



COUNCIL FOR STRATEGIC
AND DEFENSE RESEARCH

power and purpose

*Indian
Foreign
Policy
2023*

ABOUT THIS REPORT

Crafted by CSDR's experts, this report digs deep into the human facets of policymaking, decoding the cognitive processes, responses, and learning habits shaping India's strategic landscape. It covers India's G20 diplomacy, pivotal power relations with Russia, the U.S., and China, regional forays in West Asia and the neighborhood, and ground-breaking geo-economics and tech diplomacy strides. Blending Neo-Classical realist approaches with the historian's inquisitiveness and cognitive empathy, this report transcends norms. It marries theory with reality, revealing why and how India navigates its foreign policy arena. It's a forward-looking retrospective—a roadmap empowering informed predictions about India's future diplomatic endeavors.

ABOUT COUNCIL FOR STRATEGIC AND DEFENSE RESEARCH

CSDR is a research-focused think tank founded in January 2020 by Dr. Happymon Jacob (Associate Professor, School of International Studies, JNU), and Lt. Gen. DS Hooda (Former. Northern Army Commander, Indian Army). CSDR combines academic research with policy advocacy and strategic consulting to help governments, businesses, and institutions navigate complex challenges and seize new opportunities in an increasingly complicated world. Our areas of expertise include foreign policy, geopolitical risk, connectivity and geoeconomics, defense and aerospace, military strategy, strategic technologies, conflict resolution, peacebuilding, climate change, energy security, and tech policy. We specialize in the Indian subcontinent, Eurasia, and the Indo-Pacific.

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DIRECTOR'S FOREWORD

Whose side are you on?

In 2022, this was the question that we often heard from India's foreign partners. A direct reference to the Ukraine war that had begun earlier, the question was intended to push India to choose a side. New Delhi's answer, which led to a lot of surprise and consternation, was "India is entitled to have its own side; we don't need to choose a side."

As the months rolled by, the questions began to change. In 2023, the question Indians were often asked was "What does India want?" India's answer was the G20 summit in New Delhi, two back to back global South summits, active participation in QUAD, the Shanghai Cooperation Organisation, Brazil, Russia, India, and China or BRICS, G7, and seeking debt relief for developing countries, among others. It was a long-winded answer, but one anchored in action.

Towards the end of 2023, yet another question emerged, "What kind of a world order does India want?"

India's response is slowly becoming apparent; India has a unique sense of its own place in the international system. But, what truly grabs my attention is the radical change in the question posed to India: it testifies to India's pivotal role in the fast-changing contemporary international system.

That sense is more concrete in India. Although, unfortunately, tens of millions of our people still live in poverty, the country's national power has increased significantly, making it a force with system-shaping capabilities, and intents. There is a palpable sense in the Indian strategic community that India's moment has arrived.

India's rise as an influential actor on the world stage is a function of several factors: India's growing economic and military power, peer accommodation, influence of its vast diaspora, structural decay of the international order, and a unmistakable intent on the Indian side to be, what I call, a pole in the international system.

The Ukraine war has sharpened the spotlight on India's role in world politics. The US and the global North wanted India to be on their side. An embattled Russian Federation did everything it could to ensure India would not turn its back on Moscow.

There were serious suggestions that India should mediate between Ukraine and

Russia to bring an end to the war. Whether India mediates or not, for a country that is used to great power mediation and sermonizing during its conflicts/wars with Pakistan, the suggestion itself had an epoch-changing tone.

The language of mediation has picked up. Today New Delhi increasingly uses the language of mediation during global crises, seeking to be a bridge between the north and south, and east and west, indirectly indicating that it is a major actor in world politics. Or a pole.

In the process, India is letting go of some of its stubborn shibboleths, while holding on to some of its cherished principles, and resurrecting some others. To my mind, it would be no exaggeration to argue that India is at a cusp of a series of transformations in foreign policy.

But great powers need equally great foreign policy intelligentsia that can debate, discuss and deliberate on foreign policy issues. Through our work at CSDR, we consistently endeavour to create an interface between the practitioner community and the academic community by bringing together well-trained academics/researchers and seasoned practitioners. At CSDR, our mission is to actively contribute to the country's foreign policy journey and help interpret a rising, and occasionally perplexing, India to the world.

What this report does

“Power and purpose” takes you beyond the daily headlines on foreign policy because what you see is not always what happens. “Power and purpose” is not meant to report, but analyse and interpret India's foreign policy using a robust methodology. It historicises, albeit in a limited manner, seeks to separate wheat from the chaff and occasionally tell you the backstory, and more importantly, provide you with a methodologically rigorous template to understand how India's foreign policy could pan out in 2024.

