



Harnessing Soft Power: India's Service Sector As A Strategic Tool Of Influence

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Abstract

Soft power in the times of a multipolar world is looked upon as a tool to attain desired outcomes without being coercive or aggressive in nature. In the ongoing times of regional wars between Iran - Israel , Russia-Ukraine , Syrian civil war , conflicts in the Sahel region of Africa and the Horn of Africa it has become even more crucial to concentrate on tools like soft power in order to maintain peace and security in the world . India being one of the emerging world powers does hold a lot of potential with regards to soft power in terms of culture ,values, diaspora, heritage , service sector etc . In this research paper we are going to explore the potential that India's service sector holds as a tool for soft power . This is an attempt to analyze several ways in which India can utilize its service sector as a tool to influence decisions of other countries. We will be looking at the reasons why service sector is providing better opportunities in future as a soft power tool to India compared to the other two sectors of the economy that is the primary and secondary sector. In a nutshell India's service sector holds huge potential in terms of soft power and this potential is yet to be explored. This paper also suggests ways to enhance India's soft power capacity in service sector and become a responsible world leader.

Introduction

I. What is Soft Power?

The term Soft Power was coined by a Political Scientist Joseph Nye Jr. in the year 1980, he defined it as the Country's ability to influence others without opting for coercive pressure. Joseph Nye differentiates between two types of power. Hard power according to Joseph Nye Jr. is 'the ability to get others to act in ways that are contrary to their initial preferences and strategies'. On the contrary, soft power is the ability to get 'others to want the outcomes that you want', and more particularly 'the ability to achieve goals through attraction rather than coercion'.

Persuasion and influence are the true essence of exercising soft power in international politics. Soft Power, according to Joseph Nye, does not revolve around the Government of the state; it has a decentralized character to it. Soft Power vests with people, organizations, NGOs, etc. This does not at all mean that the Government is not a stakeholder when it comes to exercising soft power, the Government is considered one of the organizations and not the only organization that can exercise soft power. Soft power can be considered more sustainable as it relies mostly on persuasion and is based on consent. It is also considered to be "free" in nature as compared to the hard power which is costly both financially and politically. Soft Power helps build stronger and friendly relations with other countries, unlike use of hard power which disrupts the relations between nations.

Thus, soft power is a very important tool in the hands of the nation to exercise power and influence in the international world order.

II. What is the Service Sector?

"The services sector includes a broad spectrum of activities ranging from the most sophisticated information technology (IT) to simple services provided by the unorganized sector, such as those by barbers, plumbers, and carpenters. It encompasses trade, hotels and restaurants, transport, storage and communication, financing, insurance, real estate, business services, community, social and personal services, and services associated with construction." (E-Chap-10-12.Pmd, n.d.)

Service sector generally means business related to providing of services and are not concerned with providing physical services. This includes sectors like IT, Education, Healthcare, Banking, Tourism, Telecommunication etc. The service sector is considered to be India's future. The services sector is the largest contributor to India's GDP, accounting for around 53% of Gross Value Added (GVA) in 2023-24.(Echapter.Pdf, n.d.) In the times of such competitive world dynamics it is even more important for India to use every possible tool in hand to create impact and influence other countries decision or stance. According to

one of the news article “around 11% growth in services exports has helped overall trade deficit contract to \$20.3 billion; current export growth on track to beat last year’s record figures of \$825 billion.”(Bureau, 2025). India's trade surplus in its service sector acts as a cushion against the trade deficit in its primary and secondary sectors. Let us further explore a few prominent segments of the service sector that can act as a strategic tool in order to harness India's potential in the international sphere . Service sector of India is its strength and it should be harnessed as a tool to exercise its soft power. First let us explore to why India should focus on developing its service sector and the reasons why it will act has a better choice as a tool to harness soft power.

Why does the Service Sector offer a more effective avenue for leveraging soft power than the Primary (Agriculture) sector or Secondary (Manufacturing) Sector?

The service sector as we have already discussed is based on providing services, the other two sectors on the contrary are based on resources, for example Agriculture (Primary Sector) is dependent on land as resources, which is limited in nature. Same is with the Manufacturing Sector (Secondary Sector) which depends on the primary sector for availability of resources. Because of its dependency on the resources which are limited in nature and have a fluctuating nature of supply, it becomes dicey to depend on these two sectors as a tool to harness soft power. The service sector on the contrary is more of a long term investment as it depends on the development human resources. Human resources are more sustainable compared to other naturally found resources especially in India’s case. Human resources can be enhanced by providing vocational training, imparting education, encouraging research and development, etc.

