

# Policy WATCH

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## India's Place in the World

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**Jawaharlal Nehru: Panchsheel  
and India's constitutional vision  
of international order**

*by D.P. Verma*

**India-China relations – A  
geostrategic perspective**

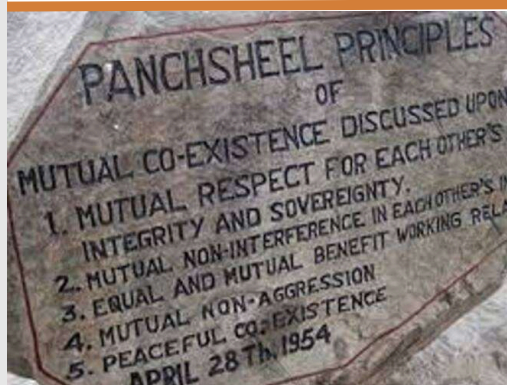
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**Smothering democracy in the  
Mother of Democracy?**

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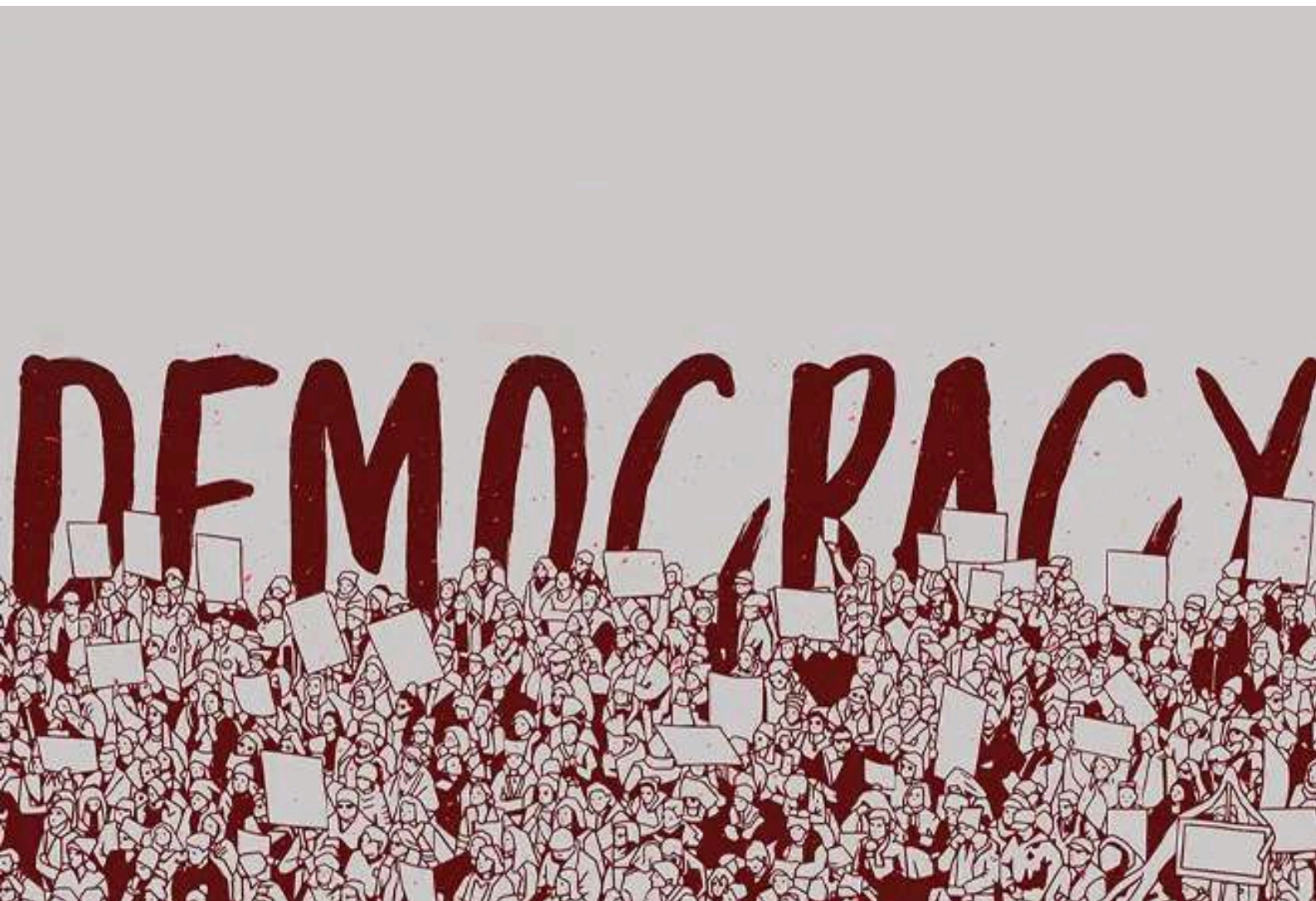
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RAJIV GANDHI  
INSTITUTE FOR CONTEMPORARY STUDIES

# I Editorial

The Rajiv Gandhi Institute for Contemporary Studies (RGICS) works on five themes:

1. Constitutional Values and Democratic Institutions
2. Governance and Development
3. Growth with Employment
4. Environment, Natural Resources and Sustainability
5. India's Place in the World

This issue has been put together by **RGICS Senior Visiting Fellow, Prof Somnath Ghosh**, who did his doctoral work at the Jawaharlal Nehru University's School of international Studies and **RGICS Fellow Sneha Mahapatra**, who has a post-graduate degree from the School of Advanced International Studies, Johns Hopkins University, USA.

This month, on 27th May, it will be India's first Prime Minister Pandit Jawaharlal Nehru's 60th death anniversary. He was not just one of the main leaders of India's freedom movement, but also a major contributor to the ideas enshrined in India's Constitution as also the chief architect of India's foreign policy.

When India became independent, the Cold War had just started, with the US and the USSR trying to expand their influence globally. One of Nehruji's contributions was the idea of non-alignment with either bloc. Along with this, Nehruji tried to establish an atmosphere of peace and harmony among the newly independent countries, starting with Asia. It was in the context that he became a major proponent of the concept of Panchsheel

So we begin this issue of Policy Watch with a reprint of a 1989 article by Prof DP Verma titled *Jawaharlal Nehru: Panchsheel and India's Constitutional Vision of International Order*.

The article begins with a survey of the Constituent Assembly debates among the framers of the Indian Constitution and describes how Nehru's ideas influenced the drafting of articles relating to India's international relations.

The article then describes the concept of Panchsheel that was seen as a major Asian contribution to development of International relations. Nehru's Panchsheel message reflected India's constitutional vision of world order, and the article asserts that the doctrine has, at least, the normative level, strengthened international peace.

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The next article, by Prof Somnath Ghosh, moves from Nehruvian idealism to contemporary realism. It is on the relations between India and China during the last five years, taking a geostrategic approach. In the article he traces the major events in the respective bilateral relations between India and China which went from cozy “Jhula” diplomacy to border skirmishes in both the western and eastern borders with China. The article draws attention to the fact that though the relations with China have deteriorated over the last five years, India’s imports from China have shown no decline but continue to grow to the point where China is now India’s number one trade partner.

The third article, by Vijay Mahajan and Sneha Mahapatra, is titled Growth and Employment Implications of India’s Foreign Trade. It is a summary of a much more detailed research paper by the authors. It shows that foreign trade has significant effect on both GDP growth as well as employment. In FY 2021-22 foreign trade accounted for about 45.7 percent of the GDP of which exports were 21.5 percent and imports were 24.2 percent of the GDP.

As per an ICRIER study, growth in exports by 10 percent leads to an increase in the GDP growth rate by as much as 1.3 percent pa and every million dollars of exports generated 80 jobs, although the number has been declining due to increasing capital intensity of exports. Interestingly, imports do not have an opposite effect – that is decline in growth and employment. This is because exports have increasing levels of import content. Thus the key to both growth and employment is growth in the overall ratio of foreign trade to the GDP.

Of course, if exports can focus on employment intensive sub-sectors, it will have a more beneficial effect on employment. The article identifies a number of sub-sectors which are labour intensive and in which India has a strong revealed comparative advantage, to meet the growth with employment objective.

The fourth article has been specially written keeping in mind the contemporary situation – we are in the midst of a very contentious general election. Titled “Smothering Democracy in ‘the Mother of Democracy’?” it is also the joint work of Vijay Mahajan and Sneha Mahapatra. The article delves into various actions taken by the current government which amount to smothering democracy, and the impact it has had on India’s image as a democracy where the rule of law prevails.

The article asserts that merely using rhetorical statements to declare India as “the mother of democracy” as was done during the G-20 summit, will not cut ice. If India has to protect its image as a democracy, it has to show up in the government’s actions in protecting individual liberties, human rights, the rule of law and ensuring reasonably equitable opportunities for economic growth for all its citizens including the minorities and the poor.

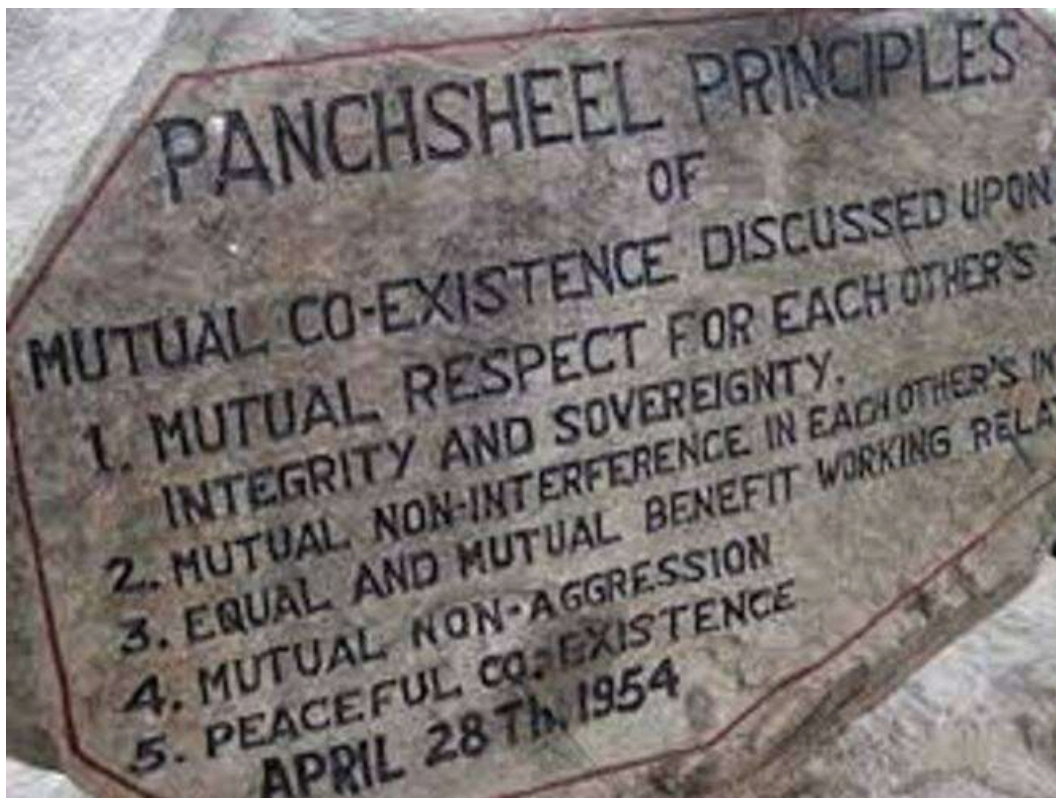
We hope the readers find this digest of articles useful and interesting. We welcome your feedback.

**Vijay Mahajan**  
**Director, Rajiv Gandhi Institute for Contemporary Studies**

## 2. Jawaharlal Nehru: Panchsheel and India's Constitutional Vision of International Order

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D.P. Verma<sup>1</sup>



*Source: Image*

### 2.1 Abstract

“The law of nations was not concocted by 'bookworms', 'jurists' or 'professors' , but was created and elaborated by the deeds of statesmen diplomats , generals , and admirals .”

This statement of the celebrated English jurist, Professor Holland, appears very much true, when attention given to the achievements of the first Prime Minister of India, Jawaharlal Nehru.

Being a world statesman, he projected India's constitutional vision of international order, which reflects in the doctrine of Panchsheel, as five principles of peace. The aim of this paper is to study, in general, Nehru's contribution the maintenance of peace, good neighbourliness and the idea of moral conduct in international relations.

To keep this paper within limits, it addresses two objectives: First, a survey of the Constituent Assembly debates in order to provide an account of the thoughts of the framers the Indian Constitution and to find out how far Nehru's ideas influence the drafting of articles relating to India's international relations; and Second, an evaluation of the concept of Panchsheel that characterizes the development of International Law in Asia.

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<sup>1</sup> Verma DP (1989). Jawaharlal Nehru: Panchsheel and India's Constitutional Vision of International Order. India Quarterly , October-December, 1989, Vol. 45, No. 4 (October-December, 1989), pp. 301-323 Sage Publications, Ltd. <https://www.jstor.org/stable/45072333>

It is also felt useful to take this opportunity to note Nehru's idea of peace and the Asian phase of his political thought. It will be concluded that Nehru's Panchsheel message reflected India's constitutional vision of world order, and it will be further submitted in respect of the doctrine that the contribution has, at least, the normative level, strengthened the regime of the principles of International Law and peace. The paper is divided into four parts. The first part deals with Nehru's constitutional vision; the second discuss his idea of peace and the third analyses the doctrine. Finally, the fourth part is the conclusion.

## 2.2 Nehru's constitutional vision of international order

Though the end of World War II is seen as a turning point in the history International Law because of a shift of emphasis from war to peace, the 'pioneering enterprise' of substituting constitutional commitments for the use of force in the conduct of international relations began during the inter-war period. After the devastation of the world holocaust of 1939-45, peace and security became security became the chief concerns of international law and organization.

The phrase "maintenance of international peace and security' appeared as the first and the most important purpose of the United Nations Charter, while the development of friendly relations, international cooperation and harmonization of the actions of nations were the other purposes.

India's constitutional vision of international order is traced in Article 51 of its Constitution, where it is stated that the "State shall endeavour to

- (a) promote international peace and security;
- (b) maintain just and honourable relations between nations;
- (c) foster respect for International Law and treaty obligations in the dealings of organized peoples with one another; and
- (d) encourage settlement of international disputes by arbitration."

Article 51, in the present form, was adopted by the Constituent Assembly on 25 November 1948. When the Constitutional Adviser, Sir Benegal Rao had issued on 2 September 1946, two notes on the subject of fundamental rights for the use of the members of the Assembly, Part A of the note contained seven clauses - the first clause having been taken from the Declaration of Havana (1939) that:

*The state shall promote international peace and security by the elimination of war as an instrument of national policy, by the prescription of open, just and honourable relations between nations , by firm establishment of the understandings of international law as the actual rule of conduct among governments and by the maintenance of justice and the scrupulous respect for treaty obligations in the dealings of organized people with one another.*

The draft clause was discussed by the Sub-Committee on Fundamental Rights, and the Advisory Committee on Minorities and Fundamental Rights, etc., during April-August 1947. The words 'by the elimination of war as an instrument of national policy' were deleted from the draft clause and the draft article 40 of the draft constitution was tabled in October 1947 for consideration.

By a simple amendment to the draft, B.R Ambedkar divided the original text into three parts separating each from the other so that the article could give a complete idea of what consensus appears to have prevailed in the Constituent Assembly that India's international relations be based on peace. However, some Assembly members approached the same idea but from different perspectives.

Firstly, it was held by K.T. Shah that international peace cannot be established unless an open and frank declaration of policy - pledging a nation unreservedly to peace, to the maintenance of International Law and friendship - was given. According to him, international peace was a first step towards progress in an all-round disarmament.



*Source: Image*

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Secondly, Mahavir Tyagi who had, in fact, argued for a militarily strong India, supported Shah. He was of the opinion that no one would care nor would any one listen to India unless it was strong. To fight for a cause of peace, a road to disarmament was required. Tyagi advocated that the future government of India be given directive in that regard, if the laudable objective of international peace was to be achieved.

Thirdly, B.H. Khardekar said, while discussing the positivist-naturalist controversy on the nature of International Law, that the law of nations was neither a panacea nor a chimera but an evolutionary process. From this perspective, there were, he observed, great expectations from India to develop International Law.

Fourthly, another member, Damodar Swarup Seth critically evaluated the draft article and found that it had ignored some fundamental issues like political and economic emancipation of the oppressed and backward peoples. He was the only member who moved a substantive amendment to Ambedkar's text on draft article 40. "It shall also promote the advancement of the oppressed and backward peoples and the international regulation of the legal status of workers with a view to ensuring a universal minimum of social rights to the entire working people." But the proposed amendment was not accepted. The Ambedkar division of draft article 40 was accepted with a few minor modifications in certain words.

Lastly, the suggestion of Ananthasayanam Ayyangar was agreed upon by the members and a new clause on encouragement "of the settlement of international disputes by arbitration" was added to the text. The sentiments expressed in the Assembly also reflected the country's traditional culture concerned with peace.



It was expressed that it was only India in the world, which can with ancient culture, spiritual heritage and centuries old tradition of non-aggression lay the foundations of international morality. To support, the reference was made to the mission of peace right from the thoughts of Ram Tirth Paramhansa and Swami Vivekananda down to Rabindranath Tagore and Mahatma Gandhi.