Why “power and purpose”? Purpose gives shape to power and is thereby regenerative, and at the same time purpose without power is an exercise in despair and thus futile. A grand strategy for India, I believe, must therefore be built fusing power and purpose. As a think tank, we want to work with our fellow citizens to participate in the effort to create a grand strategy for a rising India. This report seeks to contribute to that effort.

As CSDR celebrates its fourth anniversary this January, I am proud to introduce our flagship publication—Power and Purpose—which, I hope, will contribute to debates and discussions on a grand strategy for a rising India.

Happymon Jacob, PhD
Founder and Honorary Director, CSDR

““ I agree with President Biden that this is a defining partnership of this century. Because it serves a larger purpose. Democracy, demography and destiny give us that purpose. One consequence of globalisation has been the over-concentration of supply chains. We will work together to diversify, decentralize, and democratise supply chains.

Narendra Modi. June 23, 2023

““ The current geopolitical environment is in a state of flux. The old order is withering away and the shapes and contours of the new world order are yet to stabilise. The geopolitical importance of Russia will go down in times to come. It is in spite of being a nuclear power. The Wagner rebellion indicates the internal weakness and is indicative of what may lie in store for the future as far as Russia is concerned.

General Anil Chauhan. Oct 14, 2023

““ I think if one looks at the last decade, I could find many adjectives that would apply to different degrees. If I were to pick one, I would say fundamentally this country has become more competitive and more confident. When we have problems, the response right now...we have reached the level where we don't duck the problems...we immediately start moving on it. This attitude today...a part of it is mindset, but a part of it is all the structural changes.

S. Jaishankar. Nov 4, 2023

“ In the nuclear deal era, and thereafter, you have the US trying to reshape the world and looking for new partners of a long-term substance. We are in a different era for a variety of reasons. We were earlier essentially clearing obstacles on how to work with them. Now, it's much more ambitious. And part of it is India's capability has grown.

S. Jaishankar. Nov 4, 2023

“ China has accrued significant capacities for force mobilisation, application, and sustenance of military operations. It has built infrastructure of military significance – be it roads, airfields, helipads, and so on....Brokering of a peace plan between Iran and Arab and putting forward the Chinese 12 point peace plan for ending conflict between Ukraine and Russia is reflective of Chinese urgency to replace the US as a global security provider... China's rise as a political, technological and military power has accorded it a new hierarchical position in the world order which it intends to lead.

General Manoj Pande. Mar 27, 2023

“ American and European domestic politics is often made to appear very reasonable. They can't do this because they have a big domestic lobby. What about my domestic lobby? How often do we talk about that? Domestic politics is there in every polity. We should not be defensive of our domestic requirements because other countries assert it almost as a baseline of a negotiation.

S. Jaishankar. Dec 19, 2023

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INTRODUCTION

This report aims to form and develop a deeper and more persistent understanding of Indian Foreign policy based on key events and the choices made by New Delhi in 2023. This necessitates a reflective engagement – fraught with all its risks – with the hopes, fears and assessments driving such decisions. Accordingly, this report delves into key cognitive processes that have undergirded Indian Foreign Policy in 2023, even while keeping decisions at the center of analysis.

Relatedly, the continuing ebbs and flows of the Russia-Ukraine war, China's ongoing military build-up at the LAC, global responsibilities that come with Presidency over multilateral organisations and radical approaches towards building national power in cooperation with like-minded partners has formed the broad matrix guiding Indian Foreign Policy. The emergence of conflict in West Asia and political challenges in South Asia, meanwhile, have erected newer risks and constraints – awaiting responses and resolutions this year. In the midst of such uncertainties, hopes and challenges, how India views its partners, interprets the actions of its adversaries and builds its relationship with the global south and emerging economies will constitute the total sum of its evolving foreign policy.

The substance of events and dilemmas posed by the same in 2023 have moved the needle on key debates about Indian Foreign Policy. Should India move away from dependency on Russia or should it disregard news of Russia's impending downfall? Should India undertake stronger actions against China? Or, should Delhi aim for a modus vivendi in order to prioritise its great power objectives? Should India form stronger strategic partnerships with the U.S. and within the Quad? Or, should India reinforce its 'swing state' position in a world fraught with conflict and arms races? Should India set commitment-drawing red lines for its neighbours in South Asia? Or, should it adopt a more flexible approach based on sensitivity and playing the long game? Should India seek to de-risk from China and lower its bilateral trade dependency? Or, should it accept such dependency as a reality and exploit economic exchange to boost its economic growth? Needless to say, these questions are inter-related and responses to them cannot be isolated from each other. This report does not provide concrete answers to such complex questions and debates. It does, however, provide greater context and understanding of recent developments that analysts may find useful in attempting an answer to the same.

