



India's Foreign relations during Modi 1.0 tenure.

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Abstract

Modi's India's Foreign Policy In the little more than six months since the Modi administration took office, India's foreign policy is beginning to take shape. The new government has three main priorities: aggressive foreign policy, particularly with Pakistan; active engagement in the economy with potential investors, including China, Japan, and the EU; and closer strategic coordination with the United States and Japan to counterbalance China in the region. For geopolitical and historical reasons, it also has tighter ties with Russia. Under its "Act East" policy, it is aggressively interacting with the governments of South East Asia; nevertheless, a coherent framework for interaction with West Asia has not yet developed. However, the language and symbols used in interactions are constantly embedded in a cultural context.

Keywords: India's foreign policy, Narendra Modi, Act East, BJP, NDA, SAARC, BRICS, Modi in Japan, Modi in USA, Xi Jinping in India, WTO

Introduction

After the National Democratic Alliance (NDA)¹ took power in May 2014, conjectures over the direction of India's foreign policy started. The idea that India's foreign policy will take a new turn was fueled by the resounding victory of the right-wing Bhartiya Janta Party (BJP), led by the ideologically devoted Narendra Modi. The current government's foreign policy can be broadly categorized into three areas: promoting cultural nationalism; taking a tough stance on national security; and quickening the pace of the second round of neo-liberal economic reforms. India's abilities to prevent terrorism from Pakistan and Afghanistan and maintain border stability are critical to the country's national security; economic changes necessitate funding and technology from influential players like the US, Japan, China, European Union, and; cultural nationalism is inward-looking and ethnocentric.

The NDA government is just over six months old and it would be premature to pass the final verdict on Modi's achievements or to map out the exact course of India's foreign policy. But the last 180 days have been quite intense in terms of India's engagement with the outside world. It is remarkable that Prime Minister Modi has already met and interacted with the heads of all the states to which India accords primacy, viz., China, US, Pakistan, Russia, Japan and neighboring states. Begun with a meeting with the heads of the

neighboring states at the swearing-in ceremony in May 2014, Modi has interacted with the leaders of the BRICS (Brazil, Russia, India, China and South Africa), the United Nations, the G-20, the ASEAN (Association of South East Asian Nations) and the SAARC (South Asian Association for Regional Cooperation). He has visited Bhutan, Brazil, Nepal, Japan, the US, Myanmar, Australia, Fiji and has hosted Tony

Abbott, the Prime Minister of Australia, Xi Jinping, the President of China and Nguyen Tan Dung, the Prime Minister of Vietnam. Modi has spent more than a month outside India in the last six months, inviting sarcastic jokes from the opposition leaders on his frequent travels.

A close introspection of these intensive engagements throws useful insights into India's priorities and maneuvers under the new government. First, India, under Modi, gives primacy to the neighboring states in South Asia, especially, those with whom it has no security conflicts. Second, India's regionalism has moved beyond South Asia and it is seeking closer cooperation with the states in the South East Asia. The 'Look East' policy of the previous government has become the 'Act East' policy of the Modi government⁴. Third, while 'acting east', it appears to be looking away from the West Asia. It has no clear policy either on Palestine or Iran or the Islamic State of Iraq and Syria (ISIS). This might prove disastrous because the West Asia is the source of oil and gas and maximum remittances to India. Fourth, in the game of geo- balancing between the US and China, India is seeking greater strategic cooperation with the US, Japan and Australia. Russia remains crucial to India's interests as Russia-China alliance has the potential to alter the balance of power in this region. Fifth, with an aim to develop India into a manufacturing hub, it is alluring investments from China and Japan. Japan committed \$35 billion while China promised \$20 billion investment in India. The US remains an important economic player but India is aware of the fact that the surplus fund for investment is in China and Japan rather than in the European states or the US. Finally, India is uncomfortable with either the unipolar world dominated by the US or a G-2 scenario where the US and China dominate the financial or the military system. It would prefer a multipolar world in principle but more than multipolarity, it aspires for a greater role in the international system. There is a perception that its population, economy and democratic value do not commensurately reflect in the international institutions, viz., the United Nations Security Council, the IMF and the World Bank and so on. Hence, the government under Modi would synchronize the foreign policy towards achieving these goals.

The government in power believes that the national interests of India were subdued to the values of liberal internationalism by the previous Congress governments which, barring brief interregnums, ruled for the last 60 years. The Congress government was not assertive enough in dealing with Pakistan and China which have grabbed India's territory. Hence, it would like to rectify that by pursuing an aggressive policy of strategic partnerships and modernization of military. Internally, cultural nationalism would help mobilize the people towards achieving these realist goals.