According to Reserve Bank of India (RBI), Annual Report 2022–23 Service Sector has grown at a faster rate compared to the other two sectors. It grew at 9.1% in 2021–22 and 8.4% in 2022–23, surpassing both primary and secondary sectors. There are ample of reasons for the growth of the service sector in India, but the most important reason is the demographic dividend that India has. This demographic dividend not only offers a lot of human resources that is required in the field of education and hospitality business but also provides bright minds that are required in the research and development field of the service sector. The investment done in the human resources is comparatively sustainable in nature and will have long term positive outcomes in the future. Professionals like Doctors, Teachers, Researchers , Lawyers , Hospitality Staff, Bankers , Consultants etc. that form the backbone of the service sector, can be nurtured and enriched with help of right opportunities and training . According to UN World Population Prospects (2022 Revision) India is projected to add over 183 million people to the working-age group between the years 2020–2050. This data is a wakeup call for India to start taking the right steps in the direction and make 183 million people an asset for India. As of 2023, over 53% of the working-age population (15–59 years) is employed in services and related occupations.(AnnualReport_PLFS2023-24L2.Pdf, n.d.) This showcases that the service

sector in India is capable of providing more opportunities to the Indian Youth than the other two sectors of the economy. Since the Service sector provides greater opportunities to the youth of the country it gives more of a reason for India to enhance the capacities that its service sector has to offer. This does not mean that India should neglect the other two sectors of the economy, but focusing on the strength and improving on the weakness should be the strategy adopted by India to have influence in world politics. As the economy forms the backbone of any country, India should look forward to becoming a super power by exploring the vast potential that its service sector has to offer. With the growth of Artificial intelligence and technological advancement it is foreseen that human might be replaced by machines, especially in the secondary sector. Service sector being centered on providing services and based on human skills and expertise, it will be difficult for AI to replace human in the service sector. AI developers form the part of Service sector, so development of AI is providing humans with more opportunities rather than acting as a threat to human livelihood, especially in the service sector. For Example, Mental Health care and therapy, early childhood education, creators of AI, Healthcare (nursing, elder care, palliative care, etc), creative Profession (deeply personal art, music, film directors, etc) are just few of the professions that cannot be replaced by AI and majority of these professions form the part of service sector. Also the increasing tilt of the world towards hi-tech facilities and technologies like Internet of things getting prominence along with the shift towards digitalization and advancement of services like online payment, entertainment platforms, e-commerce services, etc has opened new avenues in various fields of the service sector. It has become very evident that the Service Sector is the new future in world politics and the best tool to harness soft power, which might also lead to India developing its own hegemony in the international sphere with help of its service sector. Now let us further explore the scope that India's service sector has to offer as a tool to harness soft power.

Soft Power Through Knowledge Economy

Because of its vast population of young, highly skilled individuals, India has been embracing its soft power to become a major player in the global knowledge economy in the age of digital technology. It has also become a hub for software development, IT services, and digital innovation. In addition to attracting investments from multinational IT behemoths, the nation's thriving tech sector has also developed a pool of highly qualified individuals who are spearheading the worldwide digital transformation of businesses. The potential of India's intellectual resources is demonstrated by the global success of Indian IT businesses and the general level of service provided by Indian experts in Silicon Valley. Additionally, the nation is now an information powerhouse due to the emphasis on research and education in the digital age. High-end institutions like the Indian Institutes of Management (IIMs) and Indian Institutes of Technology (IITs) have created a generation of skilled professionals and specialists who are setting the standard for innovation, business, and technology.

India's standing in the international community is greatly enhanced by the focus on education and skill development, which also satisfies the demand for knowledge and innovation worldwide. India's role as a major player in digital innovation is further highlighted by the country's tech contribution to global behemoths like Google, Microsoft, and IBM. A number of companies have experienced rapid growth as a result of the growing emphasis on digital innovation, and Bengaluru, sometimes referred to as India's Silicon Valley, has served as a hub for tech startups and entrepreneurship.

Indian education system not only consists of modern tech education but also consists of Indian Knowledge System that includes knowledge with regards to Philosophy, ayurveda , architecture , law , yoga etc the world needs services associated with this knowledge , Therefore professionals like Yoga instructors , Ayurvedic doctors , Spiritual gurus , etc are gaining prominence in the world . Indian has a lot to offer to the world not only in terms of modernity but by bring back the ancient knowledge again into the main streams. Service sector includes providing services to the human kind and India with help of its Indian Knowledge System can create new services like courses for jyotisha, international gurukul style learning centers , Indian-backed ayurveda clinics, meditation retreats based on Indian traditions (Advaita, Bhakti, Zen, Vipassana), podcasts, YouTube series, and VR experiences of Indian epics and teachings , Global services promoting eco-conscious living inspired by Indian philosophy Exportable digital libraries of Indian medical, agricultural, linguistic, and ritual texts . This will help India to have an edge over other countries as this knowledge forms an integral part of Indian cultural and it will be difficult for other countries to replicate these services and India will indirectly have an edge over other countries in this sphere.