The year 2024 will require India to brace for perhaps an even more challenging year as new conflicts emerge on top of ongoing ones. India's economic and energy security interests in Western Indian Ocean, its ability to hold sway and enhance partnerships in South Asia, its prospects for a stable modus vivendi with China, its

management of bilateral relations with a Russia at war are all challenges that will continue to permeate the Indian mind space. These historical developments, in turn, will inevitably leave an impact on India's strategic mind – perhaps affecting outcomes for decades. As such, a deeper engagement with the year 2023 is essential for both understanding and engaging with Indian Foreign Policy in the coming months, and in fact years.

This report, with hopes of bringing greater clarity and generating a constructive debate on national choices, seeks to provide the reader a firm footing for understanding India's engagement with a world in increasing turmoil.

RUSSIA'S CONTINUING WAR IN UKRAINE

INDIA'S G20 YEAR

INDIA-CHINA: FRESH CHALLENGES AND OPPORTUNITIES

INDIA-WEST ASIA: THE OCTOBER 7 WATERSHED

grand developments

The background of the entire page is a deep red color. Overlaid on this is a faint, large-scale image of intricate Indian carvings, likely from a temple or palace. The carvings feature various figures, including what appears to be a central figure in a chariot or a similar structure, surrounded by ornate patterns and smaller figures. The overall aesthetic is traditional and historical.

RUSSIA'S CONTINUING WAR IN UKRAINE



REALITY

New Delhi's adjustments to the ebb and flow of the war

The year began with a new set of axioms (compared to much of 2022) guiding India's responses to the Russia-Ukraine war. The Russian position remained weak for most of the year (until recently). Russia's desperate references to nuclear weapons, attacks on grain stockpiles, and the shock of the Bucha massacre still shaped perceptions of the war and its likely victor. India decided to maintain its stance of refraining from outright condemnation of Russia, but it also chose to nudge Russia more directly and in ways that Moscow did not seem to like too much. PM Modi's remark "not an era of war" guided India's positioning towards Russia, reflected in India's G20 diplomacy, closer alignment with the US and Europe, practical engagement with Ukraine, and explicit attempts to diversify and indigenize military equipment.

“India decided to maintain its stance of refraining from outright condemnation of Russia, but it also chose to nudge Russia more directly and in ways that Moscow did not seem to like too much.

In a significant turn (March 22, 2023) and despite Russian setbacks, China veered from relative agnosticism over the war to a tighter embrace of Russia—without necessarily supplying weapons—and almost as a riposte to the west drawing a closer analogy between Ukraine and Taiwan. As the early months of G20 saw India subtly call out both Russia and China for obstructing outcomes (Feb 2023), the two countries decided to strengthen their cooperation in multilateral forums.[1] This consensus meant that the sides aimed to prevent the West from 'hijacking' the G20 agenda through inducements towards a 'pliable' India. Such resolve and cooperation meant that the two countries would put pressure on India to scale back its drift towards a geopolitical G20 agenda (Ukrainianization of global summits) by bluntly using their veto powers. The specter of a final communique failing to emerge from the summit by September started to appear much earlier. Notably, Russia had begun objecting to the phrase "not an era of war" being included in any Ministerial final communique, in contrast to its assent to the same in Bali. Aptly capturing the Russian disappointment with India, a Russian academic had stated, "Surprisingly for Moscow, India's chairmanship in G20 has not turned into 'a home game' in which Russia's views can be accommodated, relying on the sentiments of Indo-Soviet friendship and citizen support".[2]

By May-June 2023, Russia upped its pressure on New Delhi and especially as a crucial vote was pending on the Financial Action Task Force (FATF) blacklisting

Russia. Russia warned that India’s abstention could disrupt cooperation in the military and energy domain and across a series of projects.[3] The month of June saw India reverse some of its reconfigurations of sanction-riddled economic projects (such as the Vande Bharat train project) and right ahead of a crucial bilateral Working Group on military cooperation meeting to discuss Russian military supplies and services to India. Even as India, for pragmatic considerations, allowed Russia space to influence its policies in the short run, it seemed to undertake more long-term and future oriented endeavors in the military and technology domain with western countries. This was based on the assessment that a weakening Russia could still adversely affect Indian interests, and more so when it is desperate and fearful.

“ Even as India, for pragmatic considerations, allowed Russia space to influence its policies in the short run, it seemed to undertake more long-term and future oriented endeavors in the military and technology domain with western countries.

However, by late November and early December the zeitgeist had shifted. The new evolving picture constituted of the unsuccessful Ukrainian counter-offensive, reversals in western resolve to support Ukraine indefinitely, and Russia’s ability to ramp up military production. Assessments of Russian war stamina and power began to change, almost in parallel to such shifts in perception even in the West. The following table seeks to capture the Russia-related determinants of India’s FP based on time-sensitive perceptions of Russia’s politico-military position.

