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VII) SUMMARY AND CONCLUSION

It is clear now that the principle architects of India’s ‘new economic policies’ of the early 1990’s had an appreciation of the external political context within which external economic liberalization was pursued. This external factor was the end of the cold war and the dominant influence of the United States. India had resisted US pressures to liberalize her trade and investment policies till the early 1990’s India joined Brazil and several other developing economies to block progress on further trade liberalization through the Uruguay Round of trade negotiations in GATT.

However, India was forced to change it’s stance in 1991 because it realized that economic engagement, especially with the US, was the new post cold war paradigm of international economic relations within which developing countries had to operate. While India’s economic Policies in the 1990’s were publicly never so articulated or defended, the fact remains that the altered external political environment had an important role in shaping India’s economic policies in the 1990’s.

International Relations is an unpredictable realm of turbulent processes and events that is full of surprise. International politics is an inquiry into the fundamental ideas and beliefs involved in the arrangement and conduct of world affairs over time.

In International politics, the economic interaction between two states, there is an underlying tension no matter how friendly their relations may be. Mutual gain is possible to a certain extent, but beyond that there is invariably the conflict between competing interests. Each side
hopes to gain something from the interaction that will not be to the advantage of the other, India as a recipient of foreign aid is driven by the motives of economic development and political power. To those countries giving aid, this is not desirable in itself. If India does achieve its developmental aims it would be an additional competitor against the very countries which have helped its economic progress. On the political side, the accumulation of power by India can scarcely be agreeable to others in a world in which the power of one is always an aid; donors have some expectations of benefit for themselves. This benefit may be perceived in economic terms or political terms or both. Foreign economic policy as the external aspect of the country’s domestic economic policy is analyzed in this research, from a broad perspective, the two policies are the same, with both being formulated in terms of the needs of economic development. Exploration revealed that changes in policy encompass both dimensions, internal as well as external. Economic Development of course has been the primary concern of successive Indian governments since independence. The task of achieving higher standards of living and modernizing a backward economy has been a gigantic one, in which the role-played by aid and trade measures have been analyzed and explored.

Presenting the admixture of Foreign Policy Analysis and International Political Economy, in context of India’s post 1990 reforms, this research explores novel aspect of Indian Foreign Policy. However, in this chapter we will take a brief look on the summary and after that the conclusion of this research.
A) SUMMARY

1) Beginning with the various trends and transformations in world politics it also depicts the way most prominent concepts of analysis moved from the "Conflict" dimension to the "Cooperation" dimension. The post cold war scenario and the changing world order was in fact a period of transition for vary many developing and developed countries. As the various post cold war trends have been adapted then came the wave of globalization, which heated up various issues particularly North-South issues. NIEO, UNCTAD which further complicated the economic and strategic matters between the developing and underdeveloped at one side and developed at other side. Then came the challenge to the nation state system itself in the form of Non State actors which include MNC's, NGO's etc. Which successfully have interfered in the social and political institutions world over, and the challenge they pose to the sovereign nation state system.

2) Ending up the Introduction and moving towards the research methodology of the research where attempt is made to systematically elaborate the objectives of study, hypothesis, nature of study etc.

3) This study also brings out various dimensions of global trade and finance it's complexities and magnitude. Further it focuses on the area of Foreign Aid its typology and brings out it's instrumentality in the area of economic diplomacy.

4) However, a more, analytical pattern is followed, while considering Indian foreign policy and its adaptability and capacity towards the global political currents, various dimension of Indian foreign policy
are closely studied. Further exploration and analysis is done while contemplating the foreign economic policy of India after the 1990 economic reforms of Liberalization, Privatization and Globalization. Contemplating the policy reforms by the Government of India from time to time it also explores various international politic-economic dimensions and their meander nature in context to the India’s foreign economic Policy.

5) Analyzing the policy interactions between international financial institutions, and India the economic diplomacy aspect is streamlined. Also, the politics behind the aid and trade which includes the policy interactions between India and major powers have been explored and analyzed. The growth of import and export in context with the foreign economic policy, it's positive or negative impact on India's foreign policy is also traced. The regions having the potential for growth in trade and other economic tie ups have also been identified.