This exercise of looking back into the history of the drafting of Article 51 of the Indian Constitution, clearly reveals that Nehru had not participated in the Assembly debate on India's constitutional vision of international order. It was only the speech on the Resolution Regarding Aims and Objects of the Assembly, 13 December 1946, where we find him moving a resolution, including therein paragraph 8 that: "This ancient land attains the rightful and honoured place in the world and makes its full and willing contribution to the promotion of world peace and the welfare of mankind."

He had asked the framers of the Constitution to bear that larger international aspect in mind as India had, on the verge of independence, begun to play an important role in international affairs. Perhaps for this reason, it has been observed that Nehru's world perspective and vision of the future role of India in world affairs must have exercised on the minds of the framers. It was natural for these directives, therefore, to find a place in the Constitution.

### 2.3 Nehru's Idea of Peace

In an attempt to evaluate India's crusade for Panchsheel in the world, and particularly in Asia, it would not be correct to overlook the significance of Nehru's ideas of peace and the Asian phase of his political thought. Nehru had begun taking interest in international relations since his participation in the Conference of the League Against Imperialism held at Brussels in February 1927. Earlier, he was so much in Indian politics that he could not show much interest in international problems. According to Michael Brecher, the Brussels Conference proved to be a turning point in the development of his political thought and gave him a broad international outlook.



[Source: Image](#)

After his return from the Conference, he observed on 13 September 1927, that it was difficult for India, during foreign domination, to develop an independent external policy. But the League Against Imperialism had offered a general line of future policy of which India should take full advantage of. Nevertheless, he was cautious that India should not confine to the framework provided by the League. He had no intention to dance to the tune of the League; his final break with it came in April 1936.

Nehru wrote in an article that an independent India would address its future role in international affairs to "world against Imperialism and its offshoots." According to him, the foundation of peace meant the elimination of Imperialism, Colonialism and Racialism and the dominance of one country or people or another. Nehru was "an arch rebel and an angel of peace." If, on the one hand, he was of the opinion that the colonized countries should revolt (if possible, by non-violent means) against their colonial masters, he also held that international peace and order could only be maintained by the principles and practice of mutual tolerance and non-aggression.

He knew that a fixed pattern of international behaviour, if pursued in the light of pre-colonial experience, would be totally different from what was relevant in the contemporary international order. Therefore his message to the Constituent Assembly was that of international peace and friendly relations and not the message of anti-Colonialism and anti- Imperialism. At a state banquet, in his honour by the Chinese Premier at Peking, Nehru said that peace was a way of life, thinking and action. It was a state of mind.

On another occasion, he expressed that whenever one desired peace, "one must think of peace and prepare for peace, instead of thinking of war and preparing for war" To him peace was not an absence of war; it could only be preserved by the methods of peace. The goal cannot be achieved by condemnation or mutual recrimination' but rather by creating an environment of peace. He expressed his concern about the complex and overwhelming problem of the day, that the language of war was being used to promote peace. Therefore, he insisted on developing the temper of peace.

This approach was not new to India. It came into being with the teachings of Lord Buddha as early as the sixth century B.C., when a common heritage was provided to Asian countries and they were linked by Buddhist civilization. In a speech in the United States' House of Representatives and the Senate on 13 October 1949, Nehru had commented that India had stood for peace throughout its long history and that "every prayer that an Indian raises, ends with an invocation to peace."



[Source: Image](#)

The basis of India's foreign policy was, according to him, "to plead for and endeavour to practice. . . a binding faith in peace and an unflinching endeavour of thought and action to ensure it." India in fact, has always been, since the ancient times, a peace loving country and has never desired aggression and expansion in its relation with other countries.

There is, no doubt, a great measure of truth in the fact that a country's external policy reflects its cultural traditions and has domestic roots; the role of Indian cultural traditions of peace and non-aggression in India's foreign policy can be emphasised more and more, but we should not forget that our philosophical and religious thoughts also bear evidence that India has produced a political thinker like Kautilya.

Though certain principles of International Law were applied in inter- state relations, it is also true at the same time that the "racial expansion, religious differences and personal ambitions" had brought wars of aggression resulting in the rise and fall of many empires in different states in India. Nonetheless, it cannot be denied that mutual tolerance and non-aggression were preached from time to time in this country, and in the post-independent days' Indian history, traditions and philosophy were extended into the external relations of India.

Being a world statesman and man of cosmopolitan outlook, Nehru was not a pacifist like Mahatma Gandhi and his views on international peace and affairs exercised more influence than any other politician. His views were twenty years ahead of many leaders of the world. Though an idealist, Nehru could visualize as to what was possible in international relations and what was not.

Vincent Sheean has characteristically defined his policy as "The pursuit of peace - when possible", which had appreciable result of such a nature that India came on better terms at that time with China, the Soviet Union, the United States and other big powers, than they were with each other. All that he tried to do was to be of some service in the preservation of peace, the idea inherited from India's past.

## 2.4 Nehru's intellectual make-up

Since Nehru was so much responsible for shaping the foreign policy of India it becomes important to keep in mind the realm of his thought to arrive at a correct understanding of India's international relations. It is no exaggeration to say that all credit for formulating external policy of independent India be given exclusively to Nehru.

He had assumed the role of "the philosopher, the architect, the engineer and the voice of his country's policy towards the outside world." But this should not mean that his personality and thoughts had so much influence that the foreign policy could be termed his "private monopoly."

There were a number of different cross-currents in Nehru's intellectual make-up. Almost all the ideological currents- Classical Liberalism, Fabian Socialism, Gandhian message for non-violence, Marxist theory of classless society, ethical norms of western humanism, the precepts of Vedanta, and the ancient system of the Hindu philosophy "appealed at various stages in his growth of intellectual maturity."

Brecher submits that none of these dominated his outlook nor could they be systematically integrated by Nehru into a consistent personal and political philosophy, as he was "an eclectic in intellectual matters."

Nehru has been generally portrayed to be an idealist, because he was, according to some writers, "not adequately aware of security and power factors" and many weaknesses of his external policy were attributed to it. But some other writers have found him a realist. However, Misra correctly submits that it was unfair to place Nehru either in an idealist or realist category.

To quote him: "In a sense, he was both, and yet in another sense, he was neither of the two. ... It would lead to better understanding if it is realized that he constituted a category for himself, in which he combined the finer elements of both."

Nehru had tried "to harmonize and balance beneficial elements of idealism with his basic realist approach" because idealism to him was the realism of tomorrow. Nehru's idealistic realism can be found in his deviation from a substitute for an alternative to the traditional power-oriented approach which did not ignore the realities of power but rejected power politics.

Being a realist, Nehru recognised power and security factors of India for the purpose of national defence and not for developing armaments as an instrument of power against other countries. As an idealist, Nehru made efforts to shape the international events with a view to ease the cold war tension without resorting to power politics.

It can be said that India under Nehru's leadership has tried to adapt the theory to reality in so far as she could and at the same time it brought a touch of her idealism. Nehru was not a pure idealist. He used to refer that India's national interest was an important determinant of his foreign policy.

He was very much critical of the pure realist view of international politics based on military and economic power. He supported "the idealist political tradition of modern India and the Gandhian insistence on non-violent and right means in particular, as an important element of India's foreign policy.



[Source: Image](#)

## 2.5 Asian phase of Nehru's political thought

Pan-Asianism was an article of faith in Nehru's policy. An origin of this phase of his political thought is traced from his idea of peace and his participation in the Conference Against Imperialism in 1927. In a Report on the Conference dated 19 February 1927, he had mentioned a strong desire of delegations from Asian countries right from the beginning of the Conference that some sort of Asiatic Federation was needed.

A feeling of togetherness among the Asian countries was due to a recognition of a common bond of unity among them. Ten years after the League Against Imperialism, he addressed the Asian Relations Conference in New Delhi on 27 Mar 1937 and said that Pan-Asianism was not directed against Europe or America. He made it clear that the Pan-Asian Movement was a design to promote peace all over the world. However, the Bandung meet of 1955 was the high point in Pan-Asianism.



*Source: Image*

Keeping in view that the geography of international law had radically changed, and it was no longer the exclusive preserve of European blood, Nehru strongly believed that the unity of Asian countries was very essential for a new world order.

The Asian countries had gained their right place on the world stage after a too long subordination under the European Powers, and this incident agitated Nehru's mind that he began to think of a permanent peace in Asia which would alone be capable of banning war altogether from the world. In a burst of enthusiasm, he addressed the concluding session of the Asian-African Conference at Bandung that Asia had been passive enough in the past, when it had tolerated submissiveness for a long period.

Asia was now no longer passive and submissive; it was dynamic and full of life. He interpreted others to Asia and Africa, and interpreted Asia and Africa to others. Therefore, President Nasser of the United Arab Republic had commented that Nehru was "the finest example of mutual interpretation."

Throughout the 1950's and 1960's, a number of collective self-defence alliances had been concluded on ideological basis. International Law was, at that time, more concerned with the rivalry between the Communist and the non-Communist countries.

Against this background, the main problem of the day, Nehru felt, was how to avoid war, relax international tension and lessen the grip of cold war, when the two hostile blocs were out to destroy each other.

Since fear was the basic cause of war, the chief question was ultimately to end that fear. Establishment of the "right psychological climate" to remove that fear was the only means that Nehru wished.

Many Western international lawyers held a pessimistic view about International Law after World War II. Most of them had predicted a crisis in International Law, due to the emergence of the newly-independent countries in Asia and Africa.

The new states were, according to them, not going to accept the law in the formation of which they had not participated, and the anti-colonialist rebellion was likely to shake the foundations of traditional International Law. A doubt was expressed that the states would consider the law as an alien system imposed on them by the European states.

While expecting such a crisis, H.A. Smith asserted in 1947 that the very roots of International Law - the Eurocentric culture, legal traditions and common convictions - were being threatened. However, Chou Geng-Sheng observed that the pessimistic views "had warrant neither in theory nor in fact."

Nehru was very much opposed to the oppressive, imperialistic, colonialistic and exploitative principles, but he did not reject traditional International Law. He always emphasized that there must be intercourse between nations and no nation had a choice except to subscribe to the principles and rules of international peace which were necessary for its regulation.

India explicitly acknowledged, perhaps for this reason, the effectiveness of International Law in its Constitution, and it was mentioned in Article 51(c) that the State shall foster respect for International Law. It was, undoubtedly, an unquestionable acceptance of the validity of and respect for International Law.

But the Constituent Assembly did not discuss which of the four positions with regard to traditional International Law – total rejection, total acceptance, partial acceptance and eclectic selection – would be accepted by an independent India.

The question still remains unanswered whether they were aware that rejection of International Law could imply a denial of rights accorded under the Law, or a replacement of traditional International Law was impossible to be achieved at that time.

However, Nehru knew quite well that the Asian states were not prepared to reject traditional International Law in its entirety. The Asian countries would need a system of norms which would help in establishing an orderly and just society in Asia at various levels of growing intensity of their communications.

It was easier for the Asian countries, in this background, to accept without any objection, the ideas of territorial integrity, non-intervention, non-aggression, sovereign equality, reciprocity and peaceful settlement of disputes.

Thus Nehru created a climate of dedicated endeavour and moral aspiration and which he had thought would become an enduring feature of India's international relations.

He regarded that Panchsheel was India's special contribution towards creating that climate which in the words of Burke, "demanded nothing from its converts beyond a verbal affirmation of five well-worn cliches."

## 2.6 The concept of Panchsheel: formulation and reaffirmation



[Source: Image](#)

The principal starting point of the Nehru era of Indian foreign policy has been the concept of Panchsheel, the five foundations of peace. The doctrine represented a catalogue of "cardinal general principles *in abstracto* whose ultimate source was believed to be found in Indian history and philosophy.

There were three objects behind the concept: first being the positive objective, to establish a peaceful climate where international tension be relaxed; the second, a negative objective to the futility of the recourse to violence and hatred; and finally, the objective that a power-vacuum, created in the Asian states by the withdrawal of imperialist powers, may not induce the other big military powers to extend spheres of influence in that area.

The idea of Panchsheel was given precision and formal seal of recognition on 29 April 1954, when the Five Principles were first given expression in a five-point preamble to an agreement between India and the People's Republic of China - "On Trade and Intercourse Between Tibet Region of China and India." Though the agreement concerned with the establishment of trade agencies in India by China and in Tibet by India and recognition of pilgrims' travels in and other matters, the agreement included in its preamble principles, which are known as Panchsheel :

- i.) Mutual respect for each other's territorial integrity and sovereignty ;
- ii.) Mutual non-aggression
- iii.) Mutual non-interference in each other's internal affairs'
- iv) Equality and mutual benefit , and
- v.) Peaceful co-existence

Speaking in Parliament on the pact with China, Nehru called the preamble "the major thing about the Agreement", and further added that many problems of the contemporary world might disappear "if these principles were adopted in the relations of various countries with one another." An adherence to these principles created an "area of peace" between India and China, and Nehru wished that the area of peace was "spread over the rest of Asia and over the rest of the world."

During 1954-56, Nehru visited twenty-six countries and hosted forty-one Heads of State, Heads of Governments and foreign ministers with the message of Panchsheel. As a result, the principles were adhered to, by the end of 1956, by a number of countries like Afghanistan, Burma, Cambodia, Egypt, Indonesia, Laos, People's Republic of Mongolia, Nepal, Poland, Saudi Arabia, the Soviet Union, Democratic Republic of Vietnam and Yugoslavia; the term Panchsheel became an 'international coin'. The principles were reaffirmed in the Asian-African Conference held in the West Java city of Bandung in Indonesia on 18-24 April 1955. Having been sponsored by "the Colombo Powers" - India, Burma, Ceylon, Indonesia, and Pakistan - the Conference was attended by twenty-nine countries of Asia and Africa.



[Source: Image](#)

Despite "strenuous pleading", Nehru could not make the leaders of twenty-eight countries to agree to limit themselves to Panchsheel. The final communique of the Conference included a most significant document "Declaration on the Promotion of World Peace and Cooperation", in which ten specified principles were listed with an expectation that they would regulate the relations of the nations of the world with each other. It must be noted that a reference to peaceful co-existence was completely omitted, while the right of collective defence was included.

However, Nehru welcomed the clause relating to collective defence in the Bandung Declaration and did not express any objection to it. The reason stated was that the Declaration had referred to self-defence in terms of Article 51 of UN Charter where the inherent right of individual or collective self-defence against a member of the UN until the Security Council had taken measures for the maintenance of international peace and security.

Nehru claimed that the Bandung Declaration had embodied the Five Principles and an addition to the ten specified principles had reinforced Panchsheel. The principles were not, according to him 'divine commandments' nor was there any sanctity about their number or particular formulation. He considered the achievement of the Conference as epoch making.

He had observed that it was a misreading of history to treat Bandung as an isolated occurrence. A more correct view he said was to see it as "a part of a great movement of human history". Ever since its inception, Panchsheel has been endorsed by world statesmen and it has been regarded in the West as a central creed of India's foreign policy.



Since Panchsheel had emerged from the Sino-Indian Pact over the Tibet Region of China, the names of Nehru and Chou En-lai are associated with it. The Chinese Communist sources associate the name of Prime Minister U Nu of Burma along with the names of the Indian and Chinese Premiers.

It is interesting, however, to note that in an interview with Brecher, Krishna Menon mentioned the name of T.N. Kaul, the then Indian Ambassador in Peking, who was responsible for the mooted of the concept of the Five Principles. The principles were, for the first time, termed as Panch Shila by K.M. Pannikar in a broadcast talk over the All India Radio on 28 July 1954. But the word Panchsheel found its first expression by Nehru in his speech in Indonesia on 23 September 1954.

While in Indonesia, Nehru had in fact, heard the words 'Panch Shila' used but in a different context. Its Indonesian interpretation - meaning thereby nationalism, internationalism or humanism, consent of democracy, social prosperity and faith in God - fired in him an imagination that it might be "a suitable description of the five principles of international behaviour" to which India can subscribe.

According to him, these words having been derived from Sanskrit, were easily received in India. He preferred the spelling Panchsheel, as the expression has been in use from the ancient times to describe the five moral precepts of Buddhism relating to personal behaviour, which were "enshrined in the rock edicts of Emperor Ashoka and echoed more than two thousand years later in (Mahatma) Gandhi's teachings."

## 2.7 Significance of Panchsheel



*Source: Image*

The formulation of Panchsheel was a great contribution to International Law. Not only it conforms to the obligations and aims of the United Nations Charter, it has over the years been enlarged by bilateral statements and agreements by many countries. None of the five principles were new to the law of nations, each principle existed as an independent and recognized part of International Law. The great significance of the concept lies in the fact that it has collected all the principles in "a single rubric and in this embodiment has become established as the foundation of contemporary International Law." While speaking before the Lok Sabha, Nehru had stated that there was nothing new about this concept except that the old idea had gained a new application to a "particular context", in which it had begun to acquire a specific meaning and significance in world affairs.

To this, Karanjia adds that, Panchsheel was not "the most historical legacy from the past but also. . . a most useful historical imperative in the context of contemporary problems." Each of the five principles of Panchsheel can be found in the UN Charter.

The first principle, namely mutual respect for each other's territorial integrity and sovereignty, is similar to Article 2, Paragraph 4 of the Charter which states that, "All members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state. . . ."

The second principle, mutual non-aggression, can be found identical to Article 2, Para 3 of the Charter, that international disputes shall be settled by peaceful means in such a manner that "international peace and security and justice are not endangered."

The third principle, mutual non-interference in each other's internal affairs, resembles Article 2(7) of the Charter, which carries a provision on non-intervention "in matters which are essentially within the domestic jurisdiction of any State. . . ."

