

INDIA AND THE WORLD IN MODI'S SECOND TERM



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ISAS Roundtable

India and the World in Modi's Second Term

4 August 2020

Authored by Yogesh Joshi, Nishant Rajeev and Wini Fred Gurung

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Executive Summary

Within a year of getting elected into office for a second term, Indian Prime Minister Narendra Modi is facing his most significant foreign policy challenge: how to accommodate and further India's interests in a world increasingly fraught with great power friction, the decaying legitimacy of international norms and institutions, retreating globalisation and an unstable neighbourhood. Though these factors have occupied Indian foreign policy for the last few years, the COVID-19 global pandemic has accelerated these trends tremendously. If foreign policy is a strategy to obtain three primary goals for the Indian republic – security, welfare and prestige – then, as the newly-appointed Foreign Minister, S Jaishankar, argued recently, India's internal resource constraints, combined with the external shock of the pandemic, has imperilled all these goals. How is the Modi government managing India's foreign policy in this period of global instability?

Though these factors have occupied Indian foreign policy for the last few years, the COVID-19 global pandemic has accelerated these trends tremendously.

In an effort to address this question, the Institute of South Asian Studies (ISAS) at the National University of Singapore hosted a roundtable on 4 August 2020, which brought together scholars on Indian foreign policy. The ISAS foreign policy roundtable, 'India and the World in Modi's Second Term', aimed at taking stock of India's foreign policy challenges and opportunities over the first year of Modi's second term in office. The roundtable hosted four panel discussions, each of which explored one of four crucial questions on India's emerging foreign policy during Modi's second term as prime minister. Has the Modi government changed India's terms of engagement with Pakistan and the rest of South Asia, and what are the consequences of such a shift? How is India managing the great power rivalry between the United States (US) and China? What are the changes in India's relations with the middle powers in the strategically important regions of the Middle East, the Indo-Pacific and Europe? How is India planning to address the current crisis in the liberal world order?

This Special Report has been prepared based on the discussions during the roundtable. In his first term, Modi renewed India's engagement with different parts of the world. These engagements brought new opportunities for India to take on the mantle of a 'leading power'. However, as these relationships continue to develop in Modi's second term, they also present India with a new set of challenges. Some of these challenges have already begun to manifest themselves in the wake of the COVID-19 crisis. Furthermore, in Modi's second term, India's engagement with the different regions of the world is increasingly being shaped by China's growing global presence. To deal with these emerging challenges, India is looking to build a larger coalition of middle powers and is falling back on themes like non-alignment.

Introduction

In a seminal lecture in November 2019, India's External Affairs Minister, S Jaishankar, laid down the fundamental objectives of Indian foreign policy.¹ For him, rather than being an end in itself, Indian foreign policy is a strategy to obtain three primary goals for the Indian republic: security, welfare and prestige. Security translates into "peace on the borders" and "protection" of Indian people.² Stability in India's neighbourhood, therefore, is an essential goal of Indian foreign policy. The second aim is welfare – to bring "greater prosperity at home" through wider economic engagement with the world. Status is the final goal of Indian foreign policy, that is, whether India can be a player in the great power game of international politics. Both India's relations with the existing great powers and its own ability to be a great power would determine its status in international politics. As Ashley Tellis has argued elsewhere, the success and failure of India's foreign policy are predicated upon how policy creates favourable "external circumstances" to realise these "fundamental goals".³ However, if foreign policy is a strategy to achieve the above goals, the success or failure of such a strategy ultimately depends on the resources – material and ideational – which the Indian state can mobilise in attaining such objectives. Without an objective appreciation of India's foreign policy resources and its external constraints, national aspirations, howsoever defined, can seldom be achieved.⁴

Both India's relations with the existing great powers and its own ability to be a great power would determine its status in international politics.

Indian foreign policy in Modi's second term in office faces immense challenges in reconciling the country's foreign policy goals to the availability of resources within and the external constraints imposed by the international political structure.⁵ Irrespective of the impressive

1 Ministry of External Affairs, "External Affairs Minister's speech at the 4th Ramnath Goenka Lecture, 2019", 14 November 2019. <https://mea.gov.in/Speeches-Statements.htm?dtl/32038/External+Affairs+Ministers+speech+at+the+4th+Ramnath+Goenka+Lecture+2019>.

2 Ibid.

3 Ashley Tellis, "Troubles Aplenty: Foreign Policy Challenges for the Next Indian Government", Carnegie Endowment for International Peace, 20 May 2019. <https://carnegieendowment.org/2019/05/20/troubles-aplenty-foreign-policy-challenges-for-next-indian-government-pub-79161>.

4 Yogesh Joshi, "India 2019: Foreign policy dilemmas and their domestic roots", Asia Maior, Vol. 30 (2019), pp 397-418., https://www.asiamaior.org/files/AM2019_india3.pdf, Accessed on 24 September, 2020.

5 Arvind Gupta, "2019 was a Challenging Year for Indian Foreign Policy, 2020 will be even more so", Vivekanand International Foundation, 31 December 2019. <https://www.vifindia.org/article/2019/december/31/2019-was-a-challenging-year-for-indian-foreign-policy-2020-will-be-even-more-so>.

victory registered by Modi in the general election of May 2019, the post-election period has been particularly troublesome for his government because of its dwindling power resources, both hard and soft.⁶ Even before the advent of the COVID-19 global pandemic, India's economy was shrinking. The COVID-19 situation has now also brought extreme economic hardship. If India's rise in the post-Cold War global order strongly correlated with its economic boom, today, India inspires far less confidence globally.⁷ This also has consequences for its overall strength, particularly its military preparedness. The slowing economy has hit the Indian military hard, with minimal resources to modernise its antiquated armed forces, especially in a period when India's security needs vis-à-vis Pakistan and China have ballooned significantly.⁸

China's expanding influence in South Asia also complicates India's supremacy in the region, long considered as its sphere of influence.

If domestic volatility has risen because of economic hardships and political polarisation, the local and global landscape has become equally uncertain.⁹ First, the inevitable rise of China as a great power is most disconcerting for New Delhi. For the first time in its history, India must reckon with such a neighbour, with whom it has irreconcilable differences, primarily on the territorial dispute along the Himalayan border.¹⁰ China's expanding influence in South Asia also complicates India's supremacy in the region, long considered as its sphere of influence. Second, notwithstanding the rhetoric on the desirability of a multipolar world order, India's rise in the international system occurred in a period of American hegemony.¹¹

6 Bill Spindle, "India's Modi Faces New Challenges: A Slowing Economy", *The Wall Street Journal*, 19 January 2020. <https://www.wsj.com/articles/indias-modi-faces-new-challenge-a-slowing-economy-11579462343>.