6) India's neighbors and China bears a special reference as far as foreign policy is concerned. Detailed account of trade and other economic tie ups and grouping in regions closer to the subcontinent have been depicted as new areas of bright economic fortunes. The areas of economic competition and cooperation with neighbors and China which is significant Economic power have also been explored and analyzed. The potential and prospects of various economic groupings between these countries and their strategic benefit to India is evolved.
B) MOVING TOWARDS CONCLUSION

Satisfactorily moving towards the conclusion, various policy interactions have been deciphered and detected.

1) The "cooperation" dimension in the Indian foreign policy after post 1990's have been analyzed and explored as the reforms brought the new wave of cooperation in external affairs amongst the Indian policy makers which have been noted while contemplating the post reforms Indian foreign policy of various governments. Especially the faster economic growth of India because of Information Technology, Services, Infrastructure Development, and Foreign Trade has given edge to India's foreign economic relations. The extent of cooperation is evident when India along with China, Brazil, Pakistan and some other countries, formed a group in WTO to safeguard the interest of developing and underdeveloped countries.

2) Indian foreign economic policy is an articulation of national political interest as well as is an amalgam of both continuity and change. Various governments have pursued the model of economic reforms which we can say with the same vigor and vitality. Without disturbing the structure of foreign economic policy one can see the gradual and smooth change that has been brought about by the successful and continues persuasion of the policy objective by various government's in India as we have analyzed them tenure wise.

3) Broadly, the task of Indian foreign economic policy is to understand the Global political & economic environment and to deal with International financial institutions and to determine the margin of
persuasion. The impact and influence of the international institutions like IMF, WTO, World Bank on Indian foreign economic policy is analyzed. The differences on the subsidies between the developed and developing countries the aid related macro economic adjustments dictated by IMF, IBRD etc. have been explored and analyzed. Politics in these institutions influences foreign economic policy of the member nation state, and which was clearly evident in the various rounds of meetings of WTO in which the struggle is on between the developed and developing nations. By becoming the emerging economic giant, India have faced various hurdles and obstacles in the form of Child labor, Anti foreign sentiment against the MNC’s, Anti Developing threats. Developed states have tried at every level to weaken the progress of India by political or economic instrument.

4) Indian Foreign economic policy measures are adopted to safeguard and advance the national interest while dealing with major economic powers especially help they provided and hurdles they created

As USA, JAPAN, EU and other few countries have put economic sanctions on India after the nuclear test of 1998, earlier than that our policy makers have already done the home work that for how much this sanctions would cost for the economic development which had been at that time was steadily progressing. But if we take a closer look at the data it is revealed that these sanctions have not been effectively able to brought India on its knees with the economic power. And the growth and expansion of India economy is clearly evident despite the economic sanctions.
Helping India with larger Aid package's can be viewed the prime motive of the donor countries to interfere in the economic and political structures of India and gain some presence. By observing this the aid packages of larger aid countries like Denmark, Netherlands, France, Canada, Sweden, Norway, Italy, Belgium, Austria, Spain, Switzerland, Saudi Arabia, Australia, Czech and Slovak republic, have been politely refused by India. Because aid used to come with conditionalities and aid donor countries pursing their own agenda like it is tide to policy, it is tied to imports, to sermons and to the use of favored consultants. But still aid is effective for its low-cost and to bridge the trade gap. But certainly not at the cost of national security.