Strategic Diplomacy via Global Talent

According to the Ministry of External affairs 2024 report 35.42 million Indians are residing overseas . We see many Indian origins leading the world politics some prominent examples of this are Kamala Harris acting as the former Vice-President of America , Rishi Shaunak acting as the former Prime Minister of Britain , Leo Varadkar as former Prime Minister of Ireland , Pravind Jugnauth is a Mauritian politician and former Prime Minister , Chandrikapersad Santokhi is a Surinamese politician and former police officer and has also served as the tenth President of Suriname . These are just few of the personalities dominating the political sphere of influence and have their roots in India . There are many others who are dominating global corporations like Sundar Pichai - CEO of Google , Indra Nooyi - Former CEO of PepsiCo , Satya Nadella- CEO of Microsoft , Leena Nair - CEO of Chanel etc. All of them are examples of India's domination in the area of global talent. These personalities are generally assumed to have cultural connections and also symbolize India's human capital. They act as the ambassadors of India's growing dominance in the world . Even today Indian diaspora like being associated with Indian culture and tradition and take pride in having Indian roots. They play a key role in maintaining bilateral relations between the host country and India.

Indian youth today are considered to be an asset in the global market . Due to the multidiversity, importance of education and discipline in Indian households , presence of institutions like IITs , IIMs , IISc etc Indian youths have gained the reputation of being hardworking , adaptable and proficient enough . High end corporations want to hire as many Indians as possible .The US, UK, Japan, and more than 1200 other international leaders are keen in expanding their business ties with India.(Jay, 2023)

South-South Cooperation in Services

South-South Cooperation is coming from a place of symbiosis, common empathy , shared objectives and common vision . It is considered to be a manifestation of solidarity among the countries and its people . It is based on the principles of respect for national sovereignty , non-conditionality ,national ownership and independence, non-interference in domestic affairs and mutual benefit. These countries are generally nurtured with rich heritage and culture and have a lot to offer to each other . India should be the leader in providing countries of the south the required services in order to narrow the gap between the north-south. This will help India to gain loyalty and trust among the countries of the south. It will also help India to influence the countries of the south and have a collective stand on international issues. India's Service sector in the field of education , health , technology , tourism etc has a potential to form narratives among these countries that are favourable to India . South-South cooperation in the service sector will also ensure that there is less dependence of the countries of the south on the countries of the north , this will help them form a strong independent stand of their own and not be under any influence . Few examples of the south-south cooperation in the service sector are India-Africa Cooperation in Telemedicine and e-Education it was initiated by the Government of India in the year 2009 and includes 47 African Countries with the objective to share India's expertise in healthcare and education sector using Information and Communication Technology. Another great example is India's ITEC (Indian Technical and Economic Cooperation) Programme under which since 1964 , India has fully funded training programs in areas like IT, Public Administration, English language learning , renewable energy etc . Such initiatives by India in helping the countries of the south are very crucial in building India's image of a reliable and loyal ally . This trust will further strengthen India's stand in the world order. In this way India can exert its soft power by the means of its service sector capacities.

Health and Education Diplomacy

In India medical tourism is a top growth driver in the Union Budget 2025-2026. This very well shows that India has enormous potential when it comes to state-of-art medical care facilities. New initiatives like Heal in India by the Government of India was announced in order to encourage medical tourism with help from the private sector. According to industry statistics, 7.3 million foreign patients traveled to India for medical treatment in 2024, generating a \$7.69 billion medical tourism sector. At a cumulative annual growth rate (CAGR) of 13.23%, experts forecast that the sector will continue to rise, reaching \$8.71 billion in 2025 and nearly doubling to \$16.21 billion by 2030.(Standard, 2025) The reason for growth in India's medical tourism is compared to many affluent countries where patients may have to wait months for medical procedures, India has much shorter wait times. Patients who require urgent operations or treatments can often schedule an appointment within a week.(India's Medical Tourism Surge: Innovation and Accessibility Driving Growth, n.d.) All of this is helping India to form a global image in the world of being a provider of good healthcare and having tendencies to help the other countries that are not very well verse in the field of medical advances or healthcare. This makes India exert their soft power and harness its influence in the world. This makes India exert their soft power and harness its influence in the world. It is also making India stand tall in the field of health and assert global leadership . Initiatives by India to distribute vaccines under "Vaccine Maitri" is helping India strengthen bilateral ties and foster goodwill . Initiatives in this sector project India's civilizational values of compassion, knowledge-sharing, and capacity-building, reinforcing its global influence through non-coercive means.