7 "A Downturn in India reveals the desperate need for deeper reform", *The Economist*, 24 October 2019. <https://www.economist.com/special-report/2019/10/24/a-downturn-in-india-reveals-the-desperate-need-for-deeper-reform>.

8 Promit Mukherjee and Aftab Ahmed, "Modest rise in Indian military spending likely, modernisation on hold", *Reuters*, 3 July 2019. <https://www.reuters.com/article/us-india-economy-budget-defence/modest-rise-in-indian-military-spending-likely-modernization-on-hold-idUSKCN1TY1EU>.

9 Michelguglielmo Torri, "India 2018: The Resetting of New Delhi's Foreign Policy", *Asia Major*, Vol. XXIX (2018): pp. 295-96.

10 Rajesh Rajagopalan, "Did India Lose China", *The Washington Quarterly*, Vol. 42, No. 1 (2019): pp. 71-87.

11 Manjeet S Pardesi, "American Global Primacy and The Rise of India", *AsiaPacific Issues*, No. 129 (March 2017): pp. 1-8.

China's challenge to the primacy of the US complicates India's foreign policy for several reasons.¹² First, New Delhi cannot continue to bandwagon on US power to realise its global ambitions. Today, China enjoys far greater sway in global politics, as is evident in its foreign policy behaviour in the United Nations Security Council, from the issue of Kashmir to the question of India's membership in the Nuclear Suppliers Group. Even if Western democracies remain benevolent to India's rise, they do not wield the same influence in global politics as they did a decade ago. Second, as the Cold War between the US and China intensifies, India will be forced to actively align with Washington. The ongoing military impasse along the Sino-Indian border has accelerated alignment with the US and other like-minded countries in the region. Thirdly, the rent-seeking policies of US President Donald Trump have made it amply clear that US benevolence and support for India would entail costs, particularly regarding preferential trade agreements and the purchase of American military equipment. Lastly, there is a burgeoning alliance between Russia and China.¹³ For long, India considered Russia as an independent pole in the international system. Under pressure from Washington, Moscow has now become a junior partner to Beijing. India's relationship with Russia is under duress both by Moscow's desire to embrace Beijing and American pressure on New Delhi to forfeit cooperation with Moscow.

India's relationship with Russia is under duress both by Moscow's desire to embrace Beijing and American pressure on New Delhi to forfeit cooperation with Moscow.

Given these constraints from within and outside, how is India managing its foreign policy landscape in Modi's second term in office? To address this question, ISAS hosted a roundtable on 4 August 2020 which brought together local and international scholars on Indian foreign policy. Titled 'India and the World in Modi's Second Term', the event aimed to locate the success and failure of Indian foreign policy by concentrating on four levels of analysis: India's immediate neighbourhood; its interaction with the middle powers; its management of great power politics; and its approach to the changing landscape of international institutions and norms.¹⁴

12 Rajesh Rajagopalan, "India's Strategic Choices: China and the Balance of Power in Asia", Carnegie India, 14 September 2017. <https://carnegieindia.org/2017/09/14/india-s-strategic-choices-china-and-balance-of-power-in-asia-pub-73108>.

13 Torri, op. cit., pp. 308-09.

14 Ashley Tellis, "Foreign Policy Challenges Lie Ahead", Carnegie Endowment for International Peace, 23 May 2019. <https://carnegieendowment.org/2019/05/23/foreign-policy-challenges-lie-ahead-pub-79192>.

Such a structured analysis also corresponds with the three primary objectives of Indian foreign policy outlined earlier. India's immediate neighbourhood, including its maritime neighbours, is vitally essential for New Delhi's physical protection. The middle powers, on the other hand, are consequential for India's economic prosperity. Finally, the great powers and questions around the future of the global order will determine the status of India and its overall influence in global politics.

Coping with a Dangerous Neighbourhood

As opposed to previous administrations, Modi has adopted a much more confrontational approach towards Pakistan. While the initial part of his first term was characterised by an attempt at engagement, the second half of his first term saw a marked increase in the willingness to use force to address the issue of terrorism. Furthermore, the huge mandate that Modi enjoys in parliament after his re-election in 2019 has allowed him to change India's status quo approach to the Kashmir issue. This has visibly irked Pakistan as it lost support on the international stage for its stand on Kashmir.

Modi's Pakistan policy has emphasised an adversarial approach characterised by the use of force and a diplomatic offensive to isolate Pakistan. While there have been evidential uses of force by previous Indian administrations at the sub-conventional level, Modi has used force more openly. This has been the case with the surgical strikes of 2016 and the Balakot strikes of 2019. The fear of nuclear escalation, which had deterred previous administrations, does not reflect on Modi's Pakistan policy. While airstrikes were always in the realm of options for leaders, previous governments avoided such a move as they were concerned about facing international condemnation. The enabling factor in Modi's use of force, especially concerning the Balakot airstrikes, has been the US' support for India.

While there have been evidential uses of force by previous Indian administrations at the sub-conventional level, Modi has used force more openly.

Furthermore, at the regional level, the Modi administration has looked at isolating Pakistan in South Asia and excluding it from multilateral gatherings that develop the regional policy architecture. To this end, Modi has prioritised engagement with organisations like the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation over the South Asian Association for Regional Cooperation. This has increased engagement among countries in the eastern part of South Asia and western part of Southeast Asia, thereby shifting focus away from groupings that include Pakistan.

Modi's approach to the Kashmir issue has also been directed at Pakistan. Traditionally, previous Indian administrations respected the

sanctity of the Line of Control, whether it was during the Kargil War or pursuing punitive measures against terrorists based in Pakistan. This approach changed soon after Modi won a decisive mandate during his re-election. Most notably, within two months of re-election, the Modi government revoked the special status of Jammu and Kashmir under Article 370.¹⁵ In this context, Pakistan's international isolation became apparent when little reaction to the Kashmir move was evinced from the Muslim countries as well, with the United Arab Emirates (UAE) even welcoming the move.

Soon after coming to power in 2014, Modi changed India's neighbourhood policy dramatically. By inviting the heads of states of all South Asian countries to his swearing-in ceremony, he introduced a new sense of priority with regard to India's immediate neighbours on his very first day as prime minister. Since then, however, the Modi administration has faced several challenges in retaining India's traditional position of influence within South Asia. These include the rise of China and its growing economic regional influence and domestic political changes amongst India's neighbours.

India has been forced to look at the region through the prism of 'balance of power' politics as its long established predominance in the region is being challenged.