5) India and her neighbors, i.e. south Asian regional system is the environment in which the units of international politics operate. Their goals, aspirations, needs, attitudes, latitude of choice and actions are significantly influenced by dimension of conflict and cooperation. As at the time of framing the policy various dimensions have to be closely studied like strengthening the ties with the SAARC countries and at the same time successfully establishing India’s presence in ASEAN, Shanghai Cooperation Organization or enlisting membership in BIMSTEC. Indian Foreign Economic Policy have seem to be holding the various gear’s at the same time and effectively shifting it for the advantage of itself and also for the global community, because active regional involvement especially in economic cooperation can strengthen the objectives of the WTO and UN itself. India’s policy makers have been focusing more attention on this area.
6) Post 1990 Indian Foreign economic policy is framed in such a way that it brought development, prosperity and increase in strategic importance. However, India’s potential at the fullest have not been explored by its policy makers up to now as far as foreign economic strategy is concerned. Still the development is on, which shows huge areas of foreign investment and also the trade. Untouched or smaller areas like the India’s neighbors have to be utilized for trade purpose so that it can bring the prosperity for the whole region itself. These are huge potentials of trade with the neighbor’s as well as EU, China and ASEAN countries. If multilateral negotiation is not possible then going after the bilateral trade agreements or creating separate economic groups with shared and common economic interest is the wise decision like BIMSTEC or Shanghai Economic Cooperation.

In this process, although pretty late but Indian foreign policy is becoming more and more focused and inclined towards constructing strong economic bonds with various countries for fulfillment of economic and strategic objectives.

In the process of research analysis the following trends have been identified.

1) **INDIA and WTO**

In the policy interaction with world trade organization, it is identified that clearly there are two groups one with developed countries i.e. USA, UK and allied and other one is group of developing countries, i.e. India, Brazil, Mexico, China, Pakistan etc. India as a policy initiative has always been debating the issues related with
agriculture, subsidies, anti-dumping, taxes etc. at various summit's like Doha, Cancun the senior officials of the external affairs ministry and the successive minister's themselves have successfully thwarted the bid of developed countries to take advantage of the weaker economies. More and more attention has to be paid while dealing with the trade issues under the WTO guidelines.

India must not succumb to the tactics of the developed countries.

2) **INDIA, WORLD BANK and IMF**

The World Bank loans and the IMF loans were always provided with conditionalities. However there is no guarantee as such, that after following their guidelines there would surely be success. But still these loans were needed to economically soaring India and laterly for various developmental projects. One of the conditionalities included in 1989 was to liberalize the imports but because of that India became dumping ground of waste where used machines and technology can be dumped. Although, India, has taken few steps to curtail this types of dumping but still there is a long way to go.

3) **INDIA and USA**

USA has been India's largest trading partner and aid provider through the multilateral agencies like IBRD, IMF. But clearly India and USA were standing at opposite sides in WTO and also US administration have observed that despite the economic sanctions after the Pokhran II in 1998 along with all major economic powers they were not able to effectively restrict the growth and expansion of Indian economy. Later they might have decided that it is better to be part of this process and
share the fruits of it. India has become major destination of foreign investments from FII or individual's.

After the end of the economic sanctions there is tremendous progress in Indo-US trade relations. But still India has to overcome the trade deficit with US, so that more fruit's can be accrued from the trade relations.

4) **INDIA and JAPAN**

Japan had been one of the major aid donors of India. India's economic relations with this country since beginning were smooth and steady. Only after the economic sanction in 1990 there was some curtailment of aid but after couple of year's it was restored. India has good trade prospects with this country particularly in the areas of scientific/technological research, robotics, information technology etc., the trade can be doubled.

5) **INDIA and RUSSIA**

India's oldest friend and trade partner specially in arms trade and purchase of submarines, naval ships, Tanks etc. But trade in other than military items is very poor, and it needs to be looked after and pursued with new vigor and vitality. Both countries have to undertake trade negotiations and must work on exploring the possibility to form a group for economic co-operation in which they may also engage China in trilateral path for economic cooperation.

6) **INDIA and EU**

India being one of the largest trade partner of EU, has failed in fully exploiting trade opportunities in Europe. No doubt EU is India's major
economic partner but there are such untouched areas in Europe where India has to penetrate and create its niche in the market. As far as aid is concerned from the EU countries, India has already made it clear that it will not be at the cost of altering the governmental delivery structure in favor of NGO’s and added that any aid which is unmanageable, causing financial security concerns can not be received. Aid which is coming under unacceptable conditionalities is unwelcome. As far as EU is concerned India has to work and rethink on its aid dependence and instead concentrate on trade surplus with EU countries, which has huge potential’s for India’s growth.