Zeitgeist	Consequences
<i>Russian Weakness</i>	<ul style="list-style-type: none"> • Military Diversification away from Russia • Ukraine war as a discussion point in G20 agenda • Closer strategic and defence ties with the U.S. and the West • Soft Criticism of Russia • Active mediation efforts • Greater engagement with Ukraine
<i>Russian Revival</i>	<ul style="list-style-type: none"> • Less urgent need for diversification of military equipment and supply lines • Narrower G20 agenda • Greater strategic autonomy and positional play • Non-Criticism of Russia • Non-active mediation efforts • Constrained engagement with Ukraine

COGNITION

A weak Russia, but with strong leverages

Early on and since September 2022, India perceived the increasing likelihood of Russia losing the war and the Russian Army collapsing under pressure. It saw Russia as a fast-declining power; a weak and unreliable partner even after the war ends. It was likely to increase its dependence on China and concede the latter greater security and political influence in regions such as Central Asia. At the same time, the Ukraine war elevated India's influence and power on the global stage. Moreover, Ukrainian successes modified India's perception of American power—both in terms of American weapons assistance as well as political, diplomatic and financial support for Ukraine. The US' perceived ability to both help Ukraine win ground battles in Europe as well as bolster deterrence for Taiwan in Asia elevated its value as a strategic partner.

“ Indian dependence on continued Russian supply of military spare parts, ammunition and equipment allowed Moscow to constrain India's move away from Russia. The added specter of Russia improving ties with China and Pakistan as well as its ability to sabotage the G20 were further sources of caution for India.

For a few months, it appeared (to Delhi) that a sharp global fault-line was emerging – between the West on the one hand and the Russia-China combine on the other. The landmark iCET arrangement signaled US willingness to share key military technologies with India and fundamentally upgrade the strategic/defense partnership, threatening Russia's privileged position in Delhi. Right after the announcement, the Russian Ambassador to India, Denis Alipov, stated that India-Russia relations were going through “testing times” and dejectedly lamented that relations were not ‘more comprehensive’. Notably, he also expressed Russia's intent to listen to India ‘very, very closely’ if Delhi takes an active part in peace negotiations. He also had to face, somewhat surprisingly, a barrage of uncomfortable questions by the Indian media on the nature of Russia's upswing in relations with Pakistan and China in recent years. Perhaps noting that a war-weakened Russia was fast losing India to the US, Moscow decided to rely on more pressure-based tactics in terms of managing Indian decision-making.

This was evidenced in a number of fraught negotiations over the status of joint economic and military projects. Indian dependence on continued Russian supply of military spare parts, ammunition and equipment allowed Moscow to constrain India's move away from Russia. The added specter of Russia improving ties with China and

Pakistan as well as its ability to sabotage the G20 were further sources of caution for India. Even as India expected Russian understanding and gratitude for its stance of non-condemnation, legacy issues and their activation ensured that Indian diplomacy stays close to the middle, if not tilts towards Russia, in the evolving fault-line.

RESPONSE

From engagement to reassurance

The year 2023 began with hopes of a greater Indian role (and participation) in both limiting the externalities of the war, as well as in helping achieve a resolution, if possible. Russia's weakened position allowed India to express its concerns towards Russia on a more equal basis. India's then ongoing efforts towards diversification appeared as a long-term trend that was anyway necessary and now seemed exigent and urgent. PM Modi's "Not an era of war" injunction in Samarkand was also put to use in Bali by the end of 2022 as a framework of understanding that managed to bring together disjunct voices. However, as Russia acquired reservations towards India's political stance over the war, China emerged as a serious contender for the position of peacemaker between Russia and Ukraine. Beijing, after all, had much more leverage over Russia than India – which, in turn, allowed it greater leverage over Europe and the US, as well. Macron's trip to Beijing—where he appeared to throw Taiwan under the bus to restore trust between Europe and China—was most illustrative of the same.

Such developments saw the gradual withdrawal of India from its positioning as a peacemaker, with expectations downsized. Even as India continued to assess Russian growing weaknesses, most clearly evinced by the Prigozhin coup attempt in June, it continued with an approach of sensitivity and quasi-appeasement towards Russia. India-Russia relations may not be spectacular but they were 'stable', FM S. Jaishankar announced in September 2023. President Putin's last-minute decision to give the G20 summit in Delhi a miss was not viewed favorably by Delhi. Regardless, India showed significant sensitivity towards Russian concerns in the drafting of the final communique and even allowed FM Lavrov the privilege of 'going through the draft'[4].