The fourth principle about equality and mutual benefit resembles Paras 1 and 2 of Article 2 of the UN Charter, where it is provided that the United Nations is "based on the principle of sovereign equality of all its members", and that "all members, in order to ensure to all of them the rights and benefits resulting from membership shall fulfil in good faith the obligations assumed by them. . . ."

Lastly, the fifth principle, dealing with peaceful co-existence, has similar expression in the preamble to the Charter in the following words: "To practice tolerance and live together in peace with one another as good neighbours. . . ." Thus, the five principles of Panchsheel and the UN Charter can well be compared to reveal identical ideas.

It was a novelty of India's contribution that these principles were made the foundations of practical state policy and conduct in international relations. If these principles are of ancient lineage in Buddhist literature and have similarity with the purposes and principles of the United Nations Charter, a need for reaffirming those principles in Panchsheel cannot be questioned.

Rajan argues that when similar principles were incorporated in the UN Charter, most of the Asian countries were not members of the United Nations. A subscription to Panchsheel by those countries "both reinforced the United Nations and provided those states the basic norms of international behaviour."

It can be said without any exaggeration that India has played a significant role in that regard. While the American leaders were persuading the countries to join western systems of collective defence in the name of peace, Nehru asked them to join "the alternative method of winning peace by mounting the Panchsheel bandwagon."

He saw in the five principles a challenge to the World. The principles were designed to be a proper structure for building a new international order and to be instrumental in maintaining international peace and security. In fact, Panchsheel can be seen as "a fairly good example of a normative balance of power policy." Nehru's major contribution of lasting value to India and its international relations has been the formulation of this doctrine as an alternative political ideal.

Various ideologies were struggling for support in the Afro-Asian region, but Nehru was able to select from the various positions the idea of promotion of peace which he thought was the most suitable.

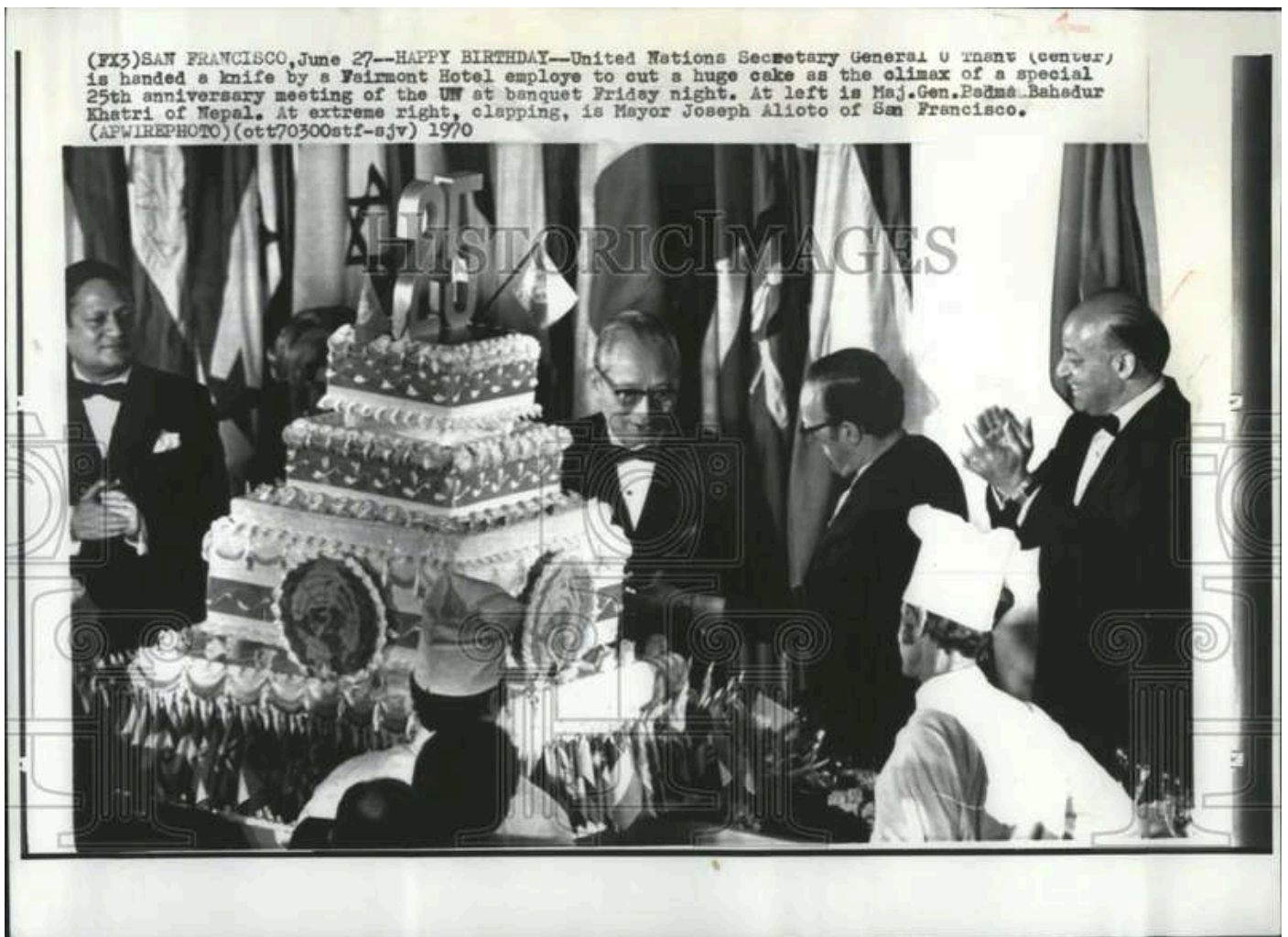
He had proceeded on this approach on the assumption that peace could not be promoted by creating positions of strength- for they were a threat to peace, and there was more possibility of war as a result of military alliances.

Nehru knew quite well that a peaceful approach was not a guarantee for peace, but he insisted that it be tried as there was no alternative.

Late Judge Nagendra Singh mentioned that the significance of the concept can also be assessed from the fact that it has taken deep roots in the hands of the UN General Assembly.

During the twenty-fifth anniversary of the United Nations in 1970, the General Assembly adopted without vote, a significant Resolution 2625 (XXV), entitled "Declaration on Principles of International Law concerning Friendly Relations and Cooperation among States in Accordance with the Charter of the United Nations."

Having embodied the formulation of the seven principles of International Law referred to in operative Paragraph 1 of General Assembly Resolution 1815 (XVII), the Friendly Relations Declaration bears important evidence to show how the principles underlying Panchsheel have found expression of close resemblance after intensive efforts of the international organization with regard to the promotion of peace in the world community.



[Source: Image](#)

## 2.8 Criticism of Panchsheel

Criticisms have been made against Panchsheel right from its inception.

First, Friedmann has argued that there was nothing more than a verbal identity between the doctrine and Panch Shila of Buddhism. The argument is advanced on the ground that Lord Buddha had given the Ten Precepts or Laws of Priesthood, where the first five precepts - abstinence from destroying life, from theft, from fornication and all uncleanness, from lying, and from liquor, spirits and strong drinks which were a hindrance to merit - had formed a central theme of the Buddhist moral code. This code of morality was meant for personal conduct and it was wrong to state that Panchsheel has been derived from Buddhist literature.

Second, Bozeman commented that a reference to Buddhist morality in the context of Indian external policy was spurious. Buddhist ethics, as originally constituted, was not meant for political ideologies, rather was designed for the "development of non-political morality", as a result of which, an attempt by Emperor Ashoka to translate Buddhist morality in international relations had proved to be a dismal failure.

Third, Panchsheel was criticised on the ground that the Five Principles had put a seal of approval upon the destruction of Tibet, an ancient country, which was spiritually and culturally associated with India. Tibet had a distinct culture, language and geography and had been independent since 1911 when the Chinese revolution had ended the Manchu Dynasty.

Later, the Tibetan Government broke off diplomatic relations with China in 1949 and did not maintain foreign relations with that government since then. Thus, according to the critics, Panchsheel was born out of the surrender in Tibet, and the debacle of Tibet was a debacle of the Five Principles. Tibet wanted to live its own life. Non-intervention, the very fundamental principle of Panchsheel, was broken, as Tibet was not allowed to live its own life and Nehru endorsed the Chinese claim that Tibet was an integral part of China.

Fourth, the Chinese attack on Indian territory and the Soviet invasion of Hungary made "mockery of the high-sounding phrases." It was stated that Panchsheel, as a code of international morality, was not effective in new situations.

A violation of the Five Principles by China, a principal subscriber, proved that there was no respect for the concept. And the critics argued that the concept of Panchsheel had met with a serious setback in the context of Sino-Indian relations. Fifth, there was always a danger, it was added, that principles of coexistence may lead to status quo in international relations, where Imperialism, Colonialism, exploitation and inequality could be allowed to co-exist.

Though Nehru was compelled to admit that people's faith in Panchsheel or the Bandung spirit had suffered considerably, despite all the criticisms, he defended the principles and expressed that he would not think of a change in the Five Principles of Peace.

Panchsheel was the only alternate way to peace. If China had not remained faithful to the concept, "India must adhere to", said Nehru, "what she had always preached and remained steadfast in the faith." To Nehru, it was not a matter of faith on one party, it was rather a question of creating an environment, a condition, in which the other party could not break its words. He regarded Panchsheel a "practical idealism."

Whenever any principle takes birth or is strengthened in international relations, there is always a possibility that the parties subscribing to it may depart from it because of weaker sanction in International Law. Nehru was aware of such a possibility and wrote that there was never anything certain in international relations.

A friend may turn enemy tomorrow, but India should not go the way of enmity and suspicion nor should it give a chance to other approaches. Though one should be prepared for any eventuality, it was always better, according to him, to have an honest and sincere faith for the best.

## 2.9 Conclusions

Knowing Nehru from his numerous speeches and writings, and having followed his efforts towards the maintenance of peace, good neighbourliness and moral conduct in international relations, it can be concluded that he could very successfully give not only shape to the constitutional vision of international order for which India has stood, he contributed as well a concept, a doctrine, which has strengthened the regime of the principles of International Law.

Though his contribution has been largely at the level of fundamental principles, it can be seen as a development of International Law in Asia. The greatest contribution of Nehru was the doctrine of Panchsheel. The Five Principles were not merely desirable in themselves, they were also unavoidable. It is difficult to ignore completely the idea and its importance; we cannot underestimate it.

Given the polarization of the world into two power blocs on ideological basis, given the fact that an abstract formulation of the doctrine would not be liked by the militarily powerful countries of the West, particularly during the Cold War situation, and given the conflicting interest of many states, the fact that it was accepted by the newly independent states of Asia and Africa, is indeed a great achievement of Nehru. It did set, in fact, certain standards of inter- national conduct.

The perspective of Panchsheel determines it is the extent to which the doctrine be studied. It tends to concentrate much on the normative aspects of international peace.

Those who see the concept as one which had gone wrong in international relations, it appears to them sadly incomplete and lacking in balance. To some critics, the ambiguities or inconsistencies in the wordings of the doctrine may appear attributable to the fact that its text was not well drafted nor carefully thought of.

However, there should be little doubt that Nehru made strenuous efforts, through the idea of the Five Principles, to find the best possible common ground on which the Asian countries and the rest of the world could live in peace with each other.

No doubt, the common ground is limited and it conceals many pitfalls, but it cannot be denied that some progress has taken place in strengthening and developing International Law in Asia. There is always a possibility that some subscriber to such principles would never hesitate in violating them for short-term political objectives.

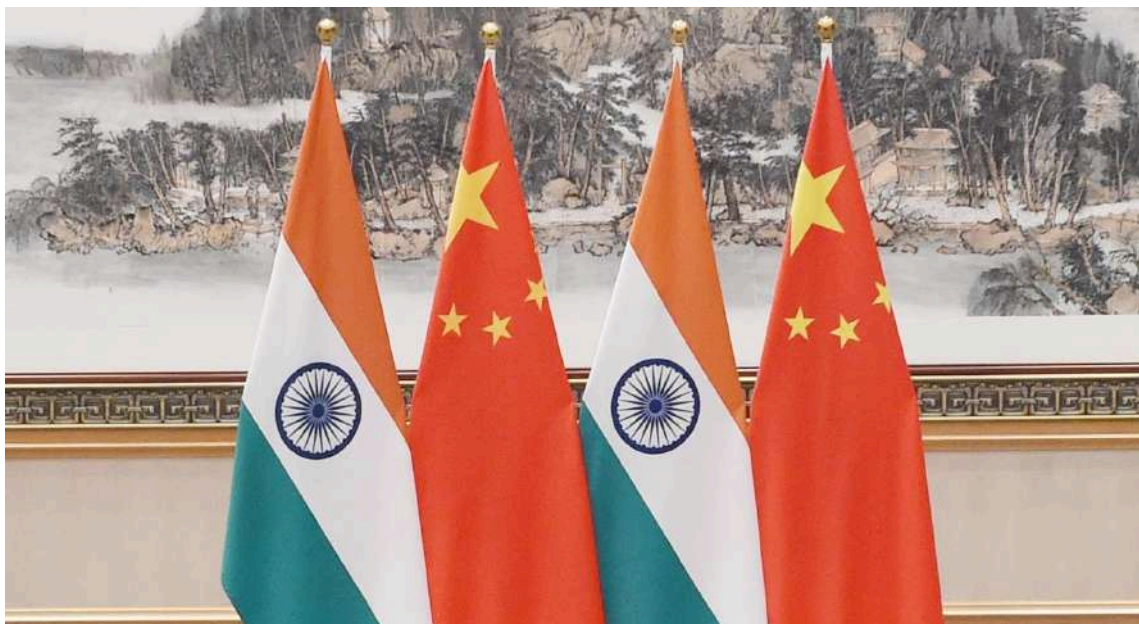
A sacrifice of these moral conducts may profit one and hurt others, but the message of Panchsheel will never go in vain; it is bound to work, it will work.



### 3. India-China relations – A geostrategic perspective

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Somnath Ghosh



[Source: Image](#)

#### 3.1 Introduction

Since this paper takes a geostrategic perspective, it will be useful to unpack this term. James Rogers and Luis Simón in *"Think Again: European Geostrategy"* define it as follows

Geostrategy is about the exercise of power over particularly critical spaces on the Earth's surface; about crafting a political presence over the international system. It is aimed at enhancing one's security and prosperity; about making the international system more prosperous; about shaping rather than being shaped. A geostrategy is about securing access to certain trade routes, strategic bottlenecks, rivers, islands and seas. It requires an extensive military presence, normally coterminous with the opening of overseas military stations and the building of warships capable of deep oceanic power projection. It also requires a network of alliances with other great powers who share one's aims or with smaller "lynchpin states" that are located in the regions one deems important. <sup>2</sup>

Krishnendra Meena, Prof at Jawaharlal Nehru University, replying as Expert @ Manohar Parriker Institute for Defence Studies and Analyses, distinguishes between geopolitics as

"the inclusion of domestic factors as influential in international politics" while geostrategy "describes where a state concentrates its efforts by projecting military power and directing diplomatic activity. The underlying assumption is that states have limited resources and are unable, even if they are willing, to conduct an all-out foreign policy. Instead they must focus politically and militarily on specific areas of the world. Geostrategy describes the foreign-policy thrust of a state and does not deal with motivations or decision-making processes. The geostrategy of a state, therefore, is not necessarily motivated by geographic or geopolitical factors. A state may project power to a location because of ideological reasons, interest groups, or simply the whim of its leader." <sup>3</sup>

For constraints of space as well to retain focus, we shall limit ourselves to just two issues: security and trade; yet they cover a large canvas.

In this article, we trace the ups and downs in the India-China relations in the past five years, a period which saw a dramatic shift from the cozy “jhula diplomacy” days where China’s President Xi Jinping and India’s PM Modi posed for photographs, while sitting on a jhula (a traditional swing on which two people can sit), to a frosting of relations with India refusing to join the Regional Comprehensive Economic Partnership (RCEP) and not supporting the Belt and Road Initiative.



*Source: Image*

This perhaps irritated China so much that it decided to revert to old habits and raise tensions by using the unsettled border dispute to stage skirmishes, two of which are described below:

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<sup>2</sup> <http://europeangeostrategy.ideasoneurope.eu/2010/03/14/think-again-european-geostrategy/>

<sup>3</sup> <https://www.idsa.in/askanexpert/geopoliticsandgeostrategy>

## 3.2 Doklam Standoff

We begin with the June 2017 Doklam standoff. On 16 June 2017 Chinese troops with construction vehicles and road-building equipment began extending an existing road southward in Doklam, a territory that is claimed by both China and Bhutan.

Since India was duty bound to protect Bhutan against any external aggression as per its 2007 treaty (more of it later), on 18 June 2017, as part of “Operation Juniper”, about 270 armed Indian troops with two bulldozers crossed the Sikkim border into Doklam, to stop the Chinese troops from constructing the road.<sup>4</sup> This resulted in hand to hand skirmish injuring troops of both sides. The standoff continued for over two months, when on 28 August, both India and China announced that they had withdrawn all their troops from the face-off site in Doklam.

The question is why did the Chinese do what they did; why did they lay claim to Doklam as their territory? As is widely known the Doklam area is dangerously close to the narrow Siliguri Corridor or the Chicken's Neck that connects the north-eastern states with the rest of India. Undisputed control over Doklam will give China tactical and strategic advantage in the region.<sup>5</sup>

But the Doklam saga did not begin in 2017. Veteran journalist and strategic affairs specialist, Jyoti Malhotra, provides some detail. According to her, satellite imagery from Western and Indian sources revealed that the Chinese had built and populated a village – which they call Pangda – a couple of kilometres inside Bhutanese territory in the Doklam plateau area.