Firstly, the rise of China has greatly shaped India's approach to South Asia. India has been forced to look at the region through the prism of 'balance of power' politics as its long established predominance in the region is being challenged. China's growing economic resources has allowed it to exert influence and power in different regions of the world, including South Asia. Due to China's growing influence in South Asia, India has lost the advantages it traditionally enjoyed when it was the sole power dominating South Asia. Essentially, India has been reduced to just another player in what is now a levelled, more competitive playing field. Additionally, other countries like the US and Japan are beginning to enter South Asia, especially in Nepal and Sri Lanka. As India attempts to coordinate with these countries to counter China's growing dominance in the region, the balance of power will become increasingly complicated.

¹⁵ Sachina Parashar, "We'll have physical jurisdiction over PoK one day: S. Jaishankar", *The Times of India*, 18 September 2020. <https://timesofindia.indiatimes.com/india/well-have-physical-jurisdiction-over-pok-one-day-s-jaishankar/articleshow/71175845.cms>.

The second challenge the Modi administration has had to contend with is regime changes within India's neighbouring countries. Domestic turmoil and the politicisation of foreign policy in countries like Nepal, Sri Lanka and Bangladesh have had drastic effects on India's ties with them. Thus, changes in government can lead to an improvement in ties between India and its neighbours or a deterioration of the relationship. For example, following the election of Ibrahim Solih in the Maldives in 2018, the relationship between the two countries improved significantly. On other occasions, however, the result has undermined India's position in South Asia. This has been the case in Nepal, where the K P Sharma Oli government's decisive tilt towards China and desire to revive old territorial disputes with India has further deteriorated Indo-Nepalese ties. Most South Asian countries are relatively young and their foreign policies are still evolving. For now, the broad approach of India's neighbours has been to hedge their bets and maximise their gains from their relationships with India, China and other extra-regional powers. On this front, India needs to improve its efforts in delivering economic aid in a timely and efficient fashion.

For now, the broad approach of India's neighbours has been to hedge their bets and maximise their gains from their relationships with India, China and other extra-regional powers.

During Modi's first term, India began to focus more on delivering basic infrastructure and developing social interdependence with its neighbours. At present, the delivery of basic infrastructure projects like hydropower, waterways, roads and railways are increasing at an unprecedented pace. In recent years, India has delivered more economic aid than in past decades. The Modi administration has been partnering with 'like-minded' countries such as Japan and the US, as well as international organisations like the Asian Development Bank and Asian Infrastructure Investment Bank to fund and implement infrastructure projects in South Asia. India and Japan have been working together on developing the Colombo Port Terminal in Sri Lanka. Through cooperation with international organisations, India is also looking to upgrade its rail and road infrastructure in the Northeastern region to connect its eastern coast with countries like Bangladesh, Myanmar and the rest of Southeast Asia. These attempts can deepen links between India and its neighbours and help transcend emergent challenges due to Chinese investments and changes in regional administrations.

Increasing Engagement with the Middle Powers

Modi has been rightfully credited with shifting India's approach to engaging the middle powers in West Asia, Europe and the Indo-Pacific. On his visits to the Middle East, Modi engaged both the Arab world and Israel, two players that have had a history of antagonism in their relationship.¹⁶ He also fundamentally shifted India's engagement with East and Southeast Asia by upgrading India's 'Look East' policy to an 'Act East' policy, which witnessed greater engagement with regional powers like Japan.¹⁷ Modi has also been keen to engage European powers like France for their support to India on terrorism, maritime security and climate change.¹⁸

The two key interests driving India's engagement with the middle powers are, first, a search for economic investment and, second, a desire to counterbalance China's growing influence in the world.

The two key interests driving India's engagement with the middle powers are, first, a search for economic investment and, second, a desire to counterbalance China's growing influence in the world. These pillars have manifested themselves in different ways in India's engagements with the Middle East, Europe and the Indo-Pacific. During the discussion, the panellists highlighted the emerging contours of Modi's engagement with each region in the context of the interests mentioned above. Following this, they highlighted some of the challenges that would emerge during Modi's second term in India's attempt to engage these regions.

During Modi's first tenure, there was greater visibility and a good institutionalisation of ties with Gulf countries. There were specific strategic partnership councils with Saudi Arabia and the UAE. In terms of economic development, several large investments were undertaken. These included the infrastructure fund of US\$75 billion

16 Sanjaya Baru, "The sprouting of the 'Look West' policy", *The Hindu*, 19 August 2015. <https://www.thehindu.com/opinion/lead/sanjaya-baru-writes-the-sprouting-of-the-look-west-policy/article7554403.ece>.

17 Danielle Rajendram, "India's new Asia-Pacific strategy: Modi acts East", Lowy Institute, December 2014. <https://www.lowyinstitute.org/sites/default/files/indias-new-asia-pacific-strategy-modi-acts-east.pdf>.

18 Harsh Pant, "Macron and Modi: What France Can Do For India and What India Can Do For France", *The Diplomat*, 9 March 2018. <https://thediplomat.com/2018/03/macron-and-modi-what-france-can-do-for-india-and-what-india-can-do-for-france/>.

(S\$101.7 billion) by the UAE for infrastructural development in India¹⁹ and a mega refinery in Maharashtra by Saudi Aramco and Abu Dhabi National Oil.²⁰ Such engagements, mainly through the development of economic ties, have translated into favourable outcomes for India and its political objectives. For instance, the UAE is more vocal in its support for India against Pakistan-sponsored terror attacks on Indian soil.

However, China's gradual engagement in the Gulf region, driven by its quest for energy, could potentially lead to competitive relations between India and China there. For the time being, India and China have converging interests and potential opportunities for cooperation in the region. Both powers have thus far signalled short-term tactical moves to reassure local stakeholders about their regional commitments, with China being more forthcoming in laying the groundwork for a more ambitious economic initiative. However, both countries have been cautious and incremental in their strategies, maintaining good relations with most of the parties while maximising economic benefits, accessing natural resources and limiting the impact of regional disputes on their own domestic politics, whether it be Xinjiang or Kashmir. This approach has, so far, proven successful. However, as states in the Middle East compete with one another, continuing with such an approach may prove difficult for both India and China. Conflicts and geopolitical developments in the Middle East may force India and China to be more proactive in the region. Both countries may be forced to back one state or an alliance of states over another which may lead to diverging interests and conflict. India has an advantage over China in this respect. Viewing the Middle East particularly as a market for resources, China only sporadically deploys its military forces to safeguard its national interests. Through this approach, China does not send a message of being a security provider. In contrast, there is a more benign perception of India's increasing presence in the region because of its historical engagement there.