“The historical congruence of interests between Russia and India in multilateral forums was notably missing. As Beijing shaped the agenda and produced outcomes in both the SCO and BRICS, India sought to put up a resistance, but without very favorable results.

The RIC triangle was tested in the following months in both the SCO as well as a

historical BRICS summit. In both instances, a notable gap had emerged between India on the one hand and China on the other, with Russia clearly leaning towards the latter. As both multilateral organizations took on a more explicitly anti-western stance and under Chinese default leadership, it left India in a very uncomfortable position. The historical congruence of interests between Russia and India in such forums was notably missing. As Beijing shaped the agenda and produced outcomes in both the SCO and BRICS, India sought to put up a resistance, but without very favorable results.

Meanwhile, as a clearer picture of the Russia-Ukraine/West contestation emerged by November/December, Delhi was quick to read the writing on the wall. Responding to the new Russian momentum, both sides exchanged hearty compliments, signed a new defense deal, and planned a FM summit that was more buoyant and ambitious than the previous year. With expectations of a Russian resurgence, the two sides engaged in rare joint maritime exercises in the IOR. FM S. Jaishankar, in a public speech, challenged the idea that India is a persistent 'naysayer' in international politics – a criticism that also applies neatly to India's stance on the war. However, the upsurge in mutual affirmation and warmth did conceal more subterranean less-than-sanguine trends in bilateral defense relations as co-production projects (AK-203 assault rifles), platform upgradation (Sukhoi jets and BMP-2 APCs), and military imports (S-400, frigates and a nuclear submarine deal) remained more or less stuck due to the war and resultant sanctions (including daunting payment mechanism issues). The ongoing search for platforms (jets, light utility helicopters, submarines and light-weight tanks) have increasingly excluded Russian systems. Perhaps noting the same, FM Lavrov stated "We are respectful of the aspirations of our Indian colleagues to diversify their military and technical links".[5]

ASSESSMENT

Within the year, India-Russia relations transitioned from a temporary appearance of equality to a dynamic characterized by leverage and extraction. Even as New Delhi increasingly acknowledged a diminishing role for Russia in its future, it was reminded that its present exigencies required greater cooperation with Russia. Russia's diplomacy achieved certain gains, but it could have only come at the cost of the affect factor in India-Russia ties. Delhi was made more aware of the complications that arise from over-dependency. Regardless, New Delhi will be less than keen on expanding defense cooperation with Russia, and strengthen its resolve towards diversification and indigenization.

“ Within the year, India-Russia relations transitioned from a temporary appearance of equality to a dynamic characterized by leverage and extraction.

The need for strategic autonomy (especially in driving better gains with the West) and Russia's ability to move closer to Delhi's adversaries will, however, provide enough reasons to seek to bolster 'strategic ties' with Moscow. But such a partnership will be increasingly lacking in substance and based on legacy liabilities. 2024 could see Russia increase its efforts to bring about a reconciliation between India and China at the international level, and is likely to be supportive towards border resolution mechanisms if an opportunity is offered. India, in turn, will seek to wait and watch how the next stage in the Russia-Ukraine war takes shape.

INDIA'S G20 YEAR



REALITY

Moment in the Sun

In 2023, India's foreign policy highlight was the G20 presidency. In some ways, India's presidency could not have come at a better time. India became the world's fifth-largest economy in 2022; and leveraged its growing economic heft and status to position itself as a 'Voice of the Global South,' while enhancing its strategic ties with the West. Concurrently, 2023 was also a very challenging year in terms of international consensus-building, given the growing collusion between Russia and China and their coordinated strategy towards global multilateral organizations. Hence, the G20 began as a great opportunity for India, but it also quickly turned into a formidable diplomatic challenge.

At the Bali Summit in 2022, New Delhi successfully lobbied to include PM Modi's words—"Today's era must not be of war"—in the final communique, which was perceived as an attestation of India's consistent moral sensibilities and its new-found bridging power.[6] Hence, India began preparing for its Presidency role with soaring ambitions and hope. In this context, the benchmark for a successful summit in Delhi was set and centered on Delhi's ability to forge a consensus on the evolving war and its implications for global economic security and prosperity.

“Concurrently, 2023 was also a very challenging year in terms of international consensus-building, given the growing collusion between Russia and China and their coordinated strategy towards global multilateral organizations. Hence, the G20 began as a great opportunity for India, but it also quickly turned into a formidable diplomatic challenge.”