The Chinese had offered Bhutan a deal on settling the un-demarcated boundary between them as long back as the 1990s, but Bhutan did not accept the offer in deference to Indian sensitivities.

This ‘package deal’ from 90’s was a swap for the Doklam area for bigger concessions in north central Bhutan. The Chinese renewed the offer just before the Doklam standoff in 2017 and, in fact, made it better. Malhotra says that it appeared Beijing was willing to accept a narrower sliver of the Doklam plateau, but there was a catch in the proposal – it would have to include the tri-junction area the Chinese call Gyemochen, close to the Indian border and overlooking the narrow ‘chicken’s neck’ area connecting the northeast to the rest of India.

Again, in consideration of Indian security interests, Bhutan indicated it wasn’t interested. It has now come to light, as per an Asian diplomat, that during the 72-day standoff between Chinese and Indian troops on the Doklam plateau, the Chinese were building alternative routes to the ridge overlooking Indian territory.<sup>6</sup>

Malhotra continues: “For the moment, the Bhutanese say they aren’t overly concerned, but they know that by building and populating a village, the Chinese are sending them a message: If you don’t detach yourself from Indian concerns and settle the border in your own national interest, then incursions will keep happening.”<sup>7</sup>

Similar is the assessment of international relations expert, Manoj Joshi:

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<sup>4</sup> [Wikipedia, https://en.wikipedia.org/wiki/2017\\_China%E2%80%93India\\_border\\_standoff](https://en.wikipedia.org/wiki/2017_China%E2%80%93India_border_standoff)

<sup>5</sup> See for example, Prabhash K Datta, “Doklam faceoff: Why China wants to grab Bhutan's land and blame India”, India Today, July 11, 2017 <https://www.indiatoday.in/india/story/doklam-faceoff-why-china-wants-to-grab-bhutans-land-and-blame-india-1023310-2017-07-09>

<sup>6</sup> Jyoti Malhotra, “China’s activities in Bhutan, Nepal should ring alarm bells in India. Does Delhi have a plan?”, *The Print*, 1 December, 2020 <https://theprint.in/opinion/global-print/china-activities-in-bhutan-nepal-should-ring-alarm-bells-in-india/555060/>

<sup>7</sup> Ibid



“[T]he Chinese reiteration of its claim to a large chunk of eastern Bhutan could well be a message to India. Though China has claimed areas of northern and western Bhutan since the 1950s, the eastern claim has never been pitched directly till now. The reason is that this claim is linked to Beijing’s demand that India return the Tawang monastery and its surrounding area to China as part of any overall settlement.”<sup>8</sup>

According to Lt Gen H S Panag (Retd) who served in the Indian Army for 40 years and was GOC-in-C Northern Command and Central Command says “Doklam is a classic case. We proclaimed it as a victory. But, today the PLA is all over the Doklam Plateau with the exception of the Jampheri Ridge. So much for the Wuhan spirit.”

There’s another angle to Doklam saga. Malhotra says that as for Bhutan, India cannot expect Thimphu will be forever tied to its apron-strings, whether on the matter of security or economic interests, such as the sale of hydropower.

Bhutan’s very respectful elite has begun to ask uncomfortable questions to their Indian interlocutors, as to why Bhutan cannot benefit, for example, from China’s Belt and Road Initiative (BRI). She further says that perhaps the only thing that will rescue India’s special engagement with these Himalayan nations is sustained political engagement by the highest levels in New Delhi.

The Chinese see a power vacuum in India’s neighbourhood and have changed the rules in their exercise of power. India needs to change the rules back again.<sup>9</sup>



[Source: Image](#)

<sup>8</sup> Manoj Joshi, “In China’s Territorial Claims in Eastern Bhutan, a Message for India?”, *The Wire*, 10 July 2020 <https://thewire.in/external-affairs/china-bhutan-india-territory>

<sup>9</sup> Jyoti Malhotra, op. cit.

### 3.3. Galwan Valley



*Source: Image*

With progression of time, China's appetite for devouring "disputed" but strategic land mass has only increased. And with greater ferocity. The clashes in Galwan valley in June 2020 claimed the lives of 20 Indian soldiers (including a Colonel) and an unspecified number of Chinese soldiers. The face-off between Indian Army and the PLA were at three points – Pangong Tso, Hot Springs and Galwan river. According to Gen Panag

China seized approximately 40-60 square km of Indian territory in (these) three different areas, and in Galwan sector, the PLA has secured the heights north and south of the Galwan river (and) [W]hat matters in mountains/ high-altitude is the control of the heights. The valleys become untenable when surrounding heights are with the enemy.<sup>10</sup>

With progression of time, China's appetite for devouring "disputed" but strategic land mass has only increased. And with greater ferocity. The clashes in Galwan valley in June 2020 claimed the lives of 20 Indian soldiers (including a Colonel) and an unspecified number of Chinese soldiers. The face-off between Indian Army and the PLA were at three points – Pangong Tso, Hot Springs and Galwan river. According to Gen Panag

While this was alarming enough, Panag laments that rather than evolving a clear strategy and broadly sharing it with the nation, the Narendra Modi government and the military have gone into 'denial' about any loss of territory, attributing the present situation to differing perceptions about the LAC. When the PM says "koi aaya nahin..." Gen Panag feels it suits China and "this may open Pandora's box which in future may result in loss of more territory, possibly at Chumar, Demchok, Fukche, Kailash Range, Hot Springs, along the Shyok River and in Depsang Plains. Who knows China may apply the same logic at Tawang in the near future?"

In a follow-up article written a few days later, Gen Panag revealed "[I]n three areas – Galwan River, Hot Springs and Pangong Tso – China has deployed regular troops across the LAC and physically prevented us from patrolling up to the LAC."<sup>11</sup>

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<sup>10</sup> Lt Gen H S Panag, "India's Fingers have come under Chinese boots. Denial won't help us", *The Print*, 04 June, 2020 <https://theprint.in/opinion/indias-fingers-have-come-under-chinese-boots-denial-wont-help-us/435145/>

<sup>11</sup> \_\_\_\_\_, "PM Modi's silence on LAC stand-off is benefiting China. India must change its script", *The Print*, 11 June, 2020 <https://theprint.in/opinion/pm-modis-silence-on-lac-stand-off-is-benefiting-china-india-must-change-its-script/439423/>

He also said that in the recurring crisis on the LAC in Ladakh, it is pertinent to analyse China's political and military aims. China's political aim is to exploit the unsettled border – undemarcated LAC – by triggering border incidents to prevent India from developing its border infrastructure that threatens Aksai Chin and other vulnerable areas. And in doing so, exert its hegemony over India and prevent it from becoming a political, military and economic competitor in the international arena, particularly with respect to the China-Pakistan Economic Corridor (CPEC), South China Sea and Indo Pacific.

So, while Lt Gen Panag as well Dr. Subramaniam Swamy, former BJP's Rajya Sabha member, hold that China is still occupying 40-60 square km of Indian territory, Foreign Minister S. Jaishankar in an exclusive interview to PTI said the remaining issues mainly pertained to "patrolling rights and patrolling abilities".<sup>12</sup> When there are such contrasting opinions, the general public is at a loss to figure out where exactly the truth lies; what exactly is the position. Note therefore Gen Panag's lament:

In the current crisis, the government and the military have lost credibility and the battle of perception, and have literally endorsed China's stand. It has also sent wrong signals to the international community. In the era of open-source intelligence and "soldier journalists" armed with mobile phones, denial and obfuscation do not help. Modi government should take the Parliament and the nation into confidence within the limits of security.

China's military aim is to trigger border incidents and pre-emptively seize tactically important areas to cut off India's strategic communications which threaten Aksai Chin and its other vulnerable areas. Depending on India's reaction, China is likely to undertake short-duration limited operations to capture Sub Sector North, the area up to north bank of Pangong Tso, Demochok and Chumar.

These areas extend the LAC from Karakoram, along Shyok River, north bank of Pangong Tso, along Kailash Range to Demchok and Chumar. These gains would also threaten the Nubra Valley and Siachen glacier and ensure China's collusion with Pakistan to prevent any threat to the CPEC at Gilgit.

In this context, we may refer to what Shivshankar Menon, former National Security Advisor and former Ambassador to China, has said about the India-China stand-off in 2020. According to him, the stand-off has put the relationship between the two countries in "crisis", and said that going back to old agreements would not bring back the trust and one has to wonder if the countries can achieve "a new equilibrium" after this.<sup>13</sup>



*Source: Image*

<sup>12</sup> "Relations With China Not Normal Because...": S Jaishankar On Border Row, India News, *Press Trust of India*, May 12, 2024 <https://www.ndtv.com/india-news/relations-with-china-not-normal-because-s-jaishankar-on-ladakh-border-row-5647394>

<sup>13</sup> See "China's relationship with India lies in India's external environment", *Express News Service*, June 8, 2021 <https://indianexpress.com/article/india/chinas-relationship-with-india-lies-in-indias-external-environment-7348860/>

### 3.4 Chinese aid in Pakistan's defence build-up

While the border crisis in East Ladakh initiated by China completes four years with no sign of China de-escalating, disconcerting reports of significant naval developments in China and Pakistan have also emerged.

On April 26, the first of the eight Hangor class submarines contracted by the Pakistan Navy (PN) was launched in Wuhan, China. The launching ceremony is a formal custom celebrating a ship being transferred to the water for the first time. The deal for these submarines was inked during the visit of President Xi Jinping to Pakistan in 2015. Four of the eight are being built in China, while the rest are being built in Karachi, Pakistan.



*Source: Image*

Writing for the Financial Times, Group Captain (Retd) Praveer Purohit informs us that the project was delayed due to the refusal of Germany to supply the MTV 396 diesel engines for these submarines. He further tells us that these submarines are the export variant of the Chinese Navy Type 039 Yuan class boats. The Hangor class submarines, 76 metres long and displacing 2800 tons, are bigger than the latest Kalvari class (Scorpene) submarines that the Indian Navy has in its fleet.

Although details of the weapon systems on board the Hangor class are not available, it is speculated that they could be equipped with the 450 km range Babur-3 Submarine Launched Cruise Missile (SLCM). The submarines are equipped with an Air Independent Propulsion (AIP) system that gives them the ability to remain submerged for as long as 10 to 14 days.

According to Purohit, this will significantly enhance the operational capability and 'sea-denial' ability of the Pakistan Navy (PN). Realising the importance of AIP, the PN retrofitted an AIP onto its three Agosta 90B submarines between 2008 and 2011. Of the four boats being constructed in Pakistan, the keel laying ceremony of the second boat (and sixth overall) was held in Karachi on 14 February. Thus, despite some delays, the Hangor project seems to be picking pace.

He further adds that the grim reality is that today, the Indian Navy has only 16 conventional submarines, with 11 of these being inducted between 1986 and 2000. None of the submarines in the Indian Navy have AIP. Although the DRDO is reportedly working on developing AIP, former naval chief Admiral Arun Prakash is quoted as saying, "It would take another seven to ten years before India has AIP submarines".

Purohit laments that the project to construct AIP submarines has been plagued by unpardonable indecision and inexplicable delays, reflecting poorly on our higher defence management.<sup>14</sup>

Purohit goes on to add that more recently, China sailed its third (and biggest) aircraft carrier 'Fujian' for sea trials on May 01. This ship was launched in 2022 and displaces about 80000 tons. Equipped with the state-of-the-art Electromagnetic Aircraft Launch System (EMALS), the Chinese Navy (PLA-N) is only the second navy after the U.S. Navy to possess this capability. The Fujian is expected to enter service by the end of 2025/early 2026, bolstering the PLAN's capability for extended power projection.

Meanwhile, an editorial in Global Times refers to a report released by the long-established conservative think tank in the US, the Center for Strategic and International Studies (CSIS), which states that

*China's scientific research vessels engaged in energy and marine environmental surveys in the Indian Ocean can support "military needs," including how to manoeuvre and obscure submarines during conflict. The timing of this report is delicate, coinciding with the visit of Maldivian President Mohamed Muizzu to China, while another South Asian country, Sri Lanka, recently announced the suspension of foreign research vessels including those from China entering its waters under India's pressure. The CSIS report rightly comes at a time when some countries need to manufacture a "China threat" narrative in the Indian Ocean region and provides them with ammunition.*<sup>15</sup>

The recent naval developments in the Pakistan Navy and the PLA-Navy should not be looked at in isolation from each other. Given the strong ties and collaboration between China and Pakistan, the PLA Navy and the Pakistan Navy combine has the potential to pose serious impediments to the Indian Navy.

But it is not just the Pakistani Navy that China is strengthening which has obvious implications for India. China is also modernising the air force of Pakistan.

According to reports, China has enabled Pakistan to gain "strategic depth" by equipping Pakistan Air Force with the multi-role fighter plane J-10 which is far more advanced than its earlier version JF-17s that Pakistan already has. Pakistan deployed J-10 to escort JF-17C and Wing Loong II drones for a series of air and artillery strikes inside Iran in January 2024.<sup>16</sup>

As any defence expert will point out, the sale of strategic military equipment like fighter planes, submarines, missiles and heavy artillery like howitzers and other sophisticated weaponry generally leads to deeper defence and economic ties of strategic significance. It is in this context that one may also like to understand Bangladesh's plans to acquire the J-10 as it was not keen on French Rafales, as neighboring India was already operating them.<sup>17</sup>

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<sup>14</sup> Praveer Purohit, "China-Pakistan Naval Developments Increase India's Challenge", *Financial Express*, May 13, 2024 <https://www.financialexpress.com/business/defence/china-pakistan-naval-developments-increase-indias-challenge/3485662/>

<sup>15</sup> "China's scientific research ship 'invades' the Indian Ocean? Who will buy it?" *Global Times editorial* Jan 11, 2024 <https://www.globaltimes.cn/page/202401/1305251.shtml>

<sup>16</sup> Ritu Sharma, "Israeli Fighter in Pakistan Air Force? Why J-10C, Operated by Pak & China, may be heavily Inspired IAI Lavi?", *The EurAsian Times*, May 13, 2024 <https://www.eurasiatimes.com/israeli-aircraft-in-pakistan-air-force-why/amp/>

<sup>17</sup> In 2018, a Bangladesh Air Force delegation was in China to inspect the J-10.

### 3.5 The “Triangle of Death”



*Source: Image*

By now it would be clear that the geostrategic implications in India-China relations are not restricted to the two countries' borders. With the Chinese PLA Navy outstripping the US Navy at least in size, China needs multiple playgrounds to display its awesome naval power. If the playgrounds happen to be in other countries, the additional objective of building allies (as well make them dependent) becomes on course. Chittagong in Bangladesh, Gwadar in Pakistan, Hambantota in Sri Lanka, Kyaupkyu in Myanmar, Malacca in Malaysia, and Mombasa in Kenya. The Indian Ocean region is a key recipient of China's investment in foreign commercial ports.

A report in EurAsian Times tells us that Chinese entities have acquired a total of 101 port projects. There are dual-use (commercial and military) ports owned, constructed, or operated by Chinese firms. Further, China operates or owns at least one port in every continent except Antarctica. Of the 101 projects, 92 are active, whereas the remaining nine port projects have become inactive due to cancellation or suspension by the end of September 2023.<sup>18</sup>

And what may be alarming for Indian defence strategists is that after Hambantota in Sri Lanka and Gwadar port in Pakistan in South Asia, China is building a submarine base in Bangladesh and another port in Myanmar. And the three Chinese-run ports in South Asia – Chittagong in Bangladesh, Hambantota in Sri Lanka, and Gwadar in Pakistan – are called a “triangle of death”<sup>19</sup> encircling India. Chinese submarines and warships will dock right under India's nose very soon. Apart from supplying submarines to the Bangladesh Navy, China is constructing a port in Cox Bazar, which was inaugurated in 2023.

China has long sought access to the Bay of Bengal and the Arabian Sea because of its limited and unfavorable maritime geography, particularly along the Western Pacific. China's entry into the Bay of Bengal was facilitated earlier by Myanmar and now by Bangladesh.

China has termed its endeavors in the Indian Ocean benign, a claim India has not accepted. The capabilities that the Chinese Navy is pursuing in the region would help it to undertake a military mission in the region.

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<sup>18</sup> Ritu Sharma, “Right Next To China — India To Invest In Deep Water Port In Philippines After Iran, Sri Lanka, Myanmar & Oman”, The EurAsian Times, May 8, 2024 <https://www.eurasiatimes.com/right-under-chinas-nose-india-to-invest/>

<sup>19</sup> <https://www.eurasiatimes.com/of-death-india-tries-to-woo-bangladesh-and-sri-lanka-to-its-corner/>

### 3.6 China's Perspective

So far the lens we have used is India's relations with China. The perspective changes if we were to flip the title to China's relations with India. According to Shivshankar Menon, former National Security Advisor and former Ambassador to China, "China's relationship with India lies in India's external environment", suggesting that China's response is based on what its perception of India's relationship with the West, particularly US.<sup>20</sup>

Menon was speaking at a panel discussion titled 'India and China: Uneasy Neighbours' along with Lt General SL Narasimhan, Director General, Centre for Contemporary China Studies, and Member, National Security Advisory Board, Government of India; and Yun Sun, Senior Fellow and Director of China Program, Stimson Centre, which was moderated by Gideon Rachman, Chief Foreign Affairs Commentator, Financial Times.

They discussed the fraught relations between the two countries marked by an unresolved border dispute, how New Delhi was restricting Chinese investment and reducing economic dependence, Beijing's growing political influence among India's neighbours in the sub-continent, and how India is drawing closer to China's strategic rivals, including the US.