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With these introductory remarks, the following paper discusses three major themes: a brief historical background to provide a context to the contemporary policies, second; the neo-liberal economic reforms which steer foreign policy in a certain direction, and, finally; the way cultural nationalism impinges on the making of the foreign policy. The bilateral and multilateral negotiations in the last six months have been discussed in details to discern the broader patterns of the direction of India's foreign policy under Modi.

A Brief Historical Overview

India accords high importance to the notion of strategic autonomy in its foreign policy. Though a sign of a weak state, it prefers autonomy to being a subordinate ally to a powerful state. This notion of autonomy, valued across the board by the political leadership, strategic thinkers and people, emerged in a particular historical context. But now it has become a part of the generic discourse on national interest. India tried hard to remain equidistant from the two blocs during the Cold War period. It is still trying to balance the two powerful states- the US and China in the region, though in a much different way. Whenever India signs a landmark deal with the US, it is accused of compromising with the sovereignty of the state. A closer cooperation with China invites similar reaction from the other group. Strategic autonomy is very dear to Indian heart due to historical and geo-political reasons.

Jawaharlal Nehru, the first prime minister of India, became the sole spokesperson of India's foreign policy after Mahatma Gandhi's death. His socialist ideals and suspicion towards the capitalist and imperialist states reflected in the foreign policy of India. India turned uncomfortable with the imperialist states and its allies. In a sharply polarized bipolar world, India tried hard to maintain its strategic autonomy through non-alignment and it became one of the founding members of the Non-Aligned Movement (NAM) established in Belgrade in 1961⁷. It encouraged unity among the third-world countries and supported anti-imperialist struggle in African and South East Asian states. Non-alignment became the basis of India's foreign policy during the Cold War years. India's policy of non-alignment, however, came under criticism when India signed a strategic treaty with the Soviet Union in 1971. The fact that India failed to criticize the

Soviet interventions in Hungary in 1956, Czechoslovakia in 1968 and Afghanistan in 1979, were taken as signs of India's tilt towards the Soviet Union.

Barring the first decade after independence, India did not have a close relationship with the United States of America. Since the American leadership subscribed to the view of the British on the issue of Jammu and Kashmir and Pakistan, India developed cold feet towards it. In the initial years, however, India did engage with the US and received regular food assistance from the US since 1951. Some of the recent CIA declassified documents reveal that the US did provide logistic help to Tibetan people. In fact, one of the reasons why China turned suspicious towards India was the US's support to Tibetan refugees from the Indian soil. China

construed that as India's design to contain the communist China. The Lhasa uprising in Tibet in 1959 invited a massive repression by the Chinese state in which the politico-spiritual leader of Tibet, Dalai Lama, along with thousands of refugees, crossed the border and settled in Himachal Pradesh in India. India was sympathetic towards the Tibetan Buddhist minority for religious and historical reasons. During the colonial years, Tibet was not an integral part of China and the British maintained it as a buffer state between colonial India and China with a right to passage and trade. Hence, India claimed a historical right over Tibet which China refused. The simmering tension in the late 1950s culminated in a Sino-Indian war in 1962, the memory of which bears heavily on the makers of India's foreign policy even today. India took it as a betrayal of its trust, support and friendship bestowed by its Prime Minister, Jawaharlal Nehru. As an idealist, Nehru had renounced India's claim over Tibet with a hope that the unity of the two pivots of Asia (China and India) would engender stability and prosperity in Asia¹¹. India's debacle in 1962 war with China exposed the weakness of Indian state. China remains a hostile state for India since then, despite booming trade and economic engagements.

The second benchmark in India's foreign policy was its decision to explicitly support the nationalist forces in Bangladesh resulting in its liberation from Pakistan in 1971. This was described as a triumph of India's strategic policy under the then Prime Minister, Indira Gandhi. It established India as a hegemon in South Asia with a potential to break-up the most powerful state of the region. But in the process, it also created a very powerful rival which will seize every opportunity to take revenge. This memory and its irredentist claim over Jammu and Kashmir determine Pakistan's policy towards India. They have fought four wars (1947, 1965, 1971 and 1999) and frequently exchange fires on the borders. Simmering tensions between the two nuclear states pose a real threat to the regional stability in South Asia. The US and China supported Pakistan in the 1970s and 1980s. After the end of the Cold War, however, the US has inched closer to India, while China continues to support Pakistan, militarily and politically.

The third significant phase in India's foreign policy emerged with the decline of the Soviet Union and the simultaneous balance of payment crisis in India in 1991. India did not have enough foreign reserves to finance its oil imports. This crisis was primarily due to the rise in oil prices and drastic decline in remittances from the gulf countries due to the first Iraq War. India, under Narasimha Rao government initiated the process of liberalization and privatization of the economy. This marked a complete reversal of the Nehruvian socialist economic model. India accelerated the integration of its economy to the international market. The Indian market became attractive to the American, Japanese and European companies. In the absence of its most trusted friend- the Soviet Union, India started looking for a closer cooperation with the US. This was also the period when India began engagement with the South East Asian states under its 'Look East Policy'. During the Cold War years, these states were untouchables for India due to their alliance with the US.