For the time being, India and China have converging interests and potential opportunities for cooperation in the region.

19 "UAE commits \$75 billion towards infrastructure development in India: Commerce Ministry", *Business Today*, 30 July 2018. <https://www.businesstoday.in/current/economy-politics/uae-commits-75-billion-dollar-towards-infrastructure-development-in-india-commerce-ministry/story/280794.html>.

20 "Maharashtra to allocate land for India-UAE-Saudi Arabia oil refinery", *Business Today*, 30 November 2018. <https://www.businesstoday.in/top-story/maharashtra-to-allocate-land-for-india-uae-saudi-arabia-oil-refinery/story/295949.html>.

Going into his second term, Modi may find engagement with the Gulf states more challenging. This is because of the effects of the COVID-19 pandemic and the ensuing global economic downturn. With the Gulf sovereign wealth funds hit hard, India cannot expect a new flow of investments from the region. Therefore, it should focus on prioritising and delivering existing projects. The second challenge that may manifest in 2020 is reverse migration. The return of migrants from the Gulf could lead to an almost 25 per cent drop in remittances in the coming months.²¹ India will have to map the skill-sets of these returnee labourers, upgrade these skill-sets and re-engage the workers in the new and emerging sectors of these countries so that they can be re-employed. To this end, opportunities for cooperation still exist in emerging sectors like healthcare, sanitation and outer space where India can share its domestic expertise as well as through events such as the Dubai Expo scheduled for 2021 and the 2022 Qatar FIFA World Cup.

Modi has taken several initiatives to revive the partnership with the EU and its member states.

Similar to its engagement with Gulf states, India's engagement with Europe has also been led by a desire to extract economic benefits and counter China's growing global influence. India was one of the first countries to engage the European Economic Community, the precursor to the present-day European Union (EU). The India-EU relationship, in particular, has seen high points under the Narasimha Rao and Atal Bihari Vajpayee governments, and then under the Modi government. Modi has taken several initiatives to revive the partnership with the EU and its member states. He was the first Indian prime minister to visit Sweden in 30 years, where he attended a summit meeting with the heads of states of the Nordic countries in 2018. In addition, India and the EU held a virtual summit meeting in July 2020, despite domestic concerns in India, the China factor and the pandemic. These actions demonstrate how India and Europe are determined to take their relationship forward. The EU-India relationship has fundamentally centred on trade and economics. Modi's visits to Europe have mostly been to increase the business and economic dimension of the partnership. However, a new lens which

²¹ Anup Roy, "Economy may witness more pain as workers return and remittances fall", *Business Standard*, 28 July 2020. https://www.business-standard.com/article/economy-policy/economy-may-witness-more-pain-as-workers-return-and-remittances-fall-120072800938_1.html.

focuses on public policy and governance issues has been introduced. This new approach to India's foreign policy goes beyond economics to look at discussions on crafting a new public policy governance regulatory framework on upcoming issues like technology, data governance and privacy.

In the past few years, Europe has seen the Indian Ocean region increasingly securitised, with China playing a more assertive role. These developments, along with the stresses that currently exist in the Trans-Atlantic Partnership,²² have forced Europe to develop an independent role for itself. To this end, Europe has seen India as an important partner. This changing international environment has also created new avenues of cooperation between Europe and India. For instance, India recently approached the EU with a proposal for a connectivity partnership that would offer an alternative to China's Belt and Road Initiative, eschewing its traditional reluctance to work with external partners in South Asia. There has also been a significant upswing in the relationship between India and France. Before 2016, India did not regard France as an Indo-Pacific power. However, the launch of a maritime security dialogue between India and France in 2016 contributed to a change in India's perception of France as an Indo-Pacific power.²³

This changing international environment has also created new avenues of cooperation between Europe and India.

Despite these positive developments, the India-EU partnership does face several challenges that continue to stem from previously held misconceptions of each other. Firstly, India tends to exaggerate the importance of resolutions passed by the EU parliament. Resolutions passed by the EU parliament are not accompanied by punitive measures like economic sanctions, that can really damage the relationship. Despite these resolutions, India still has avenues of cooperation through the EU's executive branch. India's reaction to resolutions passed by the EU's parliament on domestic policy developments within the country causes trepidations in taking the

22 The Trans-Atlantic Partnership is a phrase used to refer to the relationship between the United States and the countries of the European Union which have historically cooperated on several issues such as trade and human rights where they have a common outlook.

23 Ministry of External Affairs, "Joint Strategic Vision of India-France Cooperation in the Indian Ocean Region", 10 March 2018. <https://www.mea.gov.in/bilateral-documents.htm?dtl/29598/Joint+Strategic+Vision+of+India+France+Cooperation+in+the+Indian+Ocean+Region+New+Delhi+10+March+2018>.

relationship forward. Secondly, India's turn towards protectionist measures through policy pronouncements like *Atmanirbhar Bharat* (Self-reliant India) create uncertainty in the economic relationship. Despite Modi's calls for investments in India, a failure to deliver on these economic engagements could lead to the partnership falling short of its expectations. Finally, India tends to measure the EU's worth as a partner in terms of its critique of China. In this regard, it would seriously benefit the overall relationship if India and the EU could develop a partnership independent of their relationship or perception of China.

While India has also reaped significant economic benefits from its engagement with the East Asian powers, its approach to the region has been mainly concerned with China's growing influence.

While India has also reaped significant economic benefits from its engagement with the East Asian powers, its approach to the region has been mainly concerned with China's growing influence. India has embraced the Indo-Pacific concept and the Quadrilateral Dialogue (Quad), although its view on these partnerships is nuanced. The Quad is a strategic forum among India, Japan, Australia and the US. Its purpose is to enhance coordination of policy initiatives among the four member states. The Quad, however, is only one component of India's approach to the Indo-Pacific. India views the Indo-Pacific region as divided into three parts – the Indian Ocean region, Southeast Asia and the Pacific – and, therefore, its policy varies by region. It will develop partners in each area according to its interests, although these interests will be common across regions. For instance, India's partnership with France has mainly been focused on the Indian Ocean region while India's engagement with the Quad countries is more focused on the Southeast Asian region.