Both Narasimhan and Menon pointed out that the India-US relation has not been the only issue between India and China, and that tensions have been building up since 2012-13. According to Menon, there was a risk of overestimating the US factor in India-China relations. His belief was that India-China relations are sui generis and self-driven. It is not a function of who's in Washington or how Washington's relations are with Beijing at any given moment of time, even though that's the way most people tend to look at it, but India-China relations have their own timing, momentum and drivers.

The geo-political formations that India joined, namely the QUAD comprising the US, Japan and Australia and the I2U2, - India, Israel, UAE and the US, also indicated that India was trying to counter the Chinese geostrategy vis-à-vis India and drew adverse responses from China.



*Source: Image*

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<sup>20</sup> "China's relationship with India lies in India's external environment", *Express News Service*, June 8, 2021  
<https://indianexpress.com/article/india/chinas-relationship-with-india-lies-in-indias-external-environment-7348860/>

### 3.7 Trade imbalance - India's Achilles heel



*Source: Image*

"It's the economy, stupid". Although this phrase is attributed to Bill Clinton during his presidential campaign against George Bush, it was actually coined by James Carville, a strategist in his team. That phrase is perhaps more appropriate to understand what defines India-China relationship.

External Affairs Minister, S. Jaishankar acknowledged the increased focus on the connection between the economic requirements of the country and foreign policy, but with riders:

*"When we look at our partners, we think how that relationship can help drive economic growth. (However) I cannot, in the name of an open economy, open up my national security to work with a country which is laying claim to my territory. Both our economic and national security are at stake... I can tell you how strong that sense of resentment is today about the dumping of goods from China. We will do what it takes."<sup>21</sup>*

But ground realities are no respecters of grand statements. As per data released by the think tank Global Trade Research Initiative (GTRI), with imports from China crossing over \$100 billion in FY24, China has overtaken the US to become India's largest trading partner after a gap of two years.<sup>22</sup> This is in spite of India trade relations with China have been under scrutiny largely due to India's dependence on the neighbouring country's critical products such as telecom and smartphone parts, pharma, advanced technology components among others.

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<sup>21</sup> "We will not let China dictate the play...": Jaishankar on changes in foreign policy in Modi era". *Business Today*, May 06, 2024 <https://www.businesstoday.in/india/story/we-will-not-let-china-dictate-the-play-jaishankar-on-changes-in-foreign-policy-in-modi-era-428381-2024-05-06?onetap=true>

<sup>22</sup> Ravi Dutta Mishra, "India's top trade partner: China regains spot on higher imports", *Indian Express*, May 13, 2024 <https://indianexpress.com/article/business/indias-top-trade-partner-china-regains-spot-on-higher-imports-9324553/>



In the context of our paper focussing on geostrategic aspects of India's relations with China, there are three aspects in the Report that merits our attention. First, India imported \$4.2 billion worth of telecom and smartphone parts, accounting for 44 per cent of total imports in this category, indicating significant reliance on Chinese components.

Laptops and PCs imports from China totalled \$3.8 billion, making up 77.7 per cent of India's imports in this sector, **showcasing a heavy dependence on Chinese technology** (emphasis added). Second, India's exports to China have remained near stagnant between FY19 and FY24 while imports have surged by nearly 45 per cent which has resulted in **widening of the trade deficit** from \$54 billion in FY2019 to \$85 billion in FY2024. Third, for India, China is still the number one supplier of heavy machinery.

That brings to mind Kanti Bajpai's take on this matter. In a 45-minute interview to Karan Thapar for The Wire, (<https://youtu.be/V-Um-tpYczo>) to mark the launch of his book 'India Versus China: Why They Are Not Friends', Kanti Bajpai laid out four reasons why in his opinion the two countries are unfriendly to each other:

- The first is their perceptions of each other.
- The second is their territorial claims and perimeters.
- The third is their strategic partnerships, where they tend to be on different, if not opposed, sides.
- The fourth is the asymmetry of power between them, which is steadily increasing.

In other words,

"India, China can't be friends till India catches up, for which It needs near-civilisational change".



*Source: Image*



## 4. Growth and employment implications of India's foreign trade

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*Vijay Mahajan and Sneha Mahapatra*



*Source: Image*

### 4.1 Overview of the Indian economy

India experienced robust GDP growth in the mid-2000s, exceeding 8% annually, but faced a slowdown to 6% following the global financial crisis of 2007-08. By 2012-13, growth further declined to about 4.5%. Although there was a brief surge between 2014 and 2016, growth slowed again after demonetization in 2016 and GST rollout in 2017, with GDP growth dropping to 3.9% by 2018. Post-pandemic, GDP growth rebounded to 7.3% and 7.4% in the two subsequent years, indicating recovery. In 2023-24, the GDP reached INR 296.6 lakh crore, growing by 8.9% at current prices and 7.4% at constant prices with 2011-12 as the base.

#### 4.1.1 Primary Sector Contribution to GDP and employment

In 2022-23, the primary sector in India, including agriculture, fishery, forestry, and mining, contributed to 20.2% of the GDP. However, fishery and forestry accounted for only 1.5% each, while mining contributed 2.5%. Agriculture, historically a major income source, comprised 16.7% of the GDP, with nearly 44% of the workforce engaged in it. The pandemic prompted urban migrants to return to rural areas, marginally increasing the agricultural workforce, despite its declining trend.

#### 4.1.2 Secondary Sector Contribution to GDP and employment

Between 2011 and 2021, India's manufacturing sector's contribution to GDP decreased from 17% to 13%. The sector is characterized by a significant portion of unorganized and household enterprises, which employ about 80% of the workforce but contribute minimally to value addition.

Most manufacturing firms have fewer than 10 employees, with lower value added per worker compared to organized firms. Despite rising real wages, there has been a decline in wage shares in manufacturing. There's a gradual transition from low- to medium-technology exports.

#### 4.1.3 Services sector contribution to GDP and employment

India's services sector is pivotal to its economy, contributing significantly to GDP, exports, and employment. In 2022-23, it accounted for 53.33% of the total GVA, with 29% of national employment.

While organized sectors like finance, insurance, and real estate play a key role, over 80% of employment in the services sector is in the unorganized segment, primarily in retail and wholesale trade. Additionally, the sector serves as a crucial source of foreign exchange earnings and attracts foreign direct investment.



*Source: Image*

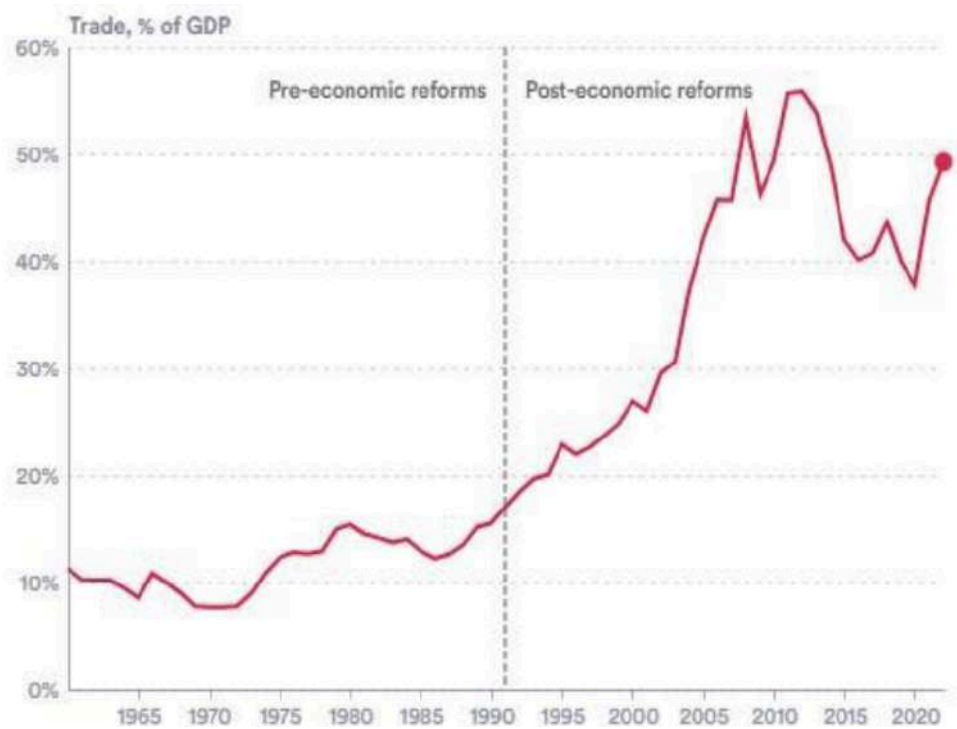
## 4.2 Overview of India's Foreign Trade

In the fiscal year 2021-22, India's total trade reached USD 1436.59 billion, constituting about 45% of its GDP. Exports amounted to USD 676.53 billion, approximately 21% of the GDP, with a Domestic Value Added (DVA) of around 60%, contributing about 13% to the GDP.

Imports totaled USD 760.06 billion, roughly 24% of the GDP, with a Foreign Value Added (FVA) of about 21%, which is netted off from the GDP.

### 4.2.1 Trend over time

India's international trade has grown substantially since independence, with total trade reaching USD 1436.59 billion by the 75th year of independence. Despite exports increasing from USD 1.23 billion to USD 677 billion over the years, India's share of global exports declined from 2.6% in 1947-48 to 0.4% in 1992 before gradually rising again. Trade as a percentage of GDP initially declined but surged after liberalization in 1992.



*Source: The Economics Observatory*

#### 4.2.2 Trade Deficit

Once China became a member of the WTO, and Indian tariffs were reduced for imports, the trade deficit went up exponentially. In 2012-13 the merchandise trade deficit was USD 192.87 billion. While it recovered for the three-year period between 2013-14 and 2017-18 due to a dramatic drop in crude petroleum prices, the trade deficit increased to \$276.04 billion in 2022-23.

#### 4.2.3 Top 10 import and top 10 exports

India's trade data within the International Harmonised System (HS-2) reveals that while the top 10 imports, including minerals, pearls, electrical machinery, nuclear reactors, organic chemicals, and plastics, constitute 70.2% of total imports, the top 10 exports within the same categories contribute only 46.1% of total exports.

This underscores the interdependence of imports and exports within the same product categories, signaling the integration of global value chains. Contrary to conventional wisdom, contemporary trade dynamics depict imports and exports as mutually reinforcing elements driving GDP growth, illustrating a circular relationship where the expansion of one sector fuels the other.



*Source: Image*

## 4.3 India's Exports

### 4.3.1 Merchandise exports

Mineral fuels, oils and products of distillation, natural reactors, boilers, machinery, iron and steel, organic chemicals, electrical machinery, vehicles other than railway or tramway, pharmaceutical products, cereals, cotton, aluminium and articles thereof, articles of iron and steel, articles of apparel and clothing, miscellaneous chemical products, fish and crustaceans, other made up textile articles, sugars and sugar confectionary, rubber articles thereof which belong to the HS-2 product code categories and together accounted for 79.9 percent of India's exports in 2021-22.

### 4.3.2 Services Exports

From 2011-21, services contribution to exports increased from USD 138.07 bn to USD 309.47bn. India was eighth amongst the top ten exporters of service in the world. Information technology, in which the country is a global leader, accounted for \$ 108 billion of services exports in the FY 2022-23, exporting primarily to the US, UK and the EU.

## 4.4 Contribution of exports to GDP

Das and Kukreja (2020) analysed the Domestic Value Added (DVA) in India's export sub-sectors. In 2013-14, DVA ranged from 88-99% in agricultural items to 54-95% in manufacturing. The share of DVA in India's exports decreased from 84.13% in 2003-04 to 72.79% in 2013-14, likely averaging around 60% presently due to increased reliance on imported inputs, particularly in the secondary sectors. Services remain an exception with consistently high DVA content.

**Table 8: Sector-wise Domestic Value Added (DVA) as a % of export value of that sector in 2013-14**

Export Sub-sector	DVA as a percent of export value in 2013-14
Agricultural items	88-99%
Mining and Quarrying	66-93%
Manufacturing	54-95%
Services item	60-93%

*Source: Das and Kukreja, 2020, pp-11-14*

Comparing the gross value of foreign trade with GDP directly can be misleading as GDP figures are not calculated in terms of gross value of output but as output minus input, or gross value added (GVA). Therefore, to truly understand the impact of exports on GDP, it is crucial to focus on the GVA of exports. Deducting input value will give us the GVA of exports. But as exports also have some component of imports, these need to be deducted so that we can come up with the domestic value added (DVA), which is the true additionality of exports to the Indian economy.

The DVA of exports varies from sub-sector to sub-sector, and the range is wide, from as low as 10 percent in case of petroleum products to as high as 95 percent for agricultural products and some services, as estimated by Das and Kukreja (2020).<sup>23</sup>

They showed that the DVA of exports has declined steadily from 84.1 percent in 2003-04 to 72.8 percent in 2013-14. Assuming the DVA of exports was at about 60 percent in 2021-22, India's DVA from exports constituted about 13 percent of the GDP for that year.

Thus increasing exports by 10 percent could enhance the GDP growth by 1.3 percent. It should be noted that the growth is not merely quantitative, but exports generally tend to diversify a country's basket of goods and services, thereby increasing its Economic Complexity Index (ECI), which is a relative measure of the knowledge intensity of an economy.

#### 4.5 Contribution of exports to employment in various sectors



*Source: Image*

One comprehensive study on this was by Das and Kukreja (2020) of ICRIER. The total number of jobs per million dollar of exports reduced from around 450 in 2003-04 to as low as 183 in 2013-14, and using this as a trend we can derive that jobs would reduce to around 80 / million dollar of exports. The employment in exports was estimated to be 7.3 crore in 2013-14 by them. To this, we applied the growth in exports and adjusted the additional employment per million USD of exports from 183 to about 80, based on the trends in the previous decade.

During the late 1990s and early 2000s, agriculture dominated export-supported job creation, but its share gradually declined to 40% by 2012-13. Meanwhile, services sector exports grew to account for 21.5% of employment, with IT, financial, and transport services leading. Manufacturing exports initially surged to 38.5% in 2012-13 but sharply declined to only 11.6% in 2021-22.

Traditional labour-intensive sectors like textiles saw a decline, impacting job creation. Despite India's competitive advantage in labour-intensive sectors, exports have leaned towards capital-intensive products, reflecting a shift towards higher technological content. This transition has led to significant annual losses in low-scale manufacturing activity.

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<sup>23</sup> Das, Deb Kusum; Kukreja, Prateek (2020) : Value addition, jobs and skills: A study of India's exports, Working Paper, No. 392, Indian Council for Research on International Economic Relations (ICRIER), New Delhi, p.14

## 4.6 Criterion for selection of sub-sectors for export led growth and employment

### 4.6.1 Exports with a Revealed Comparative Advantage (RCA) about to cross a threshold

The concept of Revealed Comparative Advantage (RCA), introduced by Bela Balassa, helps identify a nation's export competitiveness in various product categories. Ismail and Ahmed's analysis revealed India's steady progress in export competitiveness across different product groups, particularly in secondary products.

Notably, India maintained RCA greater than 1 in 41 out of 97 product code categories at the HS-2 level between 2000 and 2018.

Among these, significant improvements were observed in 11 categories, where RCA shifted from below 1 to above 1, indicating enhanced comparative advantage.

Shahzeb et al. found that out of 558 products exported by India in 2018, 375 had  $RCA > 1$  at the HS-4 digit level, highlighting India's dominance in those products. Policy support and incentives are recommended for products with RCA between 0.5 and 1.0 to further boost exports.

## 4.7 Criteria for selection and sub-sectors selected for export promotion

Criteria	Sub-Sector Selection
a. Saliency	Sub-sector accounts for at least 0.5% of total exports
b. Competitive Advantage	RCA has steadily increased over the last two decades
c. High Domestic Value Added (DVA)	High percentage of domestic value added in export value
d. High Employment Coefficient	High number of workers per USD-million of exports
e. Skilled Workforce	Higher proportion of more educated workers within employment

Using the criteria from above, the following subsectors were selected for export promotion: We've identified key sectors for export promotion based on several criteria:

A. Agricultural Commodities: While traditional exports like rice and sugarcane have high water-use intensity, we propose shifting focus to pulses, oilseeds, vegetables, and fruits with organic certification. These items align with saliency, high Domestic Value Added (DVA), and generate significant employment, including skilled workers.

B. Processed Foods: This includes a variety of products such as fish, meat, dairy, and processed fruits and vegetables. They contribute to saliency, high DVA, and employment, particularly among skilled workers.

C. Gems and Jewellery: To maintain India's lead, emphasis should be on value-added products like branded jewellery, promoting domestic value addition and skilled employment.

D. Textiles and Clothing: Despite falling behind, this sector remains a significant employer, especially for semi-skilled workers, particularly women. Strategic attention is needed to improve India's global position.

E. Metals and Metal Products: Shifting towards value-added products like structural steel and stainless steel can enhance domestic value addition and create employment for educated workers.

F. Chemicals and Pharmaceuticals: With a focus on organic chemicals, speciality chemicals, and medicinal drugs, this sector offers high DVA and employment, with a growing proportion of educated workers.

G. Automobiles and Auto Components: India's success in this sector is evident, with significant exports and employment opportunities, including for educated workers.

H. Electronics Products and Components: Moving towards becoming a major electronics exporter presents opportunities for high DVA and employment, particularly among educated workers.