The next benchmark came in 1998 when India tested the nuclear bomb at Pokhran, code-named 'Operation Shakti' and declared itself as a sixth nuclear state in the world. This invited sanctions from the US and Japan who demanded a roll-back of its nuclear programme. Pakistan also conducted similar tests just a few days later. India claimed that its test was guided against China which was a hostile nuclear state. In 1999, the Kargil War took place where the Pakistani army buoyed by the nuclear capability and adverse

international opinions against India, sent its forces inside the Indian territory. Pakistan expected support from the US and China. But both of them criticized this misadventure and asked the Pakistani army to withdraw. Pakistan could not foresee the changed geopolitics, where India turned more important for the United States. India became attractive due to its economic reforms and growth. It could also work as a bulwark against China. Pakistan was useful for the US as long as the Soviet forces were in Afghanistan but once the Soviet forces withdrew from there and the latter ceased to exist, its geopolitical significance also diminished to be revived again with the US's intervention in Afghanistan in 2001. In 2000, the US President, Bill Clinton visited India which marked a new era in the relationship between the two states. The series of interactions between the two states culminated in the New Framework Agreement in 2005 and the landmark Indo-US Civil Nuclear Deal of 2008. This gave India entry into the nuclear club. Now it could acquire nuclear fuel and technology from other countries. The new government continues Economic Reforms and Diplomacy under Modi

There is a general consensus that economy is the first priority of the NDA government. The slogan given by Modi is '*Come Make in India*'. There is a realization that Indian economy cannot prosper without fast industrialization. The development of manufacturing sector is necessary for employment and enhancing exports. Inspired by the Chinese model, the government is keen to make India a manufacturing hub. This would require capital and technology from the developed countries.

Modi received overwhelming support from the corporate and business houses during his electoral campaign. Modi, as a Chief Minister of Gujarat, is believed to have created a business-friendly environment for investment and setting up businesses there. He cut down the bureaucratic hurdles for the licenses and other permits and improved the infrastructure. Now as a prime minister, he has introduced bill in the parliament to liberalize the labor laws and reform the land acquisition bills to benefit the business class in India. The government has already announced 100 percent Foreign Direct Investment (FDI) in the state owned giant Indian Railways and 49 percent FDI in the defense sector. The FDI in retail remains a contentious issue and given the massive support of small traders and businessmen to the BJP, there is unlikely to be any major shift in the FDI in the retail sector. The BJP has stated in its manifesto and on several other occasions that it would ban foreign supermarkets like the Wal-Mart Stores Inc and Tesco Plc from investing in Indian retail sector. On the whole, the priority of the government, following neo-liberal model, appears to be growth first, welfare later as reflected in the labour reform bill, land acquisition bill and squeezing funds for some of the earlier welfare programmes of the Congress government. In tune with these economic requirements, Modi has prioritized his interactions with other states. Three most important states for India for this purpose are- China, Japan and the US. It is not surprising that Modi has already concluded bilateral agreements with all three states. The following section discusses Modi's bilateral and multilateral agreements with important states.

Modi's Visit to Japan

Modi's visit to Japan in September 2014 resulted in a pledge from Japan to invest \$ 35 billion in the next few years. He invited Japanese companies to invest in India to reap the benefit of low-cost manufacturing. Japan agreed to provide technology and operational assistance for the bullet trains in India. The first phase of this train is expected to run from Ahmedabad to Mumbai at the cost of about \$12 billion. The two countries also upgraded their level of partnership to 'Special Strategic Global Partnership' with high defence operation and more FDI in India. One of the major projects of Modi government is to clean the rivers in India and upgrade the infrastructure for cities. The two states have signed Kyoto-Varanasi sister city agreement, where Varanasi will be upgraded with the help of Kyoto planners. Japan will also help India in developing Delhi-Mumbai industrial corridor by investing nearly \$4.5 billion. Hence, a closer cooperation with Japan serves both economic and security purposes of India. According to Brahma Chellaney, a well-known realist scholar and commentator on India's foreign policy, "The India-Japan partnership holds the potential to shape Asian geopolitics in much the same way as China's rise or Barack Obama's 'pivot' to Asia. This win-win partnership can help to drive India's infrastructure development and great-power aspirations, while catalysing Japan's revival as a world power."