The revival of the Quad in 2017 has been an outcome of strengthened bilateral ties between India and the other members. One important change has been the recent rapprochement between India and Australia, which was otherwise the main issue challenging the revival of the Quad. An outcome of this rapprochement has been the increasing interest of India in the Pacific. There has been a significant change in the relationship between India with the Pacific islands. In the coming years, India will try to increase its presence in the Pacific Ocean or at

least increase its strategic assessment of the Pacific Ocean. China's aggression along the Himalayan borders, coupled with India's growing closeness with the US, Japan and Australia, has finally prodded New Delhi to invite all the Quad countries to the Malabar series of joint naval exercises. With Australia's participation in the 2020 Malabar naval exercises, the military dynamics of the Quad have once again been resuscitated.²⁴ While this may be a symbolic move with the aim of signalling towards China, the momentum created around it will be beneficial to India. It will help foster more cooperation between India and the other Quad countries at the bilateral or trilateral level. It will also help develop interoperability between their respective navies.

Beyond naval exercises, the Quad countries can also develop capabilities for information sharing. India and the US have shared intelligence during the India-China border confrontations in the Doklam valley²⁵ and more recently in the Galwan valley. The former has already launched an information fusion centre for the Indian Ocean region, and both France and the US have sent liaison officers for this initiative.²⁶ This bilateral engagement among the Quad countries has also increased institutional cooperation in the Quad at all levels. Along with engagement at the highest levels, there have also been several meetings at the working group level. While the main driver of cooperation remains China's growing presence in the region, maritime security is another interest area of the Quad members. There has also been some engagement among the Quad countries and others in the region, especially in the wake of the COVID-19 pandemic. The deputy foreign ministers of the four Quad countries have engaged their counterparts from Vietnam, New Zealand and South Korea.²⁷

While the main driver of cooperation remains China's growing presence in the region, maritime security is another interest area of the Quad members.

24 John Power, "Malabar naval drills: it's Australia, India, the US and Japan challenging China, analysts say", *South China Morning Post*, 20 October 2020, <https://www.scmp.com/week-asia/politics/article/3106283/malabar-naval-drills-its-australia-india-us-and-japan>.

25 Pranab Dhal Samanta, "US' Comcasa assurance: Won't share India data without consent", *The Economic Times*, 5 September 2018. <https://economictimes.indiatimes.com/news/politics-and-nation/us-comcasa-assurance-wont-share-india-data-without-consent/articleshow/65678934.cms>.

26 Mayank Singh, "Five big navies to post liaison officers in India for info exchange on IOR", *The New Indian Express*, 26 December 2019. <https://www.newindianexpress.com/nation/2019/dec/26/five-big-navies-to-post-liaison-officers-in-india-for-info-exchange-on-ior-2081062.html>.

27 Sarah Teo, "What the Quad Meeting Means for ASEAN", *The Diplomat*, 9 October 2020. <https://thediplomat.com/2020/10/what-the-quad-meeting-means-for-asean/>.

Some have dubbed this grouping as the 'Quad Plus'.²⁸ While the 'Quad Plus' is an important development, it is unlikely that this will be institutionalised in the short term. The 'Plus' countries are aware of the cost of associating with the member countries of the Quad. For the Association of Southeast Asian Nations (ASEAN), the outlook on the Indo-Pacific could be the last attempt to prove its inclusiveness. However, this may not make a difference to the regional powers.

Despite this progress, there are significant challenges in taking this initiative forward. Firstly, it is necessary to realistically gauge the depth to which the views of India and the US converge concerning the approach to manage China's rise. The US has been working to build a coalition of countries like the Quad to confront China, and has been engaged in significant strategic signalling to this end. However, India is much more comfortable with an issue-based approach, looking to develop the Quad on issues like cybersecurity, humanitarian assistance and disaster relief as well as maritime security. Such a divergence of views and priorities extends to all the members of the Quad. While Australia is primarily focused on the South Pacific region, for India, the priority is the Indian Ocean region. Japan is mainly concerned with the East and the South China Sea while the US' interests extend into all the regions. It is currently unclear whether India would be comfortable with Australia entering its 'backyard' (the Indian Ocean region) or vice versa.

Issue-based coalitions also offer the advantage of pooling strained resources in tackling issues of common interest.

While a perfect alignment of policies for the countries is difficult, there are common interests and issues which could be met through issue-based partnerships among the four countries. Firstly, mechanisms and platforms, like the International Solar Alliance, already exist. The countries should identify shared issues and take them forward based on what is of common interest to all. Issue-based coalitions also offer the advantage of pooling strained resources in tackling issues of common interest. Secondly, one needs to assess the extent to which the Quad states can move beyond naval exercises and focus on issues

28 Derek Grossman, "Don't Get Too Excited, 'Quad Plus' Meetings Won't Cover China", *The Diplomat*, 9 April 2020. <https://thediplomat.com/2020/04/dont-get-too-excited-quad-plus-meetings-wont-cover-china/>; and Jeff M Smith, "How America Is Leading the 'Quad Plus' Group of 7 Countries in Fighting the Coronavirus", The Heritage Foundation, 1 April 2020. <https://www.heritage.org/global-politics/commentary/how-america-leading-the-quad-plus-group-7-countries-fighting-the->

like infrastructure development. For example, India and Japan have been attempting to focus on this, and the US has promoted the Blue Dot Network²⁹ to this end.³⁰ However, India is not part of the Blue Dot Network initiative. Hence, more cooperation is required. The final challenge is in the realm of multilateral organisations. Each member state has its own set of multilateral institutions that it is part of. How these multilateral organisations will interact remains to be seen.

29 The Blue Dot Network will bring together governments, the private sector and civil society under shared standards for global infrastructure development. It will certify infrastructure projects that demonstrate and uphold global infrastructure principles. See "Blue Dot Network", US Department of State. <https://www.state.gov/blue-dot-network/>.

30 Matthew Goodman, Daniel Runde and Jonathan Hillman, "Connecting the Blue Dots", Centre for Strategic and International Studies, 26 February 2020. <https://www.csis.org/analysis/connecting-blue-dots>.

India and the Intensifying Competition between the United States and China

During the discussions on this theme, the panellists underlined the changing nature of India-China relations since Modi took office in 2014. The deterioration of this relationship has been a key factor driving India's engagement with the US. Both India and the US have been moving towards a closer partnership to maintain a favourable balance of power with respect to China. The panellists discussed the emerging contours of this partnership and highlighted some of the challenges India is likely to face in its engagements with the US and China.

Since Modi's first term, India's relationship with China has severely deteriorated. While there has been some cooperation, India and China mostly found themselves at cross-purposes on the international stage, whether it is on India's admission into the Nuclear Suppliers Group or the issue of cross-border terrorism from Pakistan. Furthermore, the Indo-China border has witnessed fairly intense confrontations since 2010.³¹ The border clashes in the Galwan valley in mid-2020 where 20 Indian soldiers lost their lives have been described by some as an inflection point in the relationship, as this was the first instance where a loss of life has occurred along the Line of Actual Control (LAC) in over 30 years.³²

While India is a rising power in an absolute sense, it still considerably lags behind China on economic and military indicators.

