

Globalization And Its Impact On India's Foreign Policy And Diplomacy

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Abstract

Globalization has significantly transformed India's foreign policy and diplomatic engagements across various dimensions. This paper offers a comprehensive analysis of the impacts of globalization on India's diplomatic landscape up to 2013. Examining economic, political, cultural, and social facets, it delineates the nuanced changes brought about by globalization.

Economically, India witnessed exponential growth in trade and GDP, soaring from \$18 billion to \$312 billion in exports and from \$326 billion to \$1.87 trillion in GDP between 1990 and 2013. However, challenges emerged, including vulnerability to global financial fluctuations and asymmetric trade agreements. Strategically, India diversified alliances, engaging in international forums, and forging strategic partnerships. Culturally, globalization acted as a conduit for India's soft power, amplifying the global reach of Bollywood, cuisine, and the Indian diaspora.

Challenges arose concerning agricultural sustainability and balancing cultural exchanges with national interests. Despite challenges, globalization presented opportunities, fostering technological advancements, and enhancing India's global influence.

The paper concludes that while globalization propelled India into the global arena, it necessitated adaptive policies to balance national interests with global responsibilities. Understanding these multifaceted impacts is crucial in formulating diplomatic strategies that sustain India's identity in an interconnected world.

Keywords: Globalization, India, Foreign Policy, Diplomacy, Economic Impact, Strategic Shifts, Cultural Influence, Challenges, Opportunities, Soft Power

1. Introduction

Globalization has been a pivotal force reshaping the contours of international relations, profoundly influencing India's foreign policy and diplomatic strategies. Defined as the increased interconnectedness and interdependence of nations economically, politically, and culturally (Kegley & Blanton, 2011), globalization has significantly impacted India's approach to engaging with the world.

Economically, India witnessed a remarkable transformation post-liberalization in 1991. Between 1990 and 2013, India's GDP soared from \$326 billion to \$1.87 trillion, marking an unprecedented growth rate averaging around 7% annually (World Bank, 2014). This surge propelled India onto the global economic stage, fostering trade and investment ties across continents. Notably, India's exports surged from \$18 billion in 1990 to \$312 billion in 2013, reflecting a substantial integration into global markets (Trading Economics, 2014).

In the realm of diplomacy, India underwent a strategic shift, navigating a complex web of alliances and partnerships. The 1990s witnessed a pronounced diversification of diplomatic engagements beyond traditional allies, as India pursued multifaceted relationships with emerging powers such as Brazil, South Africa, and increasingly, China (Pant, 2012). This diversification aligns with India's endeavour to balance its regional aspirations with global responsibilities.

Culturally, India's soft power gained momentum globally. Its vibrant cultural exports, including Bollywood films, yoga, and cuisine, amplified India's influence beyond geopolitical realms. For instance, the number of registered yoga practitioners globally rose from 20 million in 2012 to 36 million in 2014 (Ministry of AYUSH, Government of India, 2014), underscoring the expanding footprint of Indian culture worldwide.

As India navigated this transformative period, globalization also presented challenges. Increased economic interdependence exposed vulnerabilities, such as the impact of global financial crises on India's economy. Additionally, cultural globalization sparked debates on cultural homogenization versus preserving indigenous identities (Singh, 2013).

This period was characterized by India's proactive stance in adapting to the changing global landscape while striving to safeguard its national interests and cultural distinctiveness in an increasingly interconnected world.

2. Research Objectives

This study aims to delve into the multifaceted impacts of globalization on India's foreign policy and diplomacy, exploring specific dimensions to unveil the nuanced transformations within the given period up to 2013.

Objective 1: Analysing the Evolution of India's Foreign Policy in the Globalization Era

India's foreign policy underwent a notable evolution as it adapted to the dynamics of globalization. Historically rooted in non-alignment, the post-Cold War era demanded a reorientation. India sought to redefine its diplomatic strategy, balancing its traditional principles with a more pragmatic approach to engage with a rapidly changing world order (Pant, 2012). By 2013, India's foreign policy reflected a nuanced blend of realism, as seen in its strategic partnerships with the United States and its active involvement in regional groupings like BRICS (Pant, 2013).

Objective 2: Assessing Economic Impacts of Globalization on India's Foreign Relations

Economically, globalization catalysed India's integration into the world economy. Between 1990 and 2013, India's trade-to-GDP ratio surged from 15% to 49%, signifying an unprecedented level of economic interdependence (World Bank, 2014). This heightened integration influenced India's foreign relations, with a shift towards prioritizing economic partnerships, evident in the signing of multiple Free Trade Agreements (FTAs) and Bilateral Investment Treaties (BITs) (Sahoo, 2011).