Xi Jinping in India

Similar to Japan, the Chinese president Xi Jinping promised to invest \$20 billion in the next five years during his visit to India in September 2014. China will establish two industrial parks in Gujarat and Maharashtra with an investment of \$6.8 billion. This will ensure a cluster type of development in the region. This will help reduce the trade imbalance that India has been complaining to China.

The government is keen to cooperate even with adversaries, such as, China, for the sake of investment and trade. This shows the importance of economic diplomacy under Modi. China has emerged as the biggest trading partner of India and the volume of trade is likely to grow between the two states. The total trade between India and China stood at \$66.57 billion in 2012 which was less than the previous year. The expected target is \$100 billion by 2015. India is talking to China in creating infrastructure for the bullet train from Delhi to Chennai. A sister city agreement between Guangzhou and Ahmedabad was also signed.

Modi in America

The US has become the most important state for India's foreign policy. There is a tremendous media-hype whenever an Indian prime minister visits US or the American president comes to India. Every move, from the hotel to the food menu to hand-shaking gesture is analyzed by the so called 'strategic experts' on the TV channels and the newspapers from a 'strategic angle'. It appears as if the status of India is contingent upon the respect its leader gets in the US. In any case, the visit of Modi was special for India because Washington had denied visa to him since 2005 citing his complicity in communal riots in Gujarat in 2002. Hence, his visit was more symbolic than substantive. Ellen Barry, comparing the importance US to other countries, wrote in The

New York Times,

“The United States has had little opportunity to build a relationship with Mr. Modi, largely because it imposed a punitive visa ban after religious riots broke out in Gujarat, then led by Mr. Modi, in 2002, leading to the deaths of more than 1,000 people. The United States also lacks the economic leverage of China and Japan, which can offer major investment in Indian packages.”

Modi and Pakistan

The electoral triumph of the BJP offers a rare opportunity to Modi to redefine India's policy towards Pakistan. This is the first time since 1984 that a single party has gained majority in the election. Unlike the previous Vajpayee government, Modi is under no pressure to pay heed either to the coalition partners or to succumb to criticisms from the opposition parties in the parliament. The opposition parties have been decimated and they are too fractious to put forward any concerted resistance to any legislation. The question is whether Narendra Modi and the Ministry of External Affairs team led by Sushma Swaraj will seize the opportunity and resolve some of the intractable problems that have clasped India down from moving beyond the continental shelf. If a progress can be made on the issue of resolving border disputes with China or Pakistan, that would be a significant achievement of India's diplomacy. Any compromise with China and Pakistan would be interpreted as surrender of sovereignty by the opposition. But only the BJP is in position to take bold steps to resolve some of the intractable border issues.

Modi in Multilateral Organizations

India wants to play a greater role in the IMF and the World Bank. In this context, the setting up of a BRICS Development Bank with a reserve fund of \$100 billion and an initial capital of \$50 billion at the Fortaleza (Brazil) summit in July 2014 is an important development. India strongly supported this initiative and the first president of the BRICS bank in Shanghai would be from India. All the members will contribute equally to the Bank and will also have equal voting rights. These initiatives were aimed at sending a message to the West that a time has come to reform the existing institutions or face alternative ones.

Assessment

There is a clear pattern emerging from Modi's visits and initiatives in the last few years. Modi comes from a trading class and a trading region and he understands the value of trade and economic growth in the development of a state. He is a byproduct of the ongoing global process where neo-liberal reforms in combination with cultural and religious nationalism throw up a certain kind of leader. This is visible in Modi, Erdogan and Abe from India, Turkey and Japan.

To his credit, Modi has interacted bilaterally with all the leaders of the states which are crucial for India. His policies on neighborhood, the WTO and Japan have been praised. But the media hype on his trip to the US and Australia has been criticized. The opposition parties also flogged his policy on China and Pakistan which according to them was a 'U-turn' from its earlier advocacy to act tough on these states to stop incursion. Incursion on the Chinese border and firings on Pakistani border continued but the BJP's position was no

different from the earlier government. This gave the Congress Party a chance to pay the BJP in the same coins. There has been a reversal of roles between these two parties. There are also reports that the Prime Minister's Office has become the main office for dealing with the foreign affairs. The Ministry for External Affairs (MEA) is being ignored and most of the decisions are taken by the Prime Minister in consultation with the National Security Advisor, Ajit Doval. This might weaken the institution of MEA.

Overall, the results of India's foreign policy under Modi have been uneven. We admired his focus on the economy, his views on the WTO, the BRICS, and bilateral talks with China, Japan, and the US. Additionally, he has established strong connections with the Indian diaspora in every location he has been. However, he has drawn criticism for abruptly ending the discussions with Pakistan. In a similar vein, he hasn't developed a logical West Asian policy yet. The strengthening Indo-US ties will make the task of counterbalancing China more difficult.

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