While India is a rising power in an absolute sense, it still considerably lags behind China on economic and military indicators. Although India and China had roughly the same economic size and defence budgets at the end of the Cold War, China has grown much faster than India in the post-Cold War period. Due to the highly asymmetrical nature of the relationship, India ranks lower in China's priorities while China is still India's primary strategic competitor. Thus, rather than merely

31 Rajesh Rajagopalan, "Did India Lose China", *The Washington Quarterly*, Vol. 42, No. 1, op cit., pp. 71-87.

32 Ananth Krishnan, "For minor tactical gains on the ground, China has strategically lost India, says former Indian Ambassador to China", *The Hindu*, 21 June 2020. <https://www.thehindu.com/opinion/interview/for-minor-tactical-gains-on-the-ground-china-has-strategically-lost-india-says-former-indian-ambassador-to-china/article31884054.ece>.

adopting a deterrent posture as it has on its frontiers with the US and Russia, China has sought to dominate India militarily along the LAC. Despite this asymmetry, India is the only country that has the potential to be a rising power with respect to China, as opposed to Japan and the US. According to World Bank data, the Indian economy grew at a rate faster than that of China between 2014 and 2018. This was the first time that India recorded a higher growth rate compared to China for five continuous years. Therefore, in a strategic sense, this has made India a “rising” power, at least over the last five years.

Over the course of the past decade, India has also been looking to upgrade its capabilities to adopt a successful deterrence posture relating to China. While this is an ongoing process, it is clear from the standoff in the Galwan valley that India lacks the political will to adopt a more aggressive posture. In the aftermath of the Galwan clash, the nature of the India-China relationship has changed dramatically. The discussions between Indian and Chinese officials are likely going to undergo a serious transformation. This is especially true against the backdrop of policies like *Atmanirbhar Bharat*, which will lead to some economic decoupling between the two countries' respective economies.

In the aftermath of the Galwan clash, the nature of the India-China relationship has changed dramatically.

As India and China are locked in an intensifying rivalry, the former has seen the US as a valuable ally. Indeed, India has itself benefitted immensely from the escalating US-China enmity. The US has continued to provide rhetorical support to India's growing role in global affairs.³³ Reciprocally, India has provided political and diplomatic support to the US, especially on issues such as the Free and Open Indo-Pacific.³⁴ The US under Trump has also continued to support India's defence capability by signing strategic agreements and defence deals. Trump's election to the US presidency in 2016 created significant

33 Rajeswari Pillai Rajagopalan, “This Time the US Is Taking India's Side Against China”, *The Diplomat*, 23 July 2020. <https://thediplomat.com/2020/07/this-time-the-us-is-taking-indias-side-against-china/>; and “Defining Our Relationship with India for the Next Century: An Address by U.S. Secretary of State Rex Tillerson”, The Centre for Strategic and International Studies, 18 October 2018. <https://www.csis.org/analysis/defining-our-relationship-india-next-century-address-us-secretary-state-rex-tillerson>.

34 “India, US agree to work for free, open Indo-Pacific region: State Department”, *The Times of India*, 19 December 2019. http://timesofindia.indiatimes.com/articleshow/72889870.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst.

uncertainty in international fora. With an erratic and personalised style of governance, Trump is very different from previous American presidents. This approach to governance has put the US at odds with many of its allies and partners on issues such as alliance burden-sharing and trade. India, however, has managed to escape most of the Trump administration's tirades with very little injury. Despite there being open differences on issues such as trade, the US has carved out very special exceptions for India on issues such as the Chabahar Port investment in Iran and the S-400 deal with Russia. In both these cases, India was exempted from American sanctions.

This mismatch around what is expected of the two countries is a hurdle to deepening cooperation between them.

Despite the steady relationship between India and the US, several barriers exist. Firstly, the two countries are not completely aligned. The US wishes to maintain a favourable balance of power and its own primacy in the Indo-Pacific. India, on the other hand, is uncomfortable with the balance of power concept and certainly does not support US hegemony. As India rises, its interests in the future are likely to change and may diverge from the interests of the US. Secondly, the concept of treaty alliance has different meanings for the US and India. In its traditional treaty alliances, the US has been the dominant partner. However, India continues to see itself as a rising/leading power and hence wants a more balanced and equal relationship. This mismatch around what is expected of the two countries is a hurdle to deepening cooperation between them. Third, trade and migration continue to be pressing issues. Finally, more than 80 per cent of Indian defence equipment continue to be of Russian origin, which means India's relationship with Russia will also be a factor in deepening cooperation with the US. The US is concerned about the security risks that may arise from the co-location of US and Russian equipment when India deploys both their equipment in the field together. Such concerns stem from the possibility that providing Russian systems access to its own equipment may compromise the security of communication networks the US uses on its own military platforms.

Moving ahead, the burgeoning relationship between India and the US is unlikely to result in a treaty alliance but is more likely to manifest

in a deeper engagement with the Quad. One year into Modi's second term, there is still significant policy continuity in India's relationship with the US. The ongoing decoupling between the American and Chinese economies has the potential to benefit Indian firms and deepen the relationship between the two countries. This is evident in Reliance Jio's partnership with American firms and is expected to dominate the 5G market.

It is important to keep in mind, however, that India's rise is not pre-ordained, and the country continues to face multiple challenges. The higher growth rate it experienced with respect to China between 2014 and 2018 was not due to any major economic reforms implemented by India but rather due to the slowing down of the Chinese economy. Implementing the structural reforms needed to keep India's economic growth on track is more challenging for it today than it was for China at the end of the Cold War. Currently, any economic reforms need to be set in the context of US-China rivalry and the impact of disruptive technologies like 3D printing and robotics. The economic reforms to sustain growth also need to factor in four key considerations: a growing population; domestic socio-political challenges unique to India; climate change; and the impact of the COVID-19 pandemic. India's potential as a great power and the future of its relationship with China rest on its ability to deliver economic reforms in the context of these challenges.

It is important to keep in mind, however, that India's rise is not pre-ordained, and the country continues to face multiple challenges.

The Future of the Global Order and International Institutions

While India has articulated the ambition of leading the international order, it has not been able to shoulder the required responsibilities or pay the costs of being a leader.