However, as the year progressed, geopolitical tensions between the US-led West and the Russia-China duo increasingly spilled over into the forum, manifesting in sharp disagreements over the Ukraine war. In February, the G20 Finance Ministers Meeting failed to produce a joint communique, and the Indian FM explicitly pointed to China and Russia's 'reservations'. By the time the Foreign Ministers Meeting was over, New Delhi's initial appetite to mediate between the great powers had diminished. Indian diplomats pivoted to double down on G20's primary focus: global developmental issues.

In retrospect, it appears that Russia and China deliberately hardened (and even reversed) their positions on Ukraine. Notably, in March 2023, Xi and Putin issued a joint statement condemning the "politicization of multilateral platforms" and their use by "certain countries" to insert "irrelevant issues", indicating their decision to align

positions and strategies at G20.[7] The development of such a consensus would, consequently, intensify India's challenges as G20 President in the coming months. It also signaled that Russia was unprepared to adopt a flexible approach at the G20 summit out of consideration of India's interests, despite much praise and goodwill being expressed towards India for its understanding of Russia's position vis-à-vis the war.

COGNITION

Realpolitik and its constraints

The Indian leadership determined that G20 was an important opportunity to showcase the country's rise and its abilities in governance, digital public goods, financial inclusion, sustainable development, and leveraging technologies for public welfare. Beyond the pursuit of global status, New Delhi sought to present itself as an alternative development partner to China, one that was more ecologically sensitive and sustainable. In this context, India also sought to subtly target China by placing the issues of "debt burden" and "unviable projects" at the forefront of talks and highlight the same as core concerns of the developing world.

New Delhi saw G20 as an opportunity to consolidate its leadership claim over the Global South. Arguably hinting at the Ukraine War, the Indian PM stated (January 2023) that, "Most of the global challenges have not been created by the Global South. But they affect us more." Therefore, India sought to position itself as a power that seeks to unite in a divided world ("Vasudhaiva Kutumbakam" - The World is One Family) by framing India's G20 Presidency as "consultative, collaborative and decisive". New Delhi calculated that if it gathered and amplified the concerns of the developing world at G20, and considered their interests when forging consensus on global problems, it would significantly enhance India's influence within the Global South, especially at a time when the UN is seen as "a frozen 1945-invented mechanism, simply unable to articulate the wider concerns of its membership," to quote EAM Jaishankar. New Delhi also hoped that such messaging would allow it to increase its diplomatic leverage over all sides; drawing each constituency towards Delhi in order to 'make their case' and achieve their interests.

“New Delhi calculated that if it gathered and amplified the concerns of the developing world at G20, and considered their interests when forging consensus on global problems, it would significantly enhance India's influence within the Global South

Finally, bolstered by the inclusion of the PM's words in the Bali Declaration, New

Delhi felt that its unique sensibilities and friendships across the divide may allow it to forge further consensus on the Ukraine issue. New Delhi was aware that the war could stalemate the G20's usual functioning, but it also saw an opportunity for creative diplomacy that allowed India to match or outdo the Bali consensus.

“New Delhi was aware that the war could stalemate the G20's usual functioning, but it also saw an opportunity for creative diplomacy that allowed India to match or outdo the Bali consensus.”

After all, the Bali summit had demonstrated that space existed for discussing Ukraine (without incurring an impasse), and if India's strategic and diplomatic value to all powers could be adequately leveraged then it may allow the framing of even more ambitious language on the war.

RESPONSE

Reaching a last minute consensus

From the beginning, New Delhi's organizational vision as the G20 host—announcing 200 events in over 60 cities—was expansive and ambitious. New Delhi organized 'The Voice of the Global South Summit' in January to facilitate engagement between countries unrepresented in G20 and the forum's processes, promising to amplify the Global South's concerns throughout the year. With leaders and ministers from 125 countries in virtual attendance, New Delhi was lauded for this unique initiative. The induction of the African Union at the Leaders' Summit, effectively turning the forum into G21, was symbolic proof of New Delhi's sincerity vis-a-vis the Global South, and augmented India's global standing.

On the other hand, India's efforts to use the G20 card vis-a-vis China-Russia arguably backfired. The latter's decision to play hardball (by refusing to accept even their stated positions during the Bali summit) prevented any consensus until the end, effectively turning the G20 into a diplomatic liability for India. As New Delhi scrambled to avoid being the first host country that failed to pass a joint communique, it increasingly conceded (at the forum and even bilaterally) to Beijing and Moscow. In particular, this was evident in India's outreach to China in the days leading up to the Leadership Summit. Yet, the Chinese and the Russian Presidents were conspicuously absent on a day of utmost importance to India, delivering a blow to its perceived bridging power status. In the end, the Delhi Declaration carried significantly watered-down language on Ukraine. At the same time, the communique's distinct phrasing on the war allowed each side to interpret its own meaning, skillfully forging a consensus document without any real consensus.