I. Services Sectors: While IT-based services continue to lead, caution is warranted regarding the potential impact of AI on lower-end coding jobs. Promising sub-sectors include electronics systems design, healthcare, and tourism, all of which demand workers with advanced degrees.



[Source: Image](#)



## 4.8 Recommendations for enhancing exports

What can be done to reap benefits of growth and employment? Looking at subsectors, crosscutting issues which withhold exports and suggest ameliorative measures for export promotion.

### 4.8.1 Resolving issues vis-a-vis the WTO

India's journey with GATT since 1948 and WTO since 1995 has transformed its trade landscape. Preceding its WTO entry, India slashed import tariffs significantly, leading to a notable drop from 25% in 2000 to 5-10% in the past decade. Trade volume soared, rocketing from USD 86.5 billion in 1999 to USD 1437 billion in 2022, elevating India's global trade share from 0.6% in 1995 to 2.6% in 2022. The export composition transitioned from primary sector dominance to a substantial focus on manufactured goods and services.

While liberalized imports benefited consumers, they posed challenges. Domestic production and employment in micro and small enterprises dwindled, exacerbating the trade deficit, which exceeded USD 150 billion by 2022. However, India coped through substantial inward remittances from overseas Indians totalling USD 111 billion and a significant inflow of foreign direct investment, amounting to USD 71 billion in 2022.



[Source: Image](#)

- a. Lowering tariffs, especially on daily commodities, flooded the market with imports, particularly from China, leading to the closure of numerous small and medium enterprises across sectors like hand tools, sports goods, and wooden furniture.
- b. Compliance with WTO's Trade Related Intellectual Property (TRIPS) agreements compelled India to open its borders to international service providers, necessitating protections for various intellectual property rights.
- c. India encountered opposition from other nations regarding its domestic policies, such as minimum support prices for agricultural produce and subsidies for exports. These disputes often escalated to the WTO Dispute Settlement Body (DSB), with over 50 disputes involving India since 2016.

For instance, India filed a complaint against the US in May 2018 for imposing additional import duties on steel and aluminium products, which took nearly five years to resolve. Conversely, disputes initiated against India, like the EU's challenge to India's tariffs on mobile phones, resulted in rulings against India, impacting its trade policies. Additionally, controversies surrounding India's support measures for the sugar sector led to disputes with countries like Brazil, Australia, and Guatemala, with a WTO panel ruling against India's subsidies in December 2021.

#### 4.8.2 Multi-pronged action on foreign trade

India takes measures to counter unfair trade practices through the Directorate General of Trade Remedies (DGTR), which recommends countervailing duties against dumping instances, such as steel products from China, Vietnam, and South Korea.

To bolster export promotion, India actively engages in signing FTAs/RTAs with various countries, including Mauritius, Argentina, ASEAN, and most recently EFTA. Negotiations for an FTA with the UK are also in progress.

Streamlining regulations and procedures is crucial for enhancing export competitiveness. This involves initiatives like implementing single window clearance, tax-related reforms, and simplifying export documentation processes.

Efforts to strengthen export infrastructure are underway, addressing logistics costs and limitations. Initiatives like the GatiShakti National Master Plan and the National Logistics Plan focus on developing rail, highway, and port infrastructure. The Sagarmala scheme and the establishment of the NTCWPC at IIT Chennai aim to enhance port capacity and efficiency.



*Source: Image*

#### 4.9 Suggestions for enhancing exports of selected sub – sectors

Agriculture remains India's largest economic sector, contributing 13% to the GDP and employing nearly 45% of the workforce in 2021-22. It generates the highest number of jobs per million dollars of exports compared to other sectors. In 2021-22, agricultural exports reached a record US\$ 50 billion.

Major export categories include cereals, cotton, fish, sugar, coffee, tea, spices, and meat. However, the share of agricultural exports in total exports declined from 14% in 2013-14 to 9.5% in 2021-22. With agricultural exports primarily driven by unskilled rural workers, enhancing them can boost job creation and wage rates, making it a desirable objective.

#### 4.9.1 Environmental sustainability issues in agriculture exports

Gulati and Juneja (2021) argue for a shift in India's agricultural export strategy due to environmental concerns, highlighting water stress and greenhouse gas emissions associated with crops like rice and sugar. They propose incentivizing water-efficient farming practices and promoting less water-intensive crops like pulses and oilseeds.



[Source: Image](#)

Similarly, Saxena et al. (2023) advocate diversifying agricultural exports beyond traditional products, focusing on fruits, vegetables, dairy, and meat. They recommend export incentives, improved logistics, branding, and digitalization.

Kavita Kuruganti (2021) suggests reforms including expanding farmer-friendly mandis, supporting direct marketing, redesigning warehouse receipt schemes, diversifying procurement, and empowering Farmer Producer Organizations (FPOs).

Key recommendations for promoting agricultural exports include:

- Focus on less water-intensive crops like pulses and oilseeds.
- Improve logistics and infrastructure for perishable goods.
- Invest in branding, marketing, and digitalization.
- Implement reforms to support farmers such as expanding *mandis* and empowering FPOs.

These measures aim to enhance sustainability, profitability, and resilience in India's agricultural sector.

#### 4.9.2 Manufacturing exports: textiles, pharma, electronics, autos and components

India's manufacturing exports have declined from 76% in the early 2000s to 62% in FY 2021-22, while China maintains a 93% share. Despite India's significant industrial production in sectors like chemicals, pharmaceuticals, and food products, its export portfolio differs, with petroleum products, gems, and textiles dominating.

There's a growing global demand for medium-tech items, yet India's market share remains at 1%, despite significant imports totalling \$100-120 billion. The Federation of Indian Exporting Organizations (FIEO) calls for a thorough analysis to address this decline, focusing on cost reduction, efficiency enhancement, quality assurance, and innovation.

In textiles, India ranks second globally but struggles to increase its share compared to China, Bangladesh, and Vietnam. Initiatives like the Amended Technology Upgradation Fund Scheme (ATUFS) and Mega Integrated Textile Regions and Apparel (MITRA) Parks aim to boost competitiveness, yet market share remains stagnant. Recommendations include more R&D investments, global marketing efforts, and exploring new markets.



*Source: Image*

The pharmaceutical sector is a global leader in generics, with exports reaching \$24 billion in 2021-22. India's dominance in vaccine production during the COVID-19 pandemic underscores its significance. To reduce import dependence, initiatives like the Production Linked Incentive (PLI) scheme and domestic production schemes have been launched.

Electronics exports are rising due to government initiatives like the PLI scheme. Despite tariff disputes, smartphone exports are increasing, though still lagging behind China.

The automobile sector has seen remarkable growth, contributing 7.1% to GDP and providing employment to over 19 million people. However, SMEs face challenges in internationalization due to barriers like supply chain issues, quality standards, and entrepreneurial limitations. Education programs for SME entrepreneurs are recommended to address these challenges and enhance export potential.

#### 4.9.3 Services sector exports – IT, ESD, Health Care, Tourism

India's service sector holds immense potential for export growth. The IT sector is a major contributor, but faces challenges like increasing competition and evolving client preferences. To address this, India can focus on the growing domestic market and adapt to meet client needs.

The government is prioritizing skilling in the Electronic Systems Design and Manufacturing (ESDM) sector to meet the projected growth. Medical tourism is another promising area, with a growing market and potential for job creation.

Strategies to boost service exports include expanding focus to regions with higher per capita income and establishing more export clusters within India. This can be achieved by strengthening trade promotion efforts and developing new clusters using Geographical Indicators (GI) and the One District One Product scheme.



[Source: Image](#)

#### 4.10 Possibility of growth and employment through import substitution

India's import dynamics in FY 21-22 were characterized by a total of USD 760 billion, comprising USD 613 billion in merchandise imports and USD 147 billion in services imports. Key imports included Petroleum Crude and Products at 26.4%, Electronics, Telecom, and Computers at 9.2%, Gold at 7.5%, and Vegetable Oils at 3.1%. Notably, China was the largest import source at 15.4%, followed by the UAE at 7.3%, and the US at 7.1%. The trade deficit, particularly pronounced with China at USD 73.3 billion, accounted for 88% of the total trade deficit, prompting India's decision to opt out of the Regional Comprehensive Economic Partnership (RCEP) due to concerns over trade imbalances.

In terms of its impact on GDP growth, imports represented 24% of India's GDP in 2022, with net imports (after deducting domestic value added) accounting for around 18-20% of GDP. While aiming for a "zero import" economy is impractical, reducing reckless imports remains a significant goal. The employment impact of imports has been notable, with employment foregone due to imports rising from 5.8% in 1993-94 to 19.3% in 2013-14. Import substitution has been identified as a potential solution to create jobs, but its success requires a strategic approach.

Several factors impede India's import substitution efforts, including the lack of competitiveness and efficiency in domestic industries, integration into the global economy with constraints from trade agreements, and challenges such as outdated technology, infrastructure limitations, and bureaucratic hurdles.

Criteria for selecting sub-sectors for import substitution have been carefully outlined, including salience (accounting for at least 0.5% of total imports), cost competitiveness compared to global production, export contribution, employment generation, long-term capability enhancement for a higher Economic Complexity Index (ECI), and strategic importance for national defense or emergency preparedness.

Sub-sectors selected for import substitution include renewable energy as a substitute for petroleum-based fuel, domestic coal for power generation, iron and steel for domestic production, machinery including mechanical and electrical imports, electronics including chips and components, and edible oils to be substituted with domestically grown oilseeds.

The Production Linked Incentive (PLI) Scheme, aimed at export promotion via import substitution, encompasses 14 sectors such as mobile manufacturing, pharmaceuticals, and electronics. The scheme has shown progress with over INR 1.03 lakh crore invested, leading to INR 8.61 lakh crore in production and the generation of 6.78 lakh jobs.

However, challenges persist, including high costs, infrastructure issues, bureaucratic hurdles, and trust issues with the scheme's guidelines, emphasizing the need for continued reforms and strategic implementation.

## **4.11 Policies for selective import substitution**

### **Import Substitution Policies for Selected Sectors**

#### **4.11.1 Edible Oils**

India imported 16.47 million tonnes of edible oils in 2021-22, worth Rs 1.56 lakh crore, with only 38.6% domestically produced. Table 17 highlights significant growth in various oils' domestic production from 2013-14 to 2022-23. The 'Atmanirbhar Oil Seeds Abhiyan' targets key oilseeds like mustard, groundnut, and soybean, aiming to boost cultivation through research and modern farming techniques. Suggestions include incentivizing farmers and private partnerships for oilseed cultivation and research.

#### **4.11.2 Renewable Energy**

India's heavy reliance on imported crude oil and coal, despite ample renewable energy potential, prompted strategies to reduce imports. Renewable energy contributes 30.2% to total energy capacity, with solar power alone meeting 7% of energy needs by 2022. Challenges include heavy reliance on imported solar panels, with China supplying 92% in FY 2022-23. India promotes domestic production, especially in electric vehicles (EVs) to reduce imports.

#### **4.11.3 Iron and Steel**

The PLI scheme targets the iron and steel industry, with investments of ₹29,530 crore and downstream capacity addition of 24.78 million tonnes. India aims to reduce steel imports and become a net exporter. Challenges include competition with China's steel exports, leading to anti-dumping duties. Strategic focus on steel is vital for import substitution.

#### 4.11.4 Electronic Appliances and Mobile Phones

India's focus on local production in electronic goods aims to meet domestic demand, reducing imports. The mobile phone manufacturing sector shifted towards import substitution since 2014, with 120 manufacturing units established. Initiatives like duty barriers and strategic localization efforts have boosted local production.

The sector expects significant export growth, generating substantial employment and boosting the Economic Complexity Index (ECI).

#### 4.11.5 Addressing Trade Deficit with China

India-China trade dynamics show a rising trade deficit, reaching USD 104 billion in 2022. A detailed study of imports from China reveals significant categories, including electronics, machinery, organic chemicals, and toys.

The challenge lies in addressing cost and technology disadvantages compared to Chinese counterparts. Studies suggest nuanced strategies beyond tariff barriers, focusing on joint ventures for global markets rather than direct competition.



*Source: Image*

India's import substitution efforts in key sectors like edible oils, renewable energy, iron and steel, and electronics are crucial for reducing the trade deficit and enhancing self-sufficiency.

Targeted policies such as the 'Atmanirbhar Oil Seeds Abhiyan' and the PLI scheme show promising results, but challenges remain, including heavy reliance on imports for critical components.

A balanced approach involving incentives for domestic production, strategic localization, and collaboration with foreign manufacturers is necessary for sustainable import substitution and economic growth.

## 4.12 Conclusion

Trade and GDP share a circular relationship, where growth in one promotes growth in the other. Both export promotion and import substitution contribute to GDP growth, with data showing their complementary nature.

The top ten product code categories for imports align with those for exports, as do the top ten export destination regions with import sources. Thus, enhancing foreign trade (exports plus imports) is integral to achieving GDP growth.

However, employment growth requires focused policy direction. Higher imports do not necessarily lead to increased employment, as highlighted by Tandon (2022), showing a shift from 8.7 million jobs created in 1993-94 to 7.1 million jobs foregone in 2013-14 due to imports.

While exports boost employment, not all exports generate employment proportionate to investments made. Petroleum product exports, exemplified by Reliance Jamnagar Refinery, had a low Domestic Value Added of less than 10%, despite a substantial export value of Rs 387,500 crore in 2021-22.

In contrast, sectors like clothing and footwear manufacturing require lower investment per worker, creating more jobs for the same amount invested.

India must balance its investment pattern to prioritize employment generation, considering its high levels of poverty, income inequality, and unemployment rates.

The strategy for foreign trade should target subsectors that create jobs for both educated unemployed and underemployed rural workers. Incentivizing medium technology manufacturing exports can be crucial, as low-tech exports may struggle against foreign lower-cost producers.

Additionally, India should incentivize exports in agriculture and allied subsectors, which provide jobs in rural areas for less educated workers.

The proposed strategy of Employment-Linked Incentives for export by Industries and Rural areas (ELIXIR) aims to boost GDP growth while generating employment across the economy.

To create jobs for highly educated workers, India should maintain its dominant position in IT services exports. Diversification into high-tech services supporting aerospace, pharmaceuticals, automobiles, and engineering R&D, as suggested by Rajan and Lamba (2023), could further this goal. This comprehensive approach aims to leverage foreign trade for both GDP growth and widespread employment generation.





## 5. Smothering democracy in the mother of democracy?

Vijay Mahajan, Director, RGICS and Sneha Mahapatra, Fellow, RGICS



[Source: Image](#)

### 5.1 Adverse international responses to smothering of democracy in India

India's image as a democracy has faced significant scrutiny and criticism over the past five years, with international organizations and media reports highlighting concerning trends that raise doubts about India's commitment to democratic principles.

Most recently, the arrest of Delhi Chief Minister Arvind Kejriwal in March 2024 and the freezing of bank accounts belonging to the opposition Congress Party a month before that, have drawn international concern.

The US, Germany, and the UN Secretary-General's representatives have emphasized the importance of fair, legal, and timely processes in upholding democratic principles.

In a press conference, Matthew Miller, spokesperson for the United States Department of State, stated the US's stand very clearly that "we encourage fair, legal and timely processes for each of these issues."<sup>24</sup>

Further, in a statement, Germany's foreign affairs spokesperson expressed hope that the "standards regarding the independence of the judiciary and fundamental democratic principles" would be upheld in Kejriwal's case.

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<sup>24</sup> <https://www.youtube.com/watch?v=B0Cz-3exy2A>

In a press briefing on 28 Mar 2024, Stephane Dujarric, spokesperson for the United Nations Secretary-General Antonio Guterres, said, “What we very much hope that in India, as in any country that is having elections that everyone’s rights are protected, including political and civil rights, and everyone is able to vote in an atmosphere that is free and fair.” Dujarric made the remarks while responding to a question on the “political unrest” in India in the wake of Kejriwal’s arrest and freezing of Congress party’s bank accounts.<sup>25</sup>

Some of the earlier incidents which built up to the current level of concerned or critical responses are listed below:

### 5.1.1 Silencing of critics in the media

Journalists, particularly those critical of the BJP have faced arrest on dubious terrorism and sedition charges, and independent news organizations are routinely targeted, including through workplace raids. The use of spyware like Pegasus to surveil journalists has also been and frequent internet shutdowns impede journalists' ability to work effectively.

The crackdown on media persons by the BJP-led government intensified with laws on sedition, counterterrorism, and national security used to target them. Minority journalists, particularly those in Jammu and Kashmir, are at heightened risk.



*Source: Image*

A major case which drew international attention was that of journalist Gauri Lankesh, 55, an outspoken critic of right-wing Hindutva ideology, who was shot dead outside her home in west Bengaluru on the night of September 5, 2017, by two motorcycle-borne assassins.

The state government appointed a Special Investigation Team which identified Parashuram Waghmore, 26, a former member of the Hindu right wing Sri Rama Sena in Bijapur, and Ganesh Misikin, 27, a right-wing activist from Hubballi as this the two assassins. Six years and six months later, the trial is still in progress.<sup>26</sup>

Mohammed Zubair, the co-founder of fact-checking website AltNews tweeted a video clip of a television debate during which offensive comments about Prophet Mohammed were made by BJP spokesperson Nupur Sharma. This led to protests by at least 17 nations. Zubair was slapped with five criminal cases, in five cities of three states. He is one of dozens of Indian journalists facing government hostility and criminal cases for their professional work amid a synchronised choking of independent voices in the media alongside disinformation campaigns.<sup>27</sup>

Journalist Rana Ayyub is an investigative journalist and as a commentator with a column in the Washington Post. She had repeatedly embarrassed Mr Modi and his government on the international stage. In February 2022, a video of a young Muslim girl wearing a hijab being hounded by a mob of men had gone viral and on the BBC Ayyub “called them right-wing terrorists, because these are people who are terrorising a woman”.

