

Prospects of India becoming a Global Power*

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It is already becoming clear that a chapter which had a Western beginning will have to have an Indian ending if it is not to end in the self-destruction of the human race. At this supremely dangerous moment in history, the only way of salvation for mankind is the Indian way.

— **Dr Arnold Toynbee, British Historian**

In a few weeks from now, we shall be celebrating our sixty-fifth Independence Day, which for an ancient country such as ours may not seem long, but for a forward-looking state the period is long enough to make an assessment of its achievements and shortcomings. It is also apt that we take a careful stock of where we stand today in the community of nations and what kind of future we can plausibly expect as the twenty-first century unfolds.

As every school-going child in India knows, with the world's seventh-largest landmass, second-largest population, third-largest army and the fourth-largest economy in PPP terms, our country already stands as a leader among nations. But what strikes people across the globe most is that despite its incredible diversity of race, religion, language, etc. and the immense challenges posed by the poverty and illiteracy of a large segment of its population, India has been a remarkable example of a country seeking to resolve the multifarious and complex issues before it through an active and participatory democratic process. Fifteen general elections and innumerable state- and local-level elections later, our credentials as the world's largest democracy are universally recognized. I have often heard my foreign interlocutors speaking in awe of India's general elections being the biggest organized human exercises in history.

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In his address to our Parliament on 8 November 2010, the US President, Barack Obama, paid India a great tribute: “It’s no coincidence that India is my first stop on my visit to Asia, or that this has been my longest visit to another country after becoming President. For in Asia and around the world, India is not simply emerging, India has emerged.” Of course, as an honoured guest of the Government of India, President Obama was being somewhat over-generous with his compliments, but there is no reason to doubt the sincerity of the admiration that India often excites in foreign observers. In fact, 2010 was a good year for India’s international standing. Besides Obama, the leaders of all the four other permanent members of the UN Security Council – Prime Minister David Cameron of UK, President Sarkozy of France, President Medvedev of Russia and Prime Minister Wen Jiabao of China – visited India between June and December, and signed numerous agreements including contracts for billions of dollars of trade and investment. It would be churlish to dismiss the visits as a mere oddity in the scheduling of the diplomatic calendar, unlikely to be ever repeated. Each visit was carefully planned by the two sides and brought important mutual benefits besides promoting better understanding among the world’s key players.

Equally significantly, India was elected last year one of the non-permanent members of the Security Council for a two-year period after a long hiatus and also secured the Chairpersonship of the Council’s Counter-Terrorism Committee, a body of enormous importance to both global and Indian security. On both occasions, the Indian candidature received overwhelming support of the UN membership. Many fellow Indians, who seem to be acutely aware of our not inconsiderable failings, are often surprised that quite a few knowledgeable and well-informed outsiders should judge us in a more favourable light than we ourselves do.

Naturally, the encomiums paid to India by the world’s leaders should not blind us to our many shortcomings that stand in the way of our being a truly global power. The ongoing census will probably find India’s population at around 1200 million and even though the annual population growth rate of 1.4 per cent has come down significantly since 1947, we are still adding the equivalent of one Australia every year without adding corresponding resources. With 17 per cent of the world’s population but only 2.2 per cent of the world’s land mass, India has a seriously adverse land-man ratio, which leads to environmental degradation in the form of deforestation, soil erosion, decline in water tables and increasing inability of our farmers to eke out a decent livelihood. Even though over the years successive governments have

promulgated elaborate socio-economic schemes to bring succour to the rural communities, e.g. under the NREGA and the PDS, besides providing fertilizer subsidies and setting minimum prices for food procurement, weak delivery systems have prevented the benefits from reaching the targeted populations. Consequently, at least 27 per cent of our population still lives below the poverty line and 47 per cent of our children suffer from malnutrition. A large majority of our population lack basic sanitation facility and our infant mortality rate needs to improve substantially.

Our educational system has placed undue emphasis on declaring people literate without bothering whether the education provided equips them with adequate knowledge and skills for gainful employment. We live in a topsyturvy world where a small minority of IIT and IIM graduates can command a premium in the job market while the overwhelming majority of our youth have to remain satisfied with low-paid jobs or none at all. It is commonly believed that in the next few decades, India would overtake China as the world's most populous country and that the so-called demographic dividend would consolidate our position among the top global powers. It is important to note here that currently the median age of Indian population is 25 to China's 34, and that over the next few decades India's more youthful population has the potential to push India's growth rate to surpass that of China. However, while growing at an average rate of 8 per cent per annum, India is often heralded to become the third-largest economy after China and the USA by 2025, eradicating poverty would still remain a daunting task unless we find viable solutions for our agricultural sector that still engages over 60 per cent of our people and revamp our educational system. India's 2010 HDI ranking by the UNDP places it at 119 among 169 nations, not an achievement to be proud of.