At the same time, New Delhi announced several key initiatives at the G20 summit—

from the India-Middle East-Europe Corridor to the Global Biofuel Alliance—which will consolidate India's expanded role in multilateral cooperation. Moreover, the Delhi Declaration pushed the premier economic forum's collective will toward climate funding into the 'trillions,' delivering on a key promise to the Global South. Finally, the optics of the summit—with the Indian PM much sought after and conducting marathon bilateral meetings with world leaders—did provide a respite from the otherwise glaring absence of two great powers from the traditional G20 'family' photograph.

ASSESSMENT

While the Delhi Declaration was watered down on Ukraine, the geopolitical environment in 2023 was far less conducive to achieving global consensus than the year before. The fact that a joint communique took shape in the first place was a significant accomplishment, and was a testament to both New Delhi's diplomacy and its meaningful ties with the US-led West (which ceded ground on an issue of foremost importance to itself, in order to support India's Presidency and role).

Despite hopes of the Indian leadership and the opposition, the G20 mantle yielded no positive impact on India's difficult relationship with China. Perhaps the main lesson for New Delhi is that multilateral summits, where unanimity is required, can yield significant leverage to any participating member that has an incentive to stand outside of the consensus. Relatedly, India's approach towards Russia had to become more calibrated over time as the latter's signature on a final communique remained the most in doubt.

“India's G-20 leadership, in its attempt to democratize the forum, left an imprint that would be hard to roll back.”

India's G-20 leadership, in its attempt to democratize the forum, left an imprint that would be hard to roll back. Today, resentment around the developing world's concerns being overlooked in multilateral forums has become a key characteristic of international politics, and India's inclusive approach may serve as a template for future hosts. At the same time, when countries seem to be increasingly turning inward, the G20 had the effect of making India more globally conscious. As a post-colonial country, at the receiving end of global decision-making for much of its history, India did not take its presidency for granted, and sought to show empathy towards parts of the world with a similar historical experience. For this, India as G20 host will be both appreciated and remembered.

INDIA-CHINA: FRESH CHALLENGES AND OPPORTUNITIES



REALITY

Border talks 'saturation' amidst shifting balance of power

For the first time since 2020, India and China did not succeed in achieving disengagement in a 'friction area' this year, bucking expectations of gradual progress towards a final resolution on mutually agreeable terms. On the more positive side, there has been no significant skirmish at the LAC, either. Border talks, in other words, has been marked by saturation but have also served to maintain peace. The year also began with Indian Army Chief Gen. Manoj Pande stating that the border was "stable, but unpredictable" and Chinese infrastructure building was 'relentless'. Notably, it had emerged in May 2023 that during the previous round of border negotiations, the PLA had demanded a stunning 15-20 km buffer zone in the strategic Depsang plains region, on top of the 19 km incursion already achieved. The balance of power seemed to be increasingly favoring China. However, by the end of the year, it would appear that the standoff had reached an inflection point, with the possibility that it was coming to an end. During the 20th Round of Corps Commander led border talks, the two sides (in a first) had agreed to coordinate their transition to a winter posture entailing the pull back of troops from frontline positions. What is even more noteworthy, however, is that the two sides had also been working on devising ways to prevent a surge in troops back to the front positions once the winter transition was over.

“A world that looked to India to address global issues of economic stability and peace couldn't view Chinese aggression towards India favorably. However, China adopted a very intransigent approach towards such a role. Beijing drew closer to Moscow and sought to prevent the geopoliticisation of the G20 to 'serve U.S. interests'.

Meanwhile, Indian Presidency over multilateral groupings such as G20 and SCO promised significant dividends for Indian foreign policy. Amongst opposition parties and analysts, there was the expectation that such leadership could be employed to accelerate India's growing influence in world politics leading to further deterrence vis-à-vis China. A world that looked to India to address global issues of economic stability and peace couldn't view Chinese aggression towards India favorably. However, China adopted a very intransigent approach towards such a role. Beijing drew closer to Moscow and sought to prevent the geopoliticisation of the G20 to 'serve U.S. interests'. Beijing also seemed aware of its own leverage vis-à-vis India in a G20 year where its non-cooperation could undermine the overall agenda. This was arguably used by China to draw India towards its own position on the border, an emphasis on border management over border resolution. President Xi Jinping's

failure to attend the summit in Delhi greatly disappointed Delhi and perhaps energized its diplomacy to deliver a final communique, announce key initiatives and amidst great fanfare.