In the field of education India is a leading provider of comparatively cheaper but quality education . Providing education to the students from underdeveloped countries is helping India create global perception and foster goodwill without coercion. Recently Government of India has established The modern Nalanda University at Rajgir is located close to the site of the ancient ruins of Nalanda, by an Act of the Parliament. (Prime Minister Inaugurates the New Campus of Nalanda University, n.d.) This is India's attempt to revive the ancient glory in the field of education and attract global talent in India . it is also an attempt by India to create a worldwide center for the study of philosophy, history, spirituality, and intellectual pursuits and revive Indian Knowledge . More such ventures will help India become the center for attracting global students and make India a global education hub . India along with this is also acting as an exporter of professional in the fields of IT, Software , E-commerce, etc. This talent pool exported by India to the world is due to the education provided in India by eminent but at the same time affordable educational institutions. This talent pool later act as the ambassadors for India's interest and helps India in lobbying on crucial issues.

Suggestions

1. India should start building top notch services under “Brand India” to gain strategic brand positioning and Global recognition. India should not narrow itself to the IT services only and expand into areas fintech, healthcare, education, services centered around Indian Knowledge System, etc. This needs to be done with coordinated efforts on national and international brand building campaign showcasing India as a powerful service innovation hub.
2. India should focus on building stronger and more reliable relations with the underdeveloped countries by providing them with international aid, technological assistance, service deliveries and better opportunities to develop their own economies. This should not only include countries from Indian’s neighborhood but also countries from Africa, from South America, Middle-East, etc. It would ensure that India is capable of exerting indirect influence in the world. India can do this by creating technology diplomacy programs under which it can share Indian innovations in areas like mobile payments, telemedicine, Ed-tech, etc.
3. India should focus on becoming a responsible AI leader in the world. For this India should be adopting generative AI , Internet of Things and machine learning through its private sectors . This will help India become a global exporter of responsible AI.
4. India should promote concepts like “Make in India” and “ Create in India” for services . This kind of initiatives will encourage original intellectual property development, research and innovation in services. For this India should build Innovation hubs to give an edge to Indian’s Youth and make India as a service innovation leader.
5. Skill development should be India’s priority as it will help India create significant technical talent and bridge the skill gaps in advanced technologies, cybersecurity, etc .
6. India should integrate ESG (Environmental, Social, Governance) principles into service delivery , this will help India in building a responsible innovator image in the world while enhancing soft power.
7. India should also focus on building world class business schools and research institutions that will dwell into service innovation and would act as a magnet to attract global talent. India can also compliment these efforts by hosting international competitions and awards for service innovations.

Conclusion

Where economics meets diplomacy and influence is exerted not through force but through value, ideas, and partnerships, India's service sector stands at a unique and strategic crossroads. Soft power has emerged as a vital currency in international relations in a world grappling with conflict, polarization, and the reconfiguration of global power structures. India, with its vast pool of skilled human capital, rich heritage, and a rapidly evolving knowledge and innovation ecosystem, is ready to harness this currency through its service sector.

Service sector is not only an economic engine but a strategic tool of influence and, right from the global reach of Indian-origin professionals to the expanding footprint of Indian IT sector, healthcare, education, tourism, and cultural services, India has it all. It has the ability to export education, medical care, technological solutions, and ancient wisdom offers the world more than transactional services—it provides relational value rooted in trust, ethics, and shared prosperity.

Moreover, India's proactive engagement with the Global South through health diplomacy, educational cooperation, and development assistance reflects its commitment to inclusive global growth. These initiatives elevate India's global image and also build enduring ties that are difficult to replicate, unlike the unstable alliances hard power has to offer.

If India dreams of becoming a world power, it should unleash the potential that its service sector has to offer as an arsenal of soft power. In order to influence narratives, create global agendas, and emerge as a leader—not by dominance, but through dignity and dialogue—India must strengthen this sector, integrate it with foreign policy goals, and invest in human development. By doing this, India may rethink its place in the world as a civilizational force based on service, knowledge, and humanity rather than just as a rising power.