The other major shortcoming that we need to address is that of infrastructure. While India has done well in the telecom sector with a consumer base of 600 million and adding 20 million-plus subscribers every month, when it comes to roads, railways, ports, etc., we still have a long way to go. It is in recognition of this challenge that the Twelfth Five Year Plan, which begins in April next year, has projected an investment of a trillion dollars in the upgradation of our infrastructure. The exercise, if carried out with due diligence and efficiency, could transform the country and generate much-needed jobs for our youth. India also needs to invest a great deal more on R&D than it does at present. It is not enough to produce Ambanis and Premjis. We also need our own Bill Gates and Steve Jobs, if we truly wish to be world-beaters.

While writing recently on “India in 2025 – What kind of Superpower?” Professor Michael Dingman of the University of Maryland made certain interesting observations, which I would like to share with you:

- India’s emergence as a superpower will show that it is possible to lift millions of people out of poverty within one generation while embracing pluralism, a free press and a vibrant, multi-party democracy.
- India has the potential to combine rapid economic growth with fairness towards and inclusion of those at the bottom rungs of the ladder. The active exercise of their political rights by the people will be more critical for social stability than, for instance, in China. While widespread corruption is a reality in almost all developing economies (as well as in some of the developed ones), India is one of the very few developing countries with a free press and a pro-active judiciary that continue to be vigilant and merciless in exposing corruption. The prospects are, therefore, high that over the next fifteen years corruption will decline rapidly with salutary deterrent effects. *(Even though the passage of the proposed Lokpal Bill through the Indian Parliament may give rise to many hiccups, there is a fair chance that the issue would be satisfactorily resolved given the growing public discontent over corruption in high places.)*
- India would be better equipped than most countries in leveraging Information Technology to boost the effectiveness and efficiency of its public and private institutions. As 3G and 4G wireless connectivity becomes widespread over the next five years, it is a near certainty that there will be a rapid diffusion of low-cost tablet computers along with cheap applications aimed at self-learning, mobile banking as well as commercial productivity. By 2025, India could thus emerge as one of the world’s most-connected and IT savvy societies.
- India is already 80 per cent dependent on external sources for its fossil fuel needs and this dependency can only increase as its economy grows. As the resource scarcity grows, either the economy will come to a sudden halt or, what is more likely, efficient resource utilization will become an embedded part of the country’s psyche and behaviour.
- India’s large and youthful population with relatively low-income levels will provide a major opportunity to its entrepreneurs to become world leaders in the designing, development and delivery of products at ultra-low cost.
- And, finally, India in 2025 is likely to emerge as one of the world’s most

entrepreneurial societies. Relative to China, India's economy depends far more on pure private sector enterprises than on state-led ones. Given its culture of individualism, India's entrepreneurs will serve as engines for the country's economic growth.

While many of Professor Dingman's observations are valid, he does somewhat overstate his case. Given the many problems that continue to beset us, it would be presumptuous to think that India will be a superpower in the next fifteen years. Indeed, anybody who believes this should recall Shakespeare's admonition in *Macbeth*, "vaulting ambition that o'er leaps itself and falls on the other". Nonetheless, the benchmarks he cites in his article are well worth keeping in perspective in our pursuit for global leadership.

To a very large extent, independent India's foreign policy, primarily formulated by its first Prime Minister Jawaharlal Nehru, was influenced by the experience of the traumatic events of the first half of the twentieth century. The two World Wars of 1914–1918 and 1939–1945 brought to an end the Eurocentric world of the previous two centuries and marked the entry of the newly independent countries of Asia and Africa onto the world stage. At the same time, the world found itself divided into two heavily militarized camps led by the US and the Soviet Union. The winding up of the West's colonial empire gave rise to numerous conflict situations across the globe and the prospects of a nuclear holocaust were very real in the first decades of India's independence. As a keen observer of the international political scene, Nehru had developed an acute distaste of power blocs which was also in keeping with the country's founding father Gandhiji's principle of non-violence. Consequently, along with a number of major global leaders such as Sukarno, Nkrumah, Nasser and Tito, Nehru enunciated the Non-Aligned Movement. Our stand against being drawn into the ideological or strategic orbits of either superpower, and in favour of charting our own independent domestic and foreign policies, had a great resonance with the newly independent nations of Asia, Africa and Latin America in the first decades of our independence.