7) **INDIA and SAARC**

India and her neighbors which include all SAARC countries is also the area which we have analyzed and explored. India’s trade relations with these countries are very poor, one reason is that neighbors of India are still grappling with their internal political situation which is not allowing them to stay focused on increasing economic ties with India. But still this area has the vast potential’s of trade and if India hesitates to work on it some one like China, which already has more trade with India’s neighbors than India will encircle the whole subcontinent and this time the encirclement will be economically more disastrous. So keeping in view not only the economic but strategic positioning India should forge strong economic ties with the SAARC countries. SAFTA is of course one step towards forming a South Asian Economic Union but India should not wait up to 2020 and go in for increased presence in the region.
8) INDIA and CHINA

The Rise of two economic powers India and China have alarmed the economic giant’s of the world. Both have huge reservoirs of human expertise, big markets, cheap technology and also rich natural resources. But it was Dengist China which since the beginning concentrated on the trade aspect and gave more importance to trading world over. China has successfully established her presence by doing bilateral trade agreements or entering in the economic groupings of ASEAN or other’s earlier than India. But India’s rate of economic growth is also rising; it has captured the I.T. industry world wide with world class enterprises like InfoTech, Wipro, TCS, etc. Indian’s have utilized their English speaking abilities for attracting the foreign investment especially in outsourcing.

But despite of doing strategic tactics against each other they must involve themselves in strong economic cooperation and they seem to be doing this because despite of their border differences they have increased their trade and China is India’s largest trade partner after US. But India needs to be cautious as China is better placed by taking competitive advantage from economies of scales. India needs to revisit its economic management vis-à-vis Chinese policy of penetrating cheaper products in global markets.

However, India must learn to take the benefits of trade with China like securing membership in Shanghai Cooperation Organization and ASEAN. SCO has already accepted India’s membership. But in ASEAN it has observer status. China has strong bonds of economic
cooperation with entire pacific countries. India should learn a lesson from it and try to increase its trade with entire pacific counties in whatever way by multilateral or bilateral agreements.

Above all to conclude India is on the verge of becoming a great power in the post-cold war international system. As a large, multiethnic, economically powerful, non-Western democracy, it will play a key role in the great struggles of the coming years. The policy makers in US have acknowledged the potential of a U.S.-Indian alliance, but converting that potential into reality will necessitate engaging India on its own requisites. After unsatisfactory performance for decades, India is now on the brink of becoming a great power. After more than a half century of false starts and unrealized potential, India is now emerging as the swing state in the global balance of power. In the coming years, it will have an opportunity to shape outcomes on the most critical issues of the twenty-first century: the construction of Asian stability and the management of globalization. Although India’s economic growth has been extensively discussed, its new foreign policy has been less noted. Unlike their U.S. counterparts, Indian leaders do not announce new foreign policy doctrines. In recent years, they were least concerned to elevate India’s regional and international standing and to increase its power. India has made rigorous hard work to reshape its immediate neighborhood, find a modus vivendi with China and Pakistan, and regain its reputation in the "near abroad": parts of Africa, the Persian Gulf, Central and Southeast Asia, and the Indian Ocean rim. At the same time, it has expanded relations with the great
powers, like the United States. India is arriving on the world stage as the first large, economically powerful, culturally vibrant, multiethnic, multireligious democracy outside of the geographic West. As it rises, India has the potential to become a leading member to play a key role in the global political struggles of the next decades. Whether it will, and how soon, depends above all on the readiness of the Western powers to engage India on its own terms.

India's grand strategy divides the world into three concentric circles. In the first, which encompasses the immediate neighborhood, India has sought primacy and a veto over the actions of outside powers. In the second, which encompasses the so-called extended neighborhood stretching across Asia and the Indian Ocean rim, India has sought to balance the influence of other powers and check them from undercutting its interests. In the third, which includes the entire global stage, India has tried to take its place as one of the great powers, a key player in international peace and security.

In this research every effort is taken to provide deep insights into the complex interplay of global, regional and national dimensions of economic, political and strategic aspect of Indian foreign policy. India has emerged as a key participant in the global economy with important economic and security implications. The world outside India is only beginning to recognize this important development.