase the fine tuning between its external and internal security concerns. There is increasing evidence that civilisational states like China and India will be players in changing world politics. However, India's security strategy is still evolving. The absence of a cohesive security strategy will slow down India's ability to transform itself into a major global actor. The evolving international order is going to be Asia centred and polycentric for a variety of reasons. Since India's interests encompass far more than just the region, it is thus in its interest to shape that Asia centred century into a more co-operative space. India has to project itself as a confident and dynamic country that is ready to play a larger role to ensure stability, security and peace in the world.