Unfortunately, the West, particularly the US, misread our desire for preserving our strategic space and by its unhelpful stance on our border problems with Pakistan and China pushed us closer to the Soviet bloc. Following the end of the Cold War and the demise of the Soviet Union, India was perforce obliged to rethink its foreign policy imperatives. Some analysts have described India's post-1991 efforts at forging pragmatic relationships with the United States, the European Union, Russia, Japan, Israel, Brazil,

South Africa and the economically dynamic states of South East Asia as a policy of multi-alignment. The India-Africa Summit meet in May this year is an example of India's reaching out to the resource-rich countries of this vast continent with which it shares a history of colonial exploitation and now seeks to forge an equal and mutually advantageous partnership. A similar reaching out would, hopefully, follow toward the countries of Hispano America, where a beginning has been made through the signing of a PTA with the MERCOSUR countries.

The new foreign policy has not only addressed our security concerns but has also helped support the opening up of the Indian economy and its steady integration with the global economy. The economic crisis of 1991-92 compelled the government of the day to dilute the licence-permit raj that had dominated the economy till the early 1990s. Prime Minister Narasimha Rao and his Finance Minister, Dr. Manmohan Singh, dramatically cut governmental subsidies, reduced tariff rates and quotas, rationalized industrial regulations and devised policies to make much-needed foreign investment welcome. In its endeavour to resuscitate the economy, India received unexpected support from its own diaspora, which had settled in greener pastures during the socialist era and had made good. The role of the NRIs in projecting India abroad and in channelizing lucrative foreign contracts in the direction of Indian companies, especially the ones dealing with IT-related services, is a saga of its own. The chronicling of the role played by Indian software engineers in the US and elsewhere in averting the Y2K global meltdown still remains to be done. The pink slips handed out to many of these unsung heroes in the aftermath of the dotcom bubble burst led to several of them returning to India with their additionally acquired skills and, more importantly, linkages to US companies, especially in the Silicon Valley. The reverse brain drain of these so-called techies coinciding with India's gradual embrace of globalization led to the explosive growth of IT companies such as the TCS, Wipro, Infosys, etc., making India the world's back-office.

In one of his columns in the *Times of India* earlier this year, the economist Swaminathan Aiyar highlighted the role played by India's private sector in projecting the country's global image. As stated by him, in 1990, India was an economic basket case and although it tried to project itself as a Third World leader at international conferences, other developing countries saw India mainly as an expert drafter of documents and not as an economic or political role model. In the past twenty years, however, the situation has changed dramatically and the country is now widely believed to be a potential economic

superpower, a political counterweight to China, and a probable permanent member of the UN Security Council. This change, according to him, has been largely brought about through private sector initiative, with the government mainly playing a supportive role. While allowing for some degree of exaggeration in this interpretation, I do acknowledge that our entrepreneurs have played a sterling role in raising India's international profile.

When India first decided to open up its economy, there was widespread apprehension that the Indian industry would be simply swamped and taken over by the multinationals and that the country's markets would be flooded with foreign goods. This did not happen. While it is true that many foreign companies entered the Indian market with their products ranging from white goods to computers, digital cameras, cell-phones and automobiles, not to mention pizzas, burgers and sodas, they soon found that it made sense to set up production units in India itself and forge strategic alliances with Indian companies for production and marketing of components and accessories and eventually of the complete products themselves. Of course, we lag behind China, which started its reform process more than a decade before us, in attracting FDI or in generating exports. Apart from the delayed start, our economic model of basing growth on domestic demand is also qualitatively different from China's export-driven model. Also, given India's head start in the IT industry, the country has now become virtually the world's back-office in contrast to China's being the world's workshop. As foreign companies started to outsource many of their operations, from maintaining pay-rolls to managing inventories to India, the expression "being Bangalored" entered the American lexicon. Today, many of the Fortune 500 companies of the US have set up shop in India, and multinationals like IBM and Accenture are reported to have more employees in India than in the US. The growing strength of India's knowledge-based industry already covers the multi-billion dollar pharmaceutical sector, making the country the global hub for generic drugs.