In the post-Cold War era, both India and China have been moving to gain membership in several international organisations. Here, the interests of both countries overlap in the greater demand for more representation in the old order. This is also an issue over which India and the US have disagreements. That being said, in India's case, there is a mismatch between its ambitions and its capabilities. When Jaishankar articulated the view of India being a leading power, he added that this meant India would have to shoulder more responsibility. Historically, this has meant that the leading powers in the international order would have to pay disproportionately higher costs for managing global affairs. While India has articulated the ambition of leading the international order, it has not been able to shoulder the required responsibilities or pay the costs of being a leader.

While considering India's approach to multilateralism, there are three aspects to take into consideration. First, the venues where most multilateral discussions are taking place; second, the increasing shift towards technical issues like rules and standards from broad political issues; and finally, the growing role of non-state actors.

On emerging issues like technology and cybersecurity as well as existing issues like health, discussions are now shifting to venues of smaller groups. This allows countries which have similar political ideologies and economic capabilities to cooperate with one another. This reduces the room for political differences that are present in larger multilateral groupings. As the groupings get smaller and given that the countries within these new multilateral groupings have similar political ideologies (for example, on human rights or democracy) the discussions are now going to be more focused on technical rules and standards to implement policies. The appetite for universal and all-encompassing rules and norms no longer exists. In cybersecurity, there is a greater push to establish norms to deter cyber-attacks and combat fake news on social media. Rules are being crafted with

the World Bank to finance climate change, and the Organisation for Economic Cooperation and Development is working to establish a digital tax framework so that technology companies across the world can be taxed uniformly. In this setting, countries gain an advantage through market size and specific knowledge. In this regard, it would well serve India's interests to engage with a wide range of stakeholders to build up specific knowledge in such technology domains. This, in fact, leads to the third point, where non-governmental actors like lobbies, firms and research organisations are playing a greater role in the development of standards and rules. These actors have developed both the capabilities to articulate issues and solutions, as well as have a significant influence within the policymaking process. This is especially true in the case of big technology firms on issues such as data security and artificial intelligence.

This shift has been compounded by the impact of the COVID-19 pandemic. The pandemic has made clear that future challenges are likely to be transnational and will require more multilateral approaches. As with COVID-19, these challenges are likely to cut across multiple domains and will have strong feedback loops. The intersection of cross-national and cross-domain challenges will require new multilateral approaches. COVID-19 has increased calls to empower international institutions and global governance architecture.

This is the fluid landscape India will have to negotiate in order to determine how and where it fits in. Given India's shifting priorities and interests, it has been able to engage different countries on different issues where its interests overlap. Under Modi, India has sought to increase its global profile and stature. His vigorous engagement with the global community as well as his reputation as a pro-business leader during his tenure as chief minister heading the Gujarat state government led many to believe that India would become more globally engaged.³⁵ During Modi's time as prime minister, the Indian government has essentially used the 'reform' playbook. Statements

Under Modi, India has sought to increase its global profile and stature.

35 Richard Rossow, "Three Years Of Modi Government: The Global Business View", *Bloomberg Quint*, 26 May 2017. <https://www.bloombergquint.com/opinion/three-years-of-modi-government-the-global-business-view>.

India has generally gone along with aspects of the order when the rules furthered its national interest on issues like climate, health and the Internet.

from the Ministry of External Affairs indicate that India has been calling for a more representative order to fill the gaps of the current system.³⁶ This approach resembles the pragmatism in India's approach to multilateralism since the 1990s. India has generally gone along with aspects of the order when the rules furthered its national interest on issues like climate, health and the Internet. There are also aspects of the order which India has led, such as on issues like climate change, with the International Solar Alliance.³⁷ However, India has typically resisted the order on issues like trade when it did not work in favour of its national interests.

It is very difficult to identify Modi's approach to trade. Even during the campaign trail in the run-up to the 2014 election, Modi did not articulate a clear position. Early in his first term, it became quite clear that India would take a much more careful and less expansive attitude towards trade combined with efforts to build domestic capacity. The reason for this was to improve India's competitiveness with respect to other emerging markets. To this end, the government pursued several policies like 'Make in India', 'Startup India' and 'Digital India' to make the country self-sufficient. This approach, however, disappointed several of India's partners like Australia and Canada. However, on the issue of foreign investment, the Modi administration has actively courted foreign firms and offered investment opportunities to them on fairly liberal terms. It opened up several sectors of the Indian economy, such as telecommunications and insurance, to such foreign direct investment. Hence, the policy that developed was one wherein the government was highly in favour of foreign investment but was not in favour of external trade. Towards the end of the first term, the administration noticed a structural slowdown in the Indian economy that forced it to shift to a more subsidy-oriented, welfare-centric economic development model.

³⁶ Ministry of External Affairs, "IBSA Joint Ministerial Statement on Reform of the UN Security Council", 16 September 2020. <https://www.mea.gov.in/bilateral-documents.htm?dtl/32989/IBSA+Joint+Ministerial+Statement+on+Reform+of+the+UN+Security+Council>. For a more comprehensive overview, see Manish S Dabhade, "India's Pursuit of United Nations Security Council Reforms", *Rising Powers Quarterly*, Volume 2, No. 3 (2017), 67-79.

³⁷ Raymond E Vickery, "India's Place in the Sun: The International Solar Alliance", *The Diplomat*, 23 March 2016. <https://thediplomat.com/2016/03/indias-place-in-the-sun-the-international-solar-alliance/>

During Modi's second term, the administration has been preoccupied with security priorities. As a result of this, India has generally become more inward-looking. While protectionism has been on the rise throughout the world, India is the only country that has clearly articulated, as a matter of national policy, a desire to disengage from the world.³⁸ India is walking back from trade engagements and is not engaging several middle powers and emerging economies on trade. As the US retrenches from its commitments abroad, several middle powers are shoring up relationships and going the extra mile to connect their economies through trade and investment. India, on the other hand, has not engaged with these developments. In India, the entire conversation is centred around banning imports rather than encouraging a policy on exports. While India has the possibility of promoting greater discussion around interface mechanisms such as cross-border data flows and e-commerce, it seems to be preoccupied with punitive measures such as border adjustment taxes. Hence, India's policy orientation appears to be confused and contradictory.

In India, the entire conversation is centred around banning imports rather than encouraging a policy on exports.