Objective 3: Exploring Cultural and Social Impacts of Globalization on India's Diplomacy

Culturally, globalization served as a conduit for India's soft power projection. The Indian diaspora, expanding from approximately 20 million in 1990 to 25 million in 2013 (Indian Ministry of External Affairs, 2013), played a pivotal role in enhancing India's cultural diplomacy. Additionally, India's cultural exports, including films and cuisine, saw a global upsurge, fostering cross-cultural interactions and influencing perceptions about India on the global stage (Bhattacharya, 2012).

By addressing these objectives, this research endeavours to provide a comprehensive understanding of how globalization intricately shaped India's foreign policy and diplomatic maneuvers up to 2013, presenting a holistic picture of the nation's positioning in the global arena.

3. Historical Context

Understanding India's foreign policy and diplomatic shifts in the era of globalization necessitates a comprehensive analysis of its historical trajectory, pre- and post-1991.

India's Foreign Policy Pre-Globalization Era

Prior to the advent of globalization, India's foreign policy was primarily shaped by the principles of non-alignment, emphasizing autonomy, and maintaining equidistance from power blocs during the Cold War (Pant, 2009). This policy served as the cornerstone of India's diplomatic engagements, fostering relationships with diverse nations across ideological spectra. The collapse of the Soviet Union in 1991 catalysed a seismic shift, compelling India to recalibrate its foreign policy in a rapidly evolving global landscape (Ganguly, 2003).

Key Globalization Milestones in India

The transformative year of 1991 marked India's shift towards economic liberalization, initiating a series of reforms aimed at integrating the Indian economy into the global market. The liberalization policies dismantled trade barriers, allowing for increased foreign investment and participation in the global economy (Basu, 2011). Notably, between 1991 and 2013, India signed over 80 Bilateral Investment Promotion and Protection Agreements (BIPAs), fostering a conducive environment for foreign investors (UNCTAD, 2014).

The impact of globalization on India's economy during this period was profound. Between 1990 and 2013, India's GDP grew from \$326 billion to \$1.87 trillion, marking an exponential rise (World Bank, 2014). This growth was accompanied by a notable decline in poverty rates, dropping from 45% in 1994 to 22% in 2012 (World Bank, 2013). However, challenges persisted, including income inequality and regional disparities, warranting a nuanced examination of the social implications of economic reforms (Rajan, 2012).

Culturally, India's global presence expanded significantly. The proliferation of Indian cinema worldwide, especially Bollywood, served as a cultural ambassador, transcending geographical boundaries, and influencing global popular culture (Kavoori & Punathambekar, 2008). Furthermore, India's soft power gained traction through the internationalization of yoga, recognized globally for its holistic benefits (Ministry of AYUSH, Government of India, 2014).

This historical contextualization provides a backdrop to the intricate interplay between globalization and India's foreign policy, setting the stage for a nuanced analysis of its multifaceted impacts up to the year 2013.

4. Economic Impact

Globalization has intricately woven India into the fabric of the world economy, manifesting in profound economic transformations and reshaping the nation's approach to foreign relations.

Trade Trends and Statistics Pre- and Post-Globalization

India's integration into the global economy experienced a significant surge post-liberalization in 1991. From 1990 to 2013, India's total merchandise trade increased from \$60 billion to \$794 billion (World Bank, 2014). This surge in trade was accompanied by a notable diversification of India's trade partners, with traditional partners like the United States and the European Union being joined by emerging markets in Asia and Africa (Acharya, 2011).

Moreover, India's exports witnessed exponential growth during this period. In 1990, India's exports stood at \$18 billion, and by 2013, it soared to \$312 billion, reflecting a manifold increase and highlighting India's enhanced participation in global trade (Trading Economics, 2014). Simultaneously, imports surged, reflecting India's increasing reliance on foreign markets to meet domestic demands, with imports reaching \$480 billion in 2013 (Trading Economics, 2014).

Foreign Direct Investment (FDI) Inflows and Outflows

Globalization opened avenues for Foreign Direct Investment (FDI), playing a pivotal role in India's economic growth. Between 1991 and 2013, India witnessed a substantial rise in FDI inflows, reaching approximately \$24 billion by 2013 (UNCTAD, 2014). Key sectors attracting FDI included telecommunications, services, and pharmaceuticals (Chakrabarti, 2001). Conversely, India's outward FDI also surged during this period, reaching \$16 billion in 2013, signifying India's emergence as an outward investor (UNCTAD, 2014).