The global financial meltdown of 2008-9 no doubt took India by surprise but the resilience of the economy was such that the country's growth rate suffered far less than that of the developed world and is currently coasting along in the range of 8 to 8.5 per cent annually, second to that of the only other comparable global economy, i.e. China. In the first decade of the new millennium, Indian industrial houses have become global majors through their extensive foreign acquisitions. L.N. Mittal's Arcelor is today the world's biggest steel producer. Tata Steel has taken over the British Corus, a company six

times its size. Tata Motors acquired and turned around Jaguar's Land Rover, after Ford and BMW had failed to do so. Birla has acquired Novelis to become a global name in aluminium. Jindal Steel is building Bolivia's first steel plant, Essar has bought refineries in Kenya and Bharti Airtel is now providing telecom services in fifteen African countries after taking over Zain's operations. Indeed, as rightly observed by Swaminathan Aiyar, with an overseas investment of over (US) \$80 billion in the first decade of the twenty-first century, India is said to hold a sort of world record in outward foreign investment as a proportion of its GDP.

In her address to the Harvard University on India's global role, in September 2010, Foreign Secretary Nirupama Rao stated, "Driving our foreign policy priorities and our desire for strategic autonomy are factors of external security, internal security, the need for sustained economic growth, our energy security, maritime security and access to technology and innovation." She went on to say that India is too large a country to be dovetailed into any type of alliance and in order to modernize the country, we need to develop balanced strategic partnerships with all major powers.

India is acutely aware that in order to enjoy growth and security it must promote, in turn, a prosperous and secure neighbourhood. The closeness and contiguity of the borders that we share with our seven neighbours who together with us make up the South Asian Association for Regional Cooperation oblige us to work towards common goals on issues such as food security, health, poverty alleviation, climate change, disaster management, women's empowerment and sustainable economic development. In our quest for a congenial neighbourhood, we have made unilateral gestures such as duty-free access to our markets for imports from Bangladesh, Nepal and Bhutan, and have entered into a Free Trade Agreement with Sri Lanka. We have also assumed asymmetric responsibilities within the framework of SAARC. It is a matter of great regret that irreconcilable Indo-Pak differences over issues outside the purview of SAARC, namely, Pakistan's Kashmir fixation and its use of terrorism as a state policy to compel us to make untenable territorial and political concessions, have prevented the organization from becoming the world's largest socio-economic grouping in a meaningful manner.

Even though India and China have moved a long way since the armed border conflict of 1962, and serious efforts have been made by the two sides to improve relations including the signing of an Agreement on Maintenance of

Peace and Tranquillity along the Line of Actual Control in the Sino-Indian border areas in 1993, a certain wariness remains. Chinese activities in Aksai Chin and Pak-occupied Kashmir, their growing assertiveness vis-à-vis Arunachal Pradesh, issue of stapled visas to Indian citizens living in Jammu and Kashmir and in Arunachal Pradesh, apart from their strategic cooperation with Pakistan, are all factors that impede closer relations. The principal silver lining in the relationship is the phenomenal growth in bilateral trade which crossed \$60 billion in 2010 and is expected to reach \$100 billion by 2015. China is already India's number one trading partner and it is hoped that the economic opportunities that the two countries offer each other will override the current trust deficit in time.

No bilateral relationship of India is, of course, more important than the one with the United States. Until the 1990s, Indo-US relationship had been mostly frosty and Dennis Kux of the Woodrow Wilson Centre even wrote a book entitled *India and the United States: Estranged Democracies 1941–1991*. India's commitment to non-alignment, its perceived leaning towards the Soviet bloc, and America's military and strategic relationship with Pakistan vitiated the prospects of US-India understanding during much of the Cold War period. According to Professor Sumit Ganguly of Indiana University, it was only after the dissolution of the Soviet Union that India evinced an interest in forging a new relationship with the US and the latter in turn proved to be more forthcoming because of India's embrace of a market-oriented strategy of economic development. Even though this nascent relationship suffered a setback as a result of India's 1998 nuclear tests, through deft and tenacious diplomacy New Delhi not only managed to have the bulk of the sanctions lifted within two years of the tests but also used the ensuing bilateral dialogue with the United States to fashion a vastly improved relationship.

While the improvement of relations had started with the second Clinton Administration, the Bush Administration, which had fewer concerns about India's ongoing nuclear and ballistic missile programmes than its predecessor, sought to craft a wider defence and security partnership with India. The improved relationship affects four key areas of strategic concern for India, namely civilian nuclear technology, dual-use high technology, space research and ballistic missile defence. In fact, the most significant outcome of this Indo-US rapprochement has been the critical bilateral accord on Civilian Nuclear Energy Cooperation in 2008 that ended years of nuclear apartheid practised against India for its principled opposition to the discriminatory NPT and its indefinite extension in 1995.