The India-Europe relationship is witnessing the impact of this new thinking on trade and multilateralism, as highlighted earlier. On trade, India has sent out mixed signals to Europe by taking contradictory actions. For example, it has suspended the bilateral investment protection treaty with several European countries but has gone ahead with the establishment of a high-level group to facilitate investment from Germany. Despite this, Europe is keen to engage India as it looks to shorten and relocate supply chains in the wake of the COVID-19 pandemic. Earlier, there were several red lines for both India and Europe while negotiating their bilateral free trade agreements. There were certain areas such as automobiles for Europe and services sector for India where both parties wanted to protect their advantages, which stalled negotiations. However, these red lines might now be shifting and may offer renewed engagement opportunities.

These new opportunities are arising from the emergence of the 'new multilateralism' highlighted earlier. Europe is looking to work

38 "English Rendering of Prime Minister Shri Narendra Modi's Address to the Nation", Press Information Bureau, 12 May 2020. <https://pib.gov.in/PressReleaseDetail.aspx?PRID=1623418>.

The world is now embracing such an approach to multilateralism with the emergence of coalitions such as the D-10.

with like-minded partners and issue-based coalitions where there is much more room for partnership. The world is now embracing such an approach to multilateralism with the emergence of coalitions such as the D-10.³⁹ Europe and Australia have also worked together to call for an inquiry into the origins of the COVID-19 virus in various international health fora. Similarly, India and Europe have created a new dialogue on 5G technology and artificial intelligence.⁴⁰ It would be interesting to see how far this partnership proceeds in discussions on standards and related issues and the impact it has outside the bilateral partnership on larger developments in technology and critical infrastructure.

As the world moves to this new form of multilateralism, which is built around the core of the existing international order, India faces a critical choice: does it continue with the so-far unsuccessful approach to gain leadership in the old order, or does it take a more nimble approach to the new groupings and become a leader in those domains? So far, the cost of being a leader within the old order is too high for India. Leadership, in either domain, will require New Delhi to shoulder more of the costs of collective action and provide some amount of intellectual leadership instead of taking an absolutist approach on issues (like it has done on sovereignty). India's approach of protecting core interests is important but it will be required to do more if it hopes to be a leader of a new and emerging multilateral order.

³⁹ The 'D10' is a proposed grouping of the world's leading democratic countries. It includes the seven members of the G7 grouping (United States, United Kingdom, France, Germany, Japan, Canada and Italy) along with South Korea, India and Australia. For now, the idea has only been proposed and is yet to be implemented. One of the proposed aims of the grouping is to reduce reliance on Chinese technology companies like 5G giant Huawei. "Britain wants US to form a 10-nation 5G alliance to cut reliance on China's Huawei", *South China Sea Morning Post*, 29 May 2020. <https://www.scmp.com/news/world/europe/article/3086774/uk-wants-us-form-10-nation-5g-alliance-cut-reliance-chinas-huawei>.

⁴⁰ Ministry of External Affairs, "Joint Statement of the 15th India-EU Summit", 15 July 2020. https://www.mea.gov.in/bilateral-documents.htm?dtl/32827/Joint_Statement_of_the_15th_IndiaEU_Summit_July_15_2020.

Conclusion

As India moves forward, there are a few key considerations for those who study its foreign policy.

Firstly, most analyses of India's foreign policy were underpinned by the belief that New Delhi will be able to navigate the rise of China through a mix of deterrence and accommodation. New Delhi's hedging strategies have, however, come a cropper. China's tremendous rise, both economically and militarily, has ensured that India faces a hostile great power in its immediate periphery. Decision-makers in New Delhi now believe that only deterrence will work against China's territorial assertiveness across the Himalayas and its burgeoning military, economic and diplomatic profile in India's neighbourhood. The room for accommodation with Beijing has narrowed significantly.

Secondly, Indian decision-makers also assumed that the US-China relationship will remain stable. However, today, that stability can no longer be taken for granted, as a decoupling between the two economies is underway. Under the Trump administration, Washington DC has also challenged China's military assertiveness in the Indo-Pacific. For proponents of strategic autonomy, the Sino-US conflict may reduce India's options. However, the Modi government views the growing rift between the two great powers as a salutary development for India's security and economic requirements. Hence, scholars should not only be prepared for greater uncertainty in the relationship between the US and China but should also keenly observe India's strategic opportunism during this era of power transition in the Indo-Pacific.

Thirdly, while globalisation, for a large part, is irreversible, some amount of deglobalisation is occurring. The attitude towards globalisation articulated by Trump and several members of the Democratic Party indicates that the US' approach to globalisation is likely to change because of its domestic politics. This approach to globalisation is not synonymous with the post-1990 unrestricted

Decision-makers in New Delhi now believe that only deterrence will work against China's territorial assertiveness across the Himalayas and its burgeoning military, economic and diplomatic profile in India's neighbourhood.

flow of goods and services as part of the liberal economic vision. It is more likely to manifest as a relocation of supply chains, which will be beneficial to India. This is likely going to affect both the global environment and India's own position.

The elites in power today have unique outlooks on issues relating to Indian foreign policy, among others.

Fourthly, India itself as a country has changed. The elites in power today have unique outlooks on issues relating to Indian foreign policy, among others. Their idea of India's economic policy is different from both that of the Congress-era License Raj and post-1990 economic reform period when India embraced globalisation. They appear to be more focused on building up India's domestic capacity and capital, less on foreign trade and foreign capital.

Finally, there is a need to consider the implications of the digital domain in changing how we think about the regional balance of power. India's retaliation to China's incursions in Galwan was in the digital domain and not the physical domain. It has also been signalling, mainly through the digital domain, cooperation with the US and that it will align with the West against China. The digital domain has opened multiple avenues for India to pursue against China.

While India cannot catch up with China given the huge disparity in their economic sizes, the key question for Indian policymakers is what kind of coalition can be put together to counter China's rising power. In this regard, India appears to be stitching together a coalition of middle powers that includes Australia, Europe, Israel and Saudi Arabia.

In its first term, the Modi administration tried to put together a coalition of East Asian powers. However, in the second term, it appears to be working with a larger coalition of middle powers. This strategy ties well into Jaishankar's articulation of India as a leading power where it will act as a shaper of global norms and rules. The idea is that India could 'squeeze' China regionally and diplomatically to accumulate more bargaining power against the latter. The current administration has concluded that there is a need to do more than what it hoped would be sufficient in its first term. Hence, expanding

on the alliance with the East Asian powers that it was building during Modi's first term, India is now reverting to key approaches of non-alignment and leadership of the 'Global South' based on themes of equality and justice. This may be the foundation of a Modi-Jaishankar grand strategy in the future.

Appendix 1

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Dr Joshi's research focuses on contemporary Indian foreign and national security policy, with an emphasis on Indo-Pacific's balance of power, evolution of India's military power and its approach to use of force in international relations.

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