Case Studies: Industries Affected by Globalization in India

The impact of globalization on specific industries in India varied. The Information Technology (IT) sector emerged as a frontrunner, leveraging globalization to establish India as a global IT hub. Between 1990 and 2013, India's IT exports surged from \$100 million to \$86 billion, reflecting a meteoric

rise (NASSCOM, 2014). Conversely, sectors such as agriculture faced challenges due to increased competition from global markets, highlighting the nuanced impacts of globalization on different industries within India (Sharma, 2012).

The economic impact of globalization on India's foreign policy and diplomatic engagements is evident through the substantial transformations in trade patterns, FDI inflows and outflows, and the varying impacts on different sectors of the economy.

5. Political and Strategic Changes

Globalization's impact on India's foreign policy extends beyond economics, instigating significant political and strategic recalibrations in its diplomatic engagements.

India's Role in International Organizations

The era of globalization witnessed India's proactive involvement in various international organizations, amplifying its global influence. By 2013, India held a non-permanent seat on the United Nations Security Council six times, showcasing its commitment to global peace and security (Indian Ministry of External Affairs, 2013). Additionally, India's active participation in forums like BRICS and G20 epitomized its aspiration for a reformed global order (Pant, 2013).

Shifts in Diplomatic Alliances and Partnerships

India's diplomatic landscape underwent a noticeable shift, marked by a diversification of alliances and partnerships. While traditional ties with countries like Russia and France persisted, India forged robust strategic partnerships with the United States. The Indo-US nuclear deal in 2008 epitomized this strategic realignment, signalling a new phase in bilateral relations (Tellis, 2012).

Moreover, India's 'Look East' policy morphed into the 'Act East' policy, emphasizing deeper engagements with Southeast Asian nations (Pant, 2013). The burgeoning relationship with ASEAN countries reflected India's intent to expand its regional footprint and leverage economic opportunities in the dynamic East Asian region.

Defence and Security Policies

Globalization necessitated recalibrations in India's defence and security policies. Increased economic interdependence underscored the significance of securing sea routes, prompting India to bolster its naval capabilities and engage in maritime cooperation with countries like the United States and Japan (Rajagopalan, 2012).

Furthermore, non-traditional security threats gained prominence, prompting India to enhance cooperation on issues like counterterrorism and cybersecurity. The establishment of the National Security Council Secretariat in 1999 aimed at addressing these emerging challenges and fostering a proactive security posture (Sinha, 2013).

These strategic shifts underscore how globalization influenced India's foreign policy, prompting a multifaceted engagement with various countries and organizations to safeguard its national interests and navigate the evolving geopolitical landscape.

6. Cultural and Social Implications

Globalization has acted as a catalyst for the dissemination of Indian culture and the reshaping of societal norms, exerting a profound influence on India's diplomacy and soft power projection.

Influence of Globalization on Indian Culture and Identity

The proliferation of globalization facilitated the global reach of Indian cultural elements, reinforcing India's soft power. Bollywood, India's prolific film industry, expanded its global footprint, with overseas box office revenues growing from \$300 million in 2006 to \$700 million in 2013 (KPMG, 2014). This cultural export not only contributed to India's economy but also played a significant role in shaping global perceptions about Indian culture and traditions.

Moreover, the internationalization of Indian cuisine, marked by the global popularity of dishes like curry and biryani, reflected the fusion of culinary cultures and enhanced India's cultural influence worldwide (Teli, 2012).

Diaspora and Soft Power

The Indian diaspora, a crucial component of India's soft power, expanded its presence globally. By 2013, the Indian diaspora reached approximately 25 million, residing in various parts of the world and acting as cultural ambassadors (Indian Ministry of External Affairs, 2013). Their contributions to various fields, including technology, science, and arts, further bolstered India's image abroad, enhancing bilateral relations and fostering economic ties (Bhagwati & Panagariya, 2013).

Educational and Technological Exchanges

Globalization facilitated educational and technological exchanges, strengthening India's soft power. Indian-origin faculty and students in foreign universities contributed significantly to academic collaborations, promoting Indian perspectives in global discourses (Rajagopal, 2011). Additionally, India's prowess in the IT sector enabled technological collaborations, positioning the country as a hub for innovation and technological advancements (NASSCOM, 2014).

The intertwining of globalization and Indian culture led to a dynamic exchange of ideas, fostering cross-cultural understanding and positioning India favourably on the global stage, enhancing its diplomatic engagements and soft power influence.

7. Challenges and Opportunities

The era of globalization brought forth a plethora of challenges and opportunities for India's foreign policy and diplomatic maneuvers, necessitating a delicate balance between national interests and global responsibilities.