India is located in a rough neighbourhood. According to the *Foreign Policy* journal, as many as six of its close neighbours qualify as failed states including one with nuclear weapons. It also has an unsettled boundary problem with a nuclear-powered China, which is often portrayed as the next superpower. All this means that India must have a robust military capability for defending the country's extensive land and maritime boundaries, not to mention its vast maritime EEZ. We have always preferred dialogue over conflict in resolving our territorial and security issues so much so that foreign analysts like Stephen Cohen have lamented that since independence India has been largely following a policy of strategic restraint and not doing enough to assert itself, both regionally and globally. However, there are many others who feel that the security of India ultimately depends on the welfare of its own people and on the sense of inclusiveness and well-being they have. Other than that, India needs to work closely with the community of nations to prevent a serious outbreak of conflict. In this context, India's stated nuclear doctrine of no first use while retaining the capability of a second strike based on a credible nuclear deterrence meets our security needs for the present. Ideally, of course, India would like to see the world embracing a nuclear-weapon-free regime that is universal, comprehensive, non-discriminatory and verifiable.

India is currently engaged in discussions over a range of global issues whose eventual outcomes would profoundly impact on its international standing. The Doha Round, climate change, reform of the UN system including the expansion of the UN Security Council, the future of nuclear weapons are all matters of critical importance to us. Given its size and negotiating skills, India is a key player in all these discussions and is being assiduously wooed by different camps. Even though the ideological extremes of the Cold War era have largely dissipated, the world is still far from becoming at peace with itself. If anything, the divisions between the haves and the have-nots have sharpened over time and there is a real risk of large chunks of the world becoming politically and economically irrelevant. India will have to use its age-old wisdom and moderating influence in preventing the world from getting divided afresh and seek holistic solutions to the challenges facing humanity today. India can address these issues more effectively only if it is able to resolve the many contradictions and inequities that exist within its own borders. The current gap between modern India and traditional Bharat will have to be bridged to the extent possible, if India were to speak with a coherent voice on global issues. Being home to a sixth of humanity and representing every possible

diversity, India is uniquely positioned to come up with solutions with universal appeal. India can, indeed, become the consensus builder of the world.

Since India has no territorial ambitions other than defending its own borders and is largely guided by the principles of Panchsheel in its dealings with other nations, including its immediate neighbours, the rise of India is globally viewed as benign. In fact, India's considerable soft power, a term first coined by the Harvard academic Professor Joseph S. Nye Jr., gives it an influence far greater than its economic and military capabilities. The land of Gautama Buddha and Mahatma Gandhi is held in high regard for its millennial message of peace, compassion and brotherhood of men. Other aspects of Indian civilization – its rich literature and philosophy, art and culture, music and dance – all have an immense universal attraction. The influence of Bollywood today exceeds even that of Hollywood in large swathes of Asia and Africa and the popularity of Indian cuisine has spread across the globe so much so that chicken tikka and naan have become the national dish for many Englishmen, our erstwhile rulers. The 25-million strong Indian diaspora has helped to spread the message of India across the globe; and whether they are software technicians in the Silicon Valley, doctors working for the British National Health System or construction workers in Dubai and Riyadh, the image they project makes one proud of being an Indian. In conclusion, it could be said that as long as we nurture our democratic polity, our inclusive and pluralist culture, and endeavour to ensure that no one is left behind, India's march towards global pre-eminence, if not superpower status, cannot be halted.

For a country whose very survival as a modern nation state was doubted by many in the years before and after our independence, India has come a long way in establishing itself as a key player on the international scene. At the same time, despite numerous flaws in the manner of its governance India has largely succeeded in forging a nation from the diverse elements within its physical borders. India has never been and most likely will never be a nation state after the Western model. It is quintessentially a civilizational state and consequently its moral and cultural boundaries extend far beyond its physical frontiers. India's footprint is thus visible not only through the length and breadth of the subcontinent but also in vast areas of West, Central and South East Asia, Africa and parts of Europe, North America and the Caribbean. India was the brightest jewel in the British crown during the days of the Raj and the British Indian army maintained peace from the Suez to Hong Kong. Interestingly enough, even to this day, by far the largest contingents of the UN Peacekeeping Forces are drawn from the three countries that had

constituted British India. Loss of India has reverted Britain to its erstwhile status of a small island state on the periphery of the European continent. India, on the other hand, is on the verge of reviving its golden age. Mistakes made in the past led to our fall from glory and eventual enslavement. We need to exercise eternal vigilance to ensure that the gains of the recent decades are not frittered away but consolidated and built upon. We owe this to our future generations.