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<sup>25</sup> <https://indianexpress.com/article/india/un-react-kejriwal-arrest-us-germany-9239448/>

<sup>26</sup> <https://indianexpress.com/article/india/gauri-lankesh-murder-case-sc-issues-notice-to-accused-in-karnataka-governments-plea-against-his-bail-9191830/>

<sup>27</sup> <https://article-14.com/post/a-fact-checker-faces-threats-criminal-cases-for-drawing-attention-to-hate-speech-by-hindu-extremists-62a2abc1e66e0>

The interview led to new charges against her in five states. She was accused of “sedition” and “defaming the Hindu community”. As her grandmother lay dying, she was unable to travel to her home state of Uttar Pradesh to be with her because she feared arrest. The Indian authorities opened a corruption investigation into her that led to freezing of her bank accounts.

Later Rana Ayyub was prevented from traveling to London. Female Muslim journalists, including Ayyub, have faced particularly egregious abuse, including being listed on a fake "auction" app and receiving rape and death threats on social media, often from accounts identifying as BJP supporters.<sup>28</sup>

United Nations appointed independent rights experts issued a statement on 21 Feb 2022, calling on India to end relentless misogynistic and sectarian attacks against Rana Ayyub. The appeal from UN Special Rapporteurs on the right to freedom of opinion and expression, Irene Khan and Mary Lawlor, followed what they called “relentless misogynistic and sectarian attacks” against Rana Ayyub – including death and rape threats.<sup>29</sup>

In March 2023, BBC offices in India were searched as part of an investigation by the Indian income tax authorities. The searches in New Delhi and Mumbai came weeks after the broadcaster aired a documentary in the UK critical of Indian Prime Minister Narendra Modi. Although the documentary was broadcast on television only in the UK, India's government has attempted to block people sharing India: The Modi Question online, calling it "hostile propaganda and anti-India garbage" with a "colonial mind-set".<sup>30</sup>



*Source: Image*

Later, in October 2023, NewsClick’s founder and editor-in-chief Prabir Purkayastha was arrested under the Unlawful Activities Prevention Act (UAPA) and criminal conspiracy charges.<sup>31</sup>

He is still in jail as of end April 2021. It’s only after he had languished in jail for more than eight months that the Supreme Court of India termed his arrest and remand illegal and ordered his immediate release.<sup>32</sup>

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<sup>28</sup> <https://www.theguardian.com/world/2022/feb/27/reviled-harassed-abused-narendra-modis-most-trenchant-critic-speaks-out>

<sup>29</sup> <https://news.un.org/en/story/2022/02/1112362>

<sup>30</sup> <https://www.bbc.com/news/world-asia-india-64634711>

These actions, coupled with reprisals against media organizations like NewsClick and the BBC, raise questions about freedom of expression and press freedom in India.

### 5.1.2 Arrests of dissenters

On 9 February 2016, some students of Jawaharlal Nehru University (JNU) held a protest on their campus against the capital punishment meted out to the 2001 Indian Parliament attack convict Afzal Guru, and Kashmiri separatist Maqbool Bhat. The event saw clashes between various student groups. A video was circulated by Indian news channel Zee news in which a small group of individuals, whom a later University investigation described as outsiders to the university wearing masks, shouted "anti-India" slogans.<sup>33</sup>

Four days after the event, the then President of JNU Students' Union Kanhaiya Kumar was arrested by the Delhi police and charged with sedition. Two other students were arrested soon afterwards, including Umar Khalid, a research scholar at JNU. Khalid is also associated with United Against Hate, a campaign founded along with Nadeem Khan in July 2017 in response to the series of lynchings of Muslims. Umar Khalid was accused under the UAPA law and languishes in jail as of April 2024, without bail or trial.<sup>34</sup>



*Source: Image*

In Oct 2023, the Lieutenant Governor of India's national capital Delhi directed Delhi Police to prosecute Booker Prize winning author Arundhati Roy in connection with a fifteen-year old 2010 event that allegedly promoted a call for India's territorial break-up. She may face up to seven years in prison if convicted. No charge was filed, however, because India's top court is deciding the validity of the colonial-era sedition law, which critics say has been abused for decades to shut down dissent. It was not clear why the police were acting only now on the activist's complaint, well over a decade and a half after it was filed.<sup>35</sup>

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<sup>31</sup> <https://www.aljazeera.com/news/2023/10/3/india-police-raid-homes-of-newsclick-journalists-in-illegal-funding-probe>

<sup>32</sup> Debby Jain,, "Prabir Purakayastha's Arrest by Delhi Police & Remand Illegal: Supreme Court Orders NewsClick Editor's Release in UAPA Case", LiveLaw, 15 May 2024, <https://www.livelaw.in/top-stories/supreme-court-newsclick-prabir-purkayastha-uapa-arrest-remand-judgment-257956>

<sup>33</sup> <https://indianexpress.com/article/delhi/jnu-students-clash-over-event-on-afzal-guru/>

<sup>34</sup> <https://www.bbc.com/news/world-asia-india-67980484>

On June 25, 2022, an antiterrorism squad in Mumbai arrested Teesta Setalvad, a human rights activist and vocal advocate for victims of the 2002 Gujarat riots, for seeking prosecution of senior government officials complicit in the violence. Authorities accused Setalvad of forging evidence against Mr Narendra Modi, who was the chief minister of Gujarat during the 2002 riots.

Setalvad's prosecution came a day after the Supreme Court dismissed a petition by her challenging a report by a special investigative team that absolved Modi of involvement in the riots. However, on September 2, 2022, the Supreme Court granted interim bail to Setalvad and on the next day she was released from prison.<sup>36</sup>

In March 2023, police in Delhi detained students as they gathered to watch the BBC documentary which focused on the Mr Modi's role in anti-Muslim violence in Gujarat in 2002, when he was chief minister of the Gujarat state.<sup>37</sup>

### 5.1.3 Indian actions in other countries

In an even more unprecedented set of developments, India has been accused, first by Canada and later by the United States, of going after individuals of Indian origin who have taken Canadian or US citizenship, who are advocating separatism in Punjab.

The Canadian Government accused India of being involved with the killing of Khalistani "terrorist" Hardeep Singh Nijjar. Canadian Prime Minister Justin Trudeau said any involvement of a foreign government in the killing of a Canadian citizen was "an unacceptable violation of our sovereignty". The dismissal of investigations being allowed into Indian involvement has raised serious questions regarding the democratic peace process and the integrity of legal proceedings within free and just legal systems and brought questions from the international community scrutinising India's image of being a democracy.<sup>38</sup> On May 3, 2024 Royal Canadian Mounted Police "arrested three Indian nationals as members of an alleged hit squad linked to the murder... (and that) the RCMP's interaction with the Indian police in last several years as "challenging and difficult""<sup>39</sup>



[Source: Image](#)

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<sup>35</sup> <https://www.nytimes.com/2023/10/11/world/asia/arundhati-roy-kashmir.html>

<sup>36</sup> <https://www.uscirf.gov/religious-prisoners-conscience/forb-victims-database/teesta-setalvad>

<sup>37</sup> <https://www.bbc.com/news/world-asia-india-64634711>

<sup>38</sup> <https://www.aljazeera.com/news/2023/9/19/india-canada-row-who-was-hardeep-singh-nijjar-what-is-khalistan-movement>

<sup>39</sup> "Canadian Police Arrest Three Indians in Nijjar Killing", *The Wire*, May 04, 2024  
<https://www.livelaw.in/top-stories/supreme-court-newsclick-prabir-purkayastha-uapa-arrest-remand-judgment-257956>

In a similar case, the U.S. federal prosecutors accused a man who claimed to be a “senior field officer” for an Indian intelligence agency, of orchestrating a foiled assassination plot against an American citizen who is the leader of Sikh separatist movement.

The leader of Sikhs for Justice, attorney Gurpatwant Singh Pannun, a US-Canadian dual national, indicated he was the target, telling reporters the government of India wanted to kill him for criticizing the Indian government and advocating for an independent state of Khalistan.

Documents made public by the U.S. Department of Justice on Wednesday do not name the Indian official, but indicated he hired Nikhil Gupta, an Indian national, to arrange the killing. Federal prosecutors alleged the Indian official was in contact with Gupta and wired him \$15,000 as an advance payment for a promised \$100,000 for the murder of the political activist.<sup>40</sup>

## 5.2 Impact on India’s image as a democracy and why we should care?

These incidents, coupled with recent allegations of India's involvement in the attempted assassination of Sikh secessionists, and the contrasting responses to these allegations and the implications for India's relationship with the West and, have further tarnished India's democratic image.

The use of state machinery to target political opponents, coupled with accusations of authoritarian tendencies, challenges the narrative of India as a thriving democracy. Instead of being a beacon of democratic values, these incidents suggest a regression, where the principles of democracy are being undermined for political expediency.<sup>41</sup>

International human rights experts and organizations, including Amnesty International, Human Rights Watch, and the United Nations, have repeatedly criticized India's use of counterterrorism laws and other legislation to target dissenting voices and undermine democratic principles. They have called for an end to the misuse of these laws and for the protection of fundamental rights and freedoms in India.<sup>42</sup>

International human rights groups have raised significant concerns about India's declining democratic image, citing misuse of counterterrorism laws, financial regulations, and other legislation to silence journalists, human rights defenders, activists, and government critics.

The use of laws like the Unlawful Activities Prevention Act (UAPA) to detain and prosecute individuals critical of the government, has drawn widespread condemnation from international organizations.

The vague and overbroad definition of terrorism under the UAPA, coupled with prolonged detention without trial and limited access to bail, undermines the rule of law and due process.

Concerns have also been raised about the use of preventive detention laws like the Jammu and Kashmir Public Safety Act (PSA) to detain individuals without trial for extended periods, as well as politically motivated charges of sedition and terrorism against activists and opposition politicians.

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<sup>40</sup> <https://www.voanews.com/a/us-alleges-indian-government-officer-directed-assassination-plot-/7377383.html>

<sup>41</sup> <https://www.aljazeera.com/news/2024/3/22/dead-democracy-will-arvind-kejriwals-arrest-unite-indias-opposition>

<sup>42</sup> <https://www.hrw.org/news/2023/10/13/india-arrests-raids-target-critics-government>

The decline of India's image as a democracy has been a focal point for numerous international organizations, including the Committee to Protect Journalists, Freedom House, PEN America, Reporters Without Borders, International Federation of Journalists, CIVICUS, Access Now, International Commission of Jurists, Amnesty International, and Human Rights Watch.

In 2021, both Freedom House and the V-Dem Institute downgraded India's status from 'free' to 'partly free' and from 'electoral democracy' to 'electoral autocracy'.<sup>43</sup> Reporters Without Borders warned "press freedom is in crisis" in India which dropped from media freedom rank 140 in 2014 to rank 161 in 2023.<sup>44</sup>



*Source: Image*

There is a tension between those who hold onto a traditional view of democracy as a core value and those who prioritize national interests, exemplified by countries like China and Russia. Can India's maintain moderate to high economic growth which it badly needs, even if this means accepting high levels of inequality and requires autocratic leaders to manage this contradiction, while maintaining its founding promise of being a democracy which assures justice, liberty, equality and fraternity to all its citizens?

An astute observer of Indian politics, Prof Ashutosh Varshney of Brown University says:

*"The only years since independence during which India has had a coalition government with little concentration of power, from 1989 to 2014, are an anomaly. Most freedom indexes were created in those years, explaining why they now downgrade India's democracy..."*

*If Indians again vote to have more than one party in power, you will see the concentration of power disappear. As long as this continues to function, you cannot say Indian democracy is under threat. India's departure from a liberal democracy is what is being questioned, however it remains a "electoral democracy."*<sup>45</sup>

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<sup>43</sup> Debasish Roy Chowdhury, Christophe Jaffrelot, Tripurdaman Singh, & Vidya Venkat. (2022, May 4). Oxford Debate: India Fails the Test to be a Democracy Every Day. Asia Society.

<https://asiasociety.org/switzerland/oxford-debate-india-fails-test-be-democracy-every-day>

<sup>44</sup> <https://www.theguardian.com/books/2023/oct/10/author-arundhati-roy-may-face-prosecution-india-speech>

<sup>45</sup> Varshney, A. (2022, January 10). What gives Indian democracy its long life? The choices elites make. The Print. <https://theprint.in/opinion/what-gives-indian-democracy-its-long-life-the-choices-elites-make/1122051/>

India is increasingly seeking to play a role as leader of the Global South. If its democratic credentials are questioned it will pose a significant challenge to its quest to be a leader. In terms of the effect such events have on India's image as a vibrant democracy where the rule of law prevails, the following observations are noteworthy:

- India, while holding the presidency of the G20 and projecting itself domestically as the "mother of democracy". Yet, the visiting leaders would undoubtedly have been briefed by their foreign ministries about the decline in democratic practices in India, thereby making the claim of being an ancient "mother of democracy" look a bit presumptuous.
- As India strives for a permanent seat on the UN Security Council, whose current permanent members are the United States, France, the United Kingdom, Russia and China, one of the considerations among a majority of the members would be to balance "democratic" countries with "authoritarian" ones, and if India is not seen as a declining democracy, its chances of being elevated to a permanent seat may come down.
- India's efforts to position itself as a leader of the global south in trade and climate change talks, may falter if it is perceived as primarily pursuing its self-interest rather than upholding democratic values and principles.
- Moreover, democracies generally provide a more conducive environment for economic growth, innovation, and investment. India's democratic credentials contribute to its attractiveness as a destination for foreign investment and trade partnerships.



[Source: Image](#)

India's efforts to position itself as a leader of the global south in security, trade and climate change, will suffer if India is perceived as more authoritarian and less democratic.

Moreover, "we" in the question "why should we care" includes not just the Government of India or the ruling party BJP but indeed the entire political spectrum, the media, the intelligentsia, civil society and concerned citizens and the Indian diaspora. Thus not just image but actual practice of democracy is important.



### 5.2.1 Hard Power and its limitations

After the Second World War, when the Cold War prevailed for decades, the neo-realist theory of international relations held sway. The theory is built upon the assumption that

*“states can only secure their survival by preventing other states (or alliances) from bettering their military dominance and power basis. In a world governed by ‘Realpolitik’, military aggression is countered by an equilibrium of power between rival coalitions. When a country is under threat, it can gain safety and security by adopting a policy of either ‘balancing’ or ‘band-wagoning’, which consists of aligning with a stronger power (such as the special relationship between the United Kingdom and the US)”<sup>46</sup>*

In contrast, theories rooted in liberalism assert that democratic accountability is the most effective means toward dispute resolving institutions being created, and towards the means of securing lasting peace and stability grounded in rationalism as opposed to passion.

*“Military and political conflict can be reduced with a combination of international institutions combined with a complex system of ‘interdependence’. International institutions maintain a system of harmony and balance amongst states. According to liberals, mutual dependence provides the key towards a degree of equilibrium within international relations. Harmony can therefore be created through an emphasis upon liberal values.”<sup>47</sup>*

There is a direct connection between the liberal view of international relations and the ‘democratic peace thesis’, which suggests that the spread of democratic values can establish a better world.

*“In a democracy, leaders have an electoral incentive to avoid military conflict. Elected leaders will always seek to avoid war whenever humanly possible due to the financial and human costs involved. Amongst liberal democracies, warfare is very much the last resort after all reasoning has failed.”<sup>48</sup>*

As there is a link between the behaviours of rulers within their countries with their behaviour in international relations, democratic countries generally pursue a conciliatory approach in their foreign policy.

They are also more openly accepting of the differences of opinion among their various power centres and have institutional mechanisms to function despite differences.

In contrast, in authoritarian regimes such as Russia, domestic dissent, like opposition to the Ukraine war, is forcefully suppressed, as evidenced by the case of Alexei Navalny's suspicious death in prison.

This behaviour spills over in international relations – as can be seen in the persistence of Russia in waging war with Ukraine despite considerable economic and military costs. The same tendency can be seen in China's handling of its relations with Tibet in the 1950s and later with Taiwan till now.

Despite its apparent success in the past, the hard power approach is increasingly dubious.

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<sup>46</sup> Bloor, K. (2022). Theories of Global Politics. <https://www.e-ir.info/2022/05/15/theories-of-global-politics/>

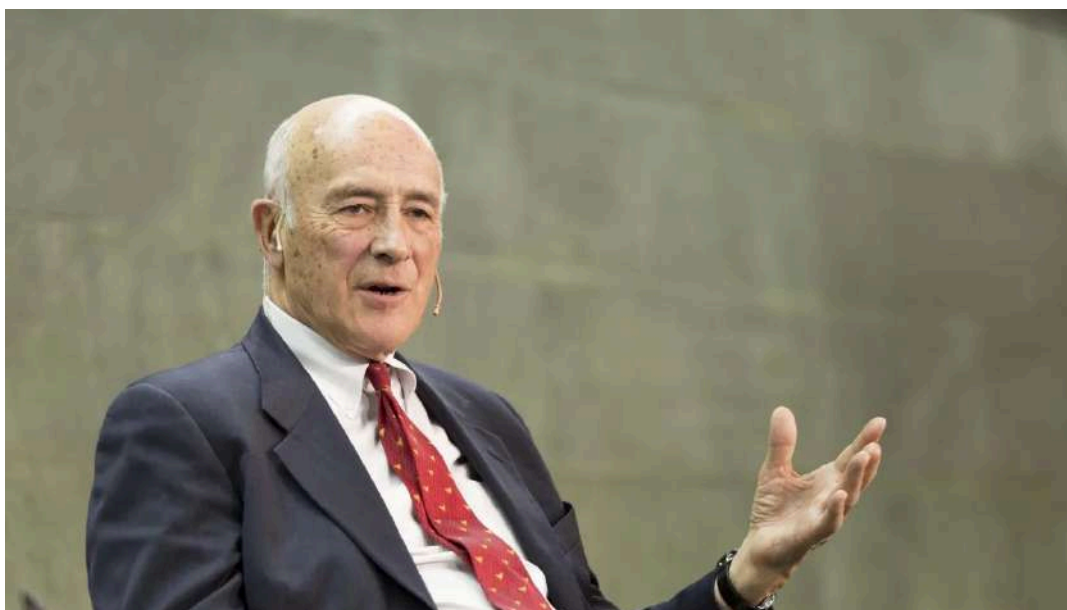
<sup>47</sup> Ibid.