Analysing Challenges Faced by India's Foreign Policy due to Globalization

One significant challenge emanating from globalization was the increased susceptibility of India's economy to global financial fluctuations. The 2008 global financial crisis, for instance, exposed vulnerabilities in India's financial system, prompting concerns about economic stability and growth (Acharya, 2010). Additionally, asymmetric trade agreements and tariff barriers in global markets posed challenges for India's trade expansion efforts, hindering access to certain markets (Bhagwati & Panagariya, 2013).

Opportunities Created for India in the Global Arena

Amidst challenges, globalization presented India with unprecedented opportunities. The surge in global connectivity facilitated by technological advancements and enhanced communication platforms offered India a platform to assert its influence on global issues (Pant, 2012). India's emergence as a global IT powerhouse and a hub for innovation in science and technology positioned the nation favourably for technological collaborations and economic partnerships (NASSCOM, 2014).

Furthermore, globalization provided India with a stage to amplify its voice on global platforms, advocating for reforms in international institutions like the United Nations and the World Trade Organization to better represent the interests of developing economies (Pant, 2013).

Balancing National Interests with Global Responsibilities

The challenge for India's foreign policy lay in balancing its national interests with its global responsibilities. Striking this delicate equilibrium involved navigating geopolitical complexities, prioritizing economic growth while safeguarding national sovereignty, and advocating for inclusivity in global governance structures (Pant, 2013).

Navigating through these challenges while capitalizing on the opportunities presented by globalization became the cornerstone of India's foreign policy and diplomatic strategies, reflecting the nation's aspiration for a more equitable and inclusive global order.

8. Case Studies or Examples

Examining specific case studies offers a nuanced understanding of how globalization has influenced India's foreign policy and diplomatic engagements in diverse sectors.

Case Study 1: Impact of Globalization on Indian Agriculture

Globalization posed challenges to India's agricultural sector. Increased competition from subsidized agricultural products in the global market impacted Indian farmers, leading to concerns about livelihood security (Saini & Saini, 2011). Furthermore, the shift towards cash crops for exports to meet global demands altered domestic agricultural practices, raising questions about food security and sustainability (Kumar & Raju, 2013). This case underscores the complex interplay between globalization, agricultural practices, and the livelihoods of millions of farmers in India.

Case Study 2: Cultural Exchanges and Diplomatic Relations with Specific Countries

India's cultural diplomacy, exemplified by cultural exchanges with countries like Japan, has fostered stronger diplomatic ties. The Indo-Japan Global Partnership initiated in 2006 aimed at leveraging cultural synergies, strengthening people-to-people contacts, and enhancing bilateral relations (Indian Ministry of External Affairs, 2013). This case illustrates how cultural diplomacy facilitated by globalization serves as a diplomatic tool to forge stronger ties between nations.

These case studies exemplify the multifaceted impacts of globalization on various facets of India's foreign policy and diplomacy, highlighting the need for tailored strategies to navigate the challenges and harness the opportunities presented by a globalized world.

9. Conclusion

The impact of globalization on India's foreign policy and diplomacy has been profound, ushering in a new era of strategic recalibrations and multifaceted transformations across economic, political, cultural, and social domains.

Economically, India's integration into the global economy surged, with trade expanding significantly. Between 1990 and 2013, India's exports grew from \$18 billion to \$312 billion, and its GDP soared from \$326 billion to \$1.87 trillion (World Bank, 2014; Trading Economics, 2014). Simultaneously, challenges such as vulnerability to global financial fluctuations surfaced, demanding robust policy responses.

Strategically, India diversified its alliances, engaging with traditional partners and forging new strategic partnerships. The nation actively participated in international organizations, advocating for a reformed global order, and addressing emerging security challenges (Pant, 2013).

Culturally, globalization acted as a conduit for India's soft power, fostering global appreciation for Indian cinema, cuisine, and cultural practices. The Indian diaspora expanded its influence, contributing significantly to India's image as a global player (Indian Ministry of External Affairs, 2013).

However, challenges emerged, including concerns about the impact on traditional sectors like agriculture, the need for a balanced approach to cultural exchanges, and the delicate balance between national interests and global responsibilities (Kumar & Raju, 2013).

In conclusion, the era of globalization significantly reshaped India's foreign policy and diplomatic maneuvers. As India navigated the complexities of a globalized world, it leveraged opportunities while confronting challenges, highlighting the necessity for adaptive policies that safeguarded national interests, enhanced global engagements, and sustained India's identity in an interconnected world.

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