<sup>48</sup> Ibid.

### 5.2.2 Soft Power and its efficacy

The alternative to hard power is soft power, According to Joseph Nye, the foremost exponent of this idea, in a world where economic and institutional factors are balanced just right, states will maintain a harmonious system, aiming to maximize prosperity while minimizing conflict. This vision is rooted in the concept of 'complex interdependence,' where soft power gradually eclipses the use of hard power. As described by Nye

*Soft power is the ability to achieve desired outcomes through attraction rather than coercion. It emanates from the appeal of a country's culture, political ideals, and policies. Consequently, states can pursue their objectives through non-military means like diplomacy and cooperation... Due to a system of complex interdependence, military force or coercion is no longer a common feature of international relations.*<sup>49</sup>



[Source: Image](#)

In a system characterised by complex interdependence, there are multiple channels of interaction between societies. The existence of a global civil society has brought about a decline in the reliance upon military force and power politics. Even the most powerful military states no longer rely upon the fire and fury of their military arsenal. The web of linkages that connect states together, that lead to their condition of mutual cooperation and dependency – this is the condition of complex interdependence.

*It should also be noted that multiple channels of interaction are present within a system centred upon complex interdependence. Informal ties between governmental elites and non-governmental elites exist alongside regular and routine communication amongst transnational organisations. These arenas of multiple channels are often summarised as inter-state, trans-governmental and transnational relations. These links generate a shared mindset, interest, and a habit of cooperation. In doing so, the concept of complex interdependence contends that we have moved beyond the boundaries imposed via the realist paradigm, of states out for themselves alone.*<sup>50</sup>

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<sup>49</sup> Joseph S. Nye (2004). *Soft Power: The Means to Success in World Politics*. Public Affairs.

<sup>50</sup> Bloor, K. (2002) op.cit.

In the case of India, the impact of informal ties among governmental elites and non-governmental elites is very evident. It begins with India's elite colleges and universities - people who have been "batch mates" in St Stephens College in Delhi or the Presidency College, Kolkata, or in one of the IITs or IIMs, or the Delhi University or the JNU, often work in different parts of the nation-state system.

Some are in politics, others are civil servants, professors, corporate executives, business owners and still others are Silicon Valley techpreneurs. They may hold widely divergent views from each other, yet remain connected socially, or at least did till ideological fissures set in ten years ago.

Nevertheless, they all remain committed to India's democratic and progressive image as it impacts not only its economic and social fabric but also tarnishes its credibility abroad, which then adversely affects its interests on various fronts including energy, trade, defence and nuclear imports, as well dents the aspirational belief that "India's time has come."

### 5.2.3 Lessons from China

In an analytical piece looking at China, Bambawale et al (2021) write that

*"The Chinese Communist Party (CCP) regime lacks the political legitimacy that comes through an open democracy, and derives legitimacy from the state of the economy. Upholding legitimacy requires delivering consistently higher standards of living to its people. Every time growth has faltered in China, this has generated discontent of the populace. The CCP is hence extremely focused on obtaining sustained growth... In the last year, the country achieved a GDP growth of 5%, but the pillars of its decades-long miracle are wobbling. Its famously industrious workforce is shrinking, history's wildest property boom has turned to bust and the global system of free trade that China used to get richer is disintegrating."<sup>51</sup>*



*Source: Image*

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<sup>51</sup> Narayan, S. and Vaishnav, M. (2013). Fading signals: Indian democracy after a decade of growth. *Journal of Democracy*, 24(4), 29-43. <https://www.jstor.org/stable/20062622>

Despite being a member of international organizations such as the WTO and World Bank, China has often pursued its economic interests unilaterally, bypassing or circumventing established rules and norms. China's reluctance to fully comply with international standards on issues such as intellectual property rights and market access angers the rest of the world.

The West, led by the US, is increasingly worried about China's efforts to challenge US influence and disregard for international norms. This peaked when the COVID pandemic's origin was traced to China, and its lack of cooperation to WHO investigations about it. China's territorial claims, resistance to human rights campaigns, clamp down on Hong Kong activists, have all hurt China's international reputation.

While China tried to reshape the global economic landscape, rising to power on the back of centralised, autocratic hard power tactics, today it faces hurdles such as trade barriers and internal constraints on entrepreneurship because of its techno-nationalist tendencies driven by President Xi's policies. These have stifled entrepreneurial dynamism, raising concerns about innovation and capital flight.<sup>52</sup>

The manner in which the Chinese government scuttled in Nov 2020, what was to be the world's largest ever Initial Public Offer of shares of the Ant, the holding company of Alibaba.com, on the New York Stock Exchange, shook the financial world's faith in the safety and stability of investments in China. The Wall Street Journal reported that the IPO was scuttled personally by Xi Jinping as the Chinese authorities were irked by Alibaba founder Jack Ma's criticism of senior regulatory officials.<sup>53</sup>

Thus China's example shows that being a functioning democracy is not merely a liberal ideal, rather a necessary tool for long term progress. The economic slowdown in China highlights a fundamental mismatch between its attempts to benefit from free markets outside, while maintaining economic as well as political control domestically, under an autocratic leadership. If India wants to accelerate economic growth, it needs to maintain democratic institutions, uphold human rights, and promote more equitable income distribution.



*Source: Image*

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<sup>51</sup> Narayan, S. and Vaishnav, M. (2013). Fading signals: Indian democracy after a decade of growth. *Journal of Democracy*, 24(4), 29-43. <https://www.jstor.org/stable/20062622>

<sup>52</sup> Ibid.

## 5.3 India's response to adverse comments on internal developments

### 5.3.1 Defensive and petulant statements are counter-productive

In response to international scrutiny, India has tried to defend its democratic credentials. The government often dismissed allegations of democratic backsliding as politically motivated or necessary for national security. India's petulant response to such comments and unwillingness to address international concerns about press freedom, human rights, and rule of law could have consequences for India's aspirations for global leadership.

In 2020, Canadian PM Trudeau commented on the news coming out from India on the farmers' protests that they were "concerning" and his country would "always be there to defend the rights of peaceful protest."<sup>54</sup> Tensions between India and Canada rose in 2020, sparked by criticism from regarding farmer protests. It underscored international concerns about shrinking space for dissent and the government's sensitivity to international criticism.



*Source: Image*

By characterizing recent foreign remarks as meddling in the judicial process and eroding the independence of our judiciary, the Ministry of External Affairs (MEA) stand on dealing with India's democratic image being under scrutiny internationally marks a significant departure from democratic values, particularly in terms of engaging with dissent.

For example, Delhi promptly denounced what it deemed as an inappropriate interference and called upon senior US diplomat Gloria Berbena to attend a meeting at the foreign ministry, where it stated "the recent comments made by the US state department are unjustified. Any external insinuations regarding our electoral and legal procedures are entirely unacceptable."<sup>55</sup>

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<sup>53</sup> <https://www.wsj.com/articles/china-president-xi-jinping-halted-jack-ma-ant-ipo-11605203556>

<sup>54</sup> <https://www.aljazeera.com/news/2020/12/2/canada-pm-voices-solidarity-with-farmers-india-says-unwarranted>

<sup>55</sup> <https://www.theguardian.com/world/2024/mar/28/india-us-envoy-gloria-berbena-criticism-delhi-chief-arvind-kejriwal-narendra-modi>

This includes refuting allegations of human rights abuses or anti-democratic actions as interference in internal affairs. For instance, in the case of the spat with Canada over the killing of a Canadian citizen, India asserted its sovereignty and rejected any implication of wrongdoing. However, such responses may risk further exacerbating tensions and reinforcing negative perceptions abroad.

In response to comments from the United Nations spokesperson Dujarric in Mar2024, the foreign affairs minister of India, Mr. Jaishankar said “I don't need the United Nations to tell me our elections should be free and fair. The people of India will ensure that elections are free and fair.”<sup>56</sup>

Furthermore, he asserted “India’s legal processes are based on an independent judiciary, which is committed to objective and timely outcomes.”<sup>57</sup> This was lame in the face of criticism by first the Canadian and then the US government about Indian officials’ involvement with attempts to kill Canadian/US citizens of Indian origin who were separatists.

### 5.3.2 A mature foreign policy stance is more effective

The G20 Meet in Delhi showcased the potential for India to advocate the issues of the people of Global South, aiding in economic stability and ultimately for upholding a rules-based international order. At the inaugural session on the first day attended by the leaders of ten countries including Bangladesh, Cambodia, Vietnam, Thailand and Mongolia, the Indian PM mentioned India’s work internationally on combating COVID-19, climate change, terrorism, and the war in Ukraine and emphasized that India is emerging as a leader of the

*“Global South [which] is not just a diplomatic term but represents the shared history of these countries against colonialism and apartheid based on which modern relations are being reshaped... Most of the global challenges have not been created by the Global South. But they affect us more... The search for solutions also does not factor in our role or our voice.”*

Therefore, he called for the Global South to unite to redesign the current unequal political and economic governance. Moreover, he expressed a determination to act as an advocate for the Global South while holding the G20 Presidency, saying “your Voice is India’s Voice. Your Priorities are India’s Priorities.”<sup>58</sup>

### 5.3.3 Strengthening trade and investment relations works even better

Trade and investment relations serve an important tool for countering the negative effects of India’s image as a democracy being threatened. Recent developments, such as the trade and investment pact with the European Free Trade Association (EFTA), underscore India’s evolving approach to trade negotiations. This pact, signed with Switzerland and Norway among others saw India signing commitments in labour, gender equality, human rights, environment and sustainable development —a marked departure from its previous stance. The pact with EFTA provides for investments from EFTA countries in India to the extent of USD 100 billion over the next 15 years.<sup>59</sup>

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<sup>56</sup> <https://bfsi.economicstimes.indiatimes.com/news/industry/dont-need-un-to-tell-me-jaishankar-dismisses-un-officials-remark-on-elections-in-india/109058342>

<sup>57</sup> Ibid.

<sup>58</sup> Ito, T. (2018). India’s Strategy for the Indo-Pacific: From the Perspective of a Rising Power. Sasakawa Peace Foundation. Retrieved from [https://www.spf.org/iina/en/articles/toru\\_ito\\_05.html](https://www.spf.org/iina/en/articles/toru_ito_05.html)

Despite initial reservations that led to the suspension of most FTA talks and the scrapping of Bilateral Investment Treaties by the Modi government after 2014, along with the decision to withdraw from the Regional Comprehensive Economic Partnership (RCEP) in 2019, India continued to pursue other trade negotiations.

As its image of being a democracy is under scrutiny, India's approach to FTAs reflects a delicate balance between economic imperatives and broader foreign policy objectives.<sup>60</sup> This pragmatic image building needs to be continued.



*Source: Image*

## 5.4 What more can be done to control the damage to India's image?

### 5.4.1 Promote health services, and educational and cultural exchange

The government has made it easy to visit India for medical purposes by creating a new category of visa, the Medical Visa. It also launched the interactive “Advantage Healthcare India” portal to provide information to prospective medical tourists. Given India's four primary drivers being affordability, the “international standard of hospitals” that India provides, widespread use of the English language, and a medical treatment visa being provided,<sup>61</sup> India is increasingly becoming the preferred medical treatment destination for people from the Middle East, Africa, and some Western countries such as the US and UK.

India was ranked 10th out of 46 countries in medical tourism by Medical Tourism Index 2020-21. People have been traveling for treatment from around the world to cities in India like Delhi, Mumbai, Chennai, Hyderabad, Bangalore, and Kolkata. Healthcare facilities in all these cities have improved standards to align with international visitors' expectations.

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<sup>59</sup> <https://www.thehindu.com/news/international/watch-trade-diplomacy-whats-the-status-of-indias-free-trade-agreements/article67955228.ece>

<sup>60</sup> Kathuria, S. (2021). The Changing Landscape of India's Regional Trade Agreements: Realities and Prospects. [https://www.researchgate.net/publication/375488985\\_The\\_Changing\\_Landscape\\_of\\_India's\\_Regional\\_Trade\\_Agreements\\_Realities\\_and\\_Prospects](https://www.researchgate.net/publication/375488985_The_Changing_Landscape_of_India's_Regional_Trade_Agreements_Realities_and_Prospects)

In the field of education, India has for a long time welcomed students from developing countries to study at its universities. Recently, Indian educational institutions have been opening campuses abroad. The Indian Institute of Technology (IIT) Delhi opened a campus in Abu Dhabi.

This adds to the existing campus of the Birla Institute of Technology and Science (BITS), Pilani, in Dubai and the SP Jain Global School of Management's campuses in Dubai, Singapore and Sydney. The Indian External Affairs Minister S Jaishankar visited Tanzania in the summer to inaugurate the IIT Madras has opened a campus in Zanzibar.<sup>62</sup>



*Source: Image*

#### 5.4.2 Involve the Indian diaspora

In the past two decades, India has strategically engaged its vast diaspora, numbering over 30 million, to bolster its global standing. The government's initiatives have been twofold: catering to the needs of Non-Resident Indians (NRIs) and Overseas Citizens of India (OCIs) while also encouraging their contribution to India's growth. This multifaceted approach involves providing consular services, protection, and outreach activities, alongside policies aimed at leveraging remittances, investments, and knowledge transfers.

One of the most significant advantages of engaging the diaspora lies in its potential to promote India's image. India's efforts to woo the diaspora included events such as the annual Pravasi Bharatiya Divas, and initiatives like the Pravasi Bhartiya Kendra in New Delhi. These serve as symbolic gestures of acknowledgment and appreciation. Moreover, policies like treating NRI/OCI investments as domestic, not foreign, facilitated investment flows.

The appointment of persons of Indian origin as CEOs of major global companies, such as Sundar Pichai of Alphabet the holding company of Google and Satya Nadella of Microsoft, and the appointment of Ajay Banga as President of the World Bank, coupled with India's rising influence in international forums, have garnered positive attention internationally, enhancing the country's image and soft power.

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<sup>61</sup> Mathur, M. (2023, October 23). *India's growing medical tourism calls for increasing healthcare-IT collaboration*. HFS. <https://www.hfsresearch.com/research/india-medical-tourism/>

<sup>62</sup> Bermudez, K. (2024, January 8). *India can unite Global South with developed world*. FDD. <https://www.fdd.org/analysis/2024/01/06/india-can-unite-global-south-with-developed-world/>



In leveraging the Indian diaspora to promote democracy's image, India must strike a balance between hard and soft power approaches. While tangible policies and investments bolster India's hard power, symbolic gestures and cultural outreach initiatives enhance its soft power. By harnessing both aspects, India can effectively project itself as a democratic powerhouse on the global stage.<sup>63</sup>

This requires harnessing the support of intellectuals, cultural figures, and civil society leaders, despite the fact that there many among them are critics of the government, such as Economic Nobel Laureate Prof Amartya Sen, the former RBI Governor Raghuram Rajan, and the former Chief Economic Advisor, Arvind Subramaniam. By treating them also as image ambassadors, India can showcase its respect for diversity of opinion and debate on the global stage.

### 5.4.3 Optics will not suffice, image is built on real actions

Though we have tried to make some practical suggestions for counter India's image abroad as a declining democracy, the fact of the matter is that it is not only a matter of optics.

As stated by Thornton and Thornton,<sup>64</sup> while examining the presence of India in the Quadrilateral Security Dialogue (or Quad), along with the US, Japan and Australia, as a containment strategy for China:

*“India has no choice but to seek security through Sino-resistant channels. But it raises the point that the other three are liberal democracies. This puts Modi in a stupendous ideological bind. The Davos globalism he has courted in the past was so economic that his domestic repression was all but ignored. Now, however, he is playing in a liberal international league where his style of Bharatiya Janata Party (BJP) autocracy will not be condoned. His fate as well as India's hinges on how he navigates a post-globalist geopolitics that is presently defined by the moral realism of the Biden Doctrine.”*



*Source: Image*

In today's world of "complex interdependency" the Indian government cannot pursue anti-democratic policies, whether driven by economic growth imperatives or majoritarian urges, and yet hope to maintain, leave alone build an image of an enlightened leader of the Global South. Like charity, democratic practices begin at home. Please refer back to the title!

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<sup>63</sup> Singh, S., & Jain, D. (2018). The diaspora and India's growth story. Observer Research Foundation. Retrieved from <https://www.orfonline.org/research/the-diaspora-and-india-s-growth-story>

<sup>64</sup> Thornton, W. H., & Thornton, S. H. (2022). Commentary – The Making of QUAD Realism: The “Idea of India” Meets the Biden Doctrine. *World Affairs*, 185(2), 383-407. <https://doi.org/10.1177/00438200221081110>



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