Meanwhile, in the neighborhood, the year began with a region on an even keel. However, by the end of the year a series of developments (see Neighborhood section) served to yield some advantages to Beijing. Most importantly for India's China policy, the Bhutan-China boundary talks seems to have reached an inflection point with Thimphu being willing to consider a swap of territories. This consideration threatens to undermine India's security by facilitating Chinese military infrastructure close to the vulnerable chicken-neck Siliguri corridor. At the same time, the year began with the new Maldivian (and India-sceptic) President's first official visit to China. During the visit, President Xi Jinping spoke of a 'historic opportunity' and of China's full respect for Maldives' 'sovereignty'. Given the ongoing tussle between Male and Delhi over the issue of withdrawal of Indian military personnel from the archipelago, such statements and Muizzu's toughened position since are being interpreted as indicative of China's subtle political support to Male on the issue.

COGNITION

A good year for China

It appears that Indian responses to Chinese actions has been driven in particular by Delhi's own search for peace and tranquility and the need to prevent any kind of escalation at the border. This need for caution and continued talks-without-outcomes is bolstered by dislocations in military supply lines caused by the war in Ukraine. The iCET initiative and closer defense co-operation with the US has been driven in part by India's need to bolster deterrence vis-a-vis China, as well as signal India's external options in the short run.

“Given external trends such as the Biden-Xi summit, US distraction in conflict zones in Europe and West Asia, and Russia's growing dependency on China, India arguably does not assess its position vis-à-vis China improving in the short run.

India's coordinated movement towards winter posture along with the PLA, however, indicates significant trust being placed on Chinese counterparts. Former Foreign Secretary Vijay Gokhale's recent paper does touch upon the issue, as he argues for building greater trust at a higher (and political) level as the next step in bilateral relations, with the hope of such a process aiding in a final resolution of the conflict. New Delhi is also hoping that, by various indications, by choosing to place trust in Beijing, it could signal improving ties and thereby reduce tensions at the border.

Such a ‘cooling down’, in turn, could then open up the space in Beijing to adopt more reconciliatory positions towards India. Given external trends such as the Biden-Xi summit, US distraction in conflict zones in Europe and West Asia, and Russia’s growing dependency on China, India arguably does not assess its position vis-à-vis China improving in the short run.

In the second half of 2022 and early 2023 Delhi did note positive international developments in terms of countervailing China’s power. The war in Ukraine had a significant impact on the Indo-Pacific as China’s neighbors saw the same as a wake-up call in terms of boosting their military preparedness vis-à-vis China. It led the way for Japan’s outlined increase in defense spending, Philippines adopting a tougher stance towards China and on the basis of closer relations with the US, as well as US’ re-energized commitment to protecting Taiwan from coercion. Even Europe seemed as if it was moving in the direction of seeing China increasingly through the security lens and as a partner in revisionism with Russia.

However, New Delhi has also noted newer developments in 2023 that indicate certain shifts from the strategic context of 2022. China was able to reach a more pragmatic understanding with Ukraine and Europe as it was courted by Kyiv as a peace-facilitator in the war. China’s assent to participate in the Jeddah summit in August (2023) represented this new shift. French President Macron’s visit to Beijing and statements on Taiwan further signposted the reset. On the latter, even the US administration has sought to cool temperatures and signaled its non-support of Taiwan independence as a way to secure the present status quo and prevent escalation. Japan and the Philippines have however not altered their approach significantly and both remain vigilant towards possible Chinese military coercion in the region.

“India had always considered itself as equal in status to China, as similarly placed, sized and proud post-colonial Asian societies. China’s heightened status, in the present context, will pose ideational and political challenges (with strategic implications) for New Delhi.

Even as New Delhi found itself in the spotlight in its G20 Presidency year, it also could not help but notice China’s rising influence in world affairs and in multilateral summits. A China-brokered surprise ‘normalization’ deal with Saudi-Arabia and Iran in March signaled China’s growing political confidence and leverage in the region. As noted above, Beijing’s emergence as a contributor to peace in Europe allowed it to improve relations with both Europe as well as Russia. Even as South Africa rolled out the red carpet for leaders of BRICS countries, the scale of its grand welcome to Xi Jinping stood out. Until recently, Delhi found solace in the fact that Beijing had few friends and meaningful partnerships compared to the democratic and multi-aligned

India. This, however, has been rapidly changing. India had always considered itself as equal in status to China, as similarly placed, sized and proud post-colonial Asian societies. China's heightened status, in this context, will pose ideational and political challenges (with strategic implications) for New Delhi.

RESPONSE

Seeking stability in the midst of long-term competition

The shifting agenda of the border talks, or the G20 agenda or international developments have not come in the way of more long-term processes India had adopted in order to address the power imbalance. These include India's efforts to support the China plus One model, to complete key infrastructure projects towards the border as well as launch new projects, and to achieve greater self-sufficiency in terms of defense preparedness. According to official figures, the budget expenditure of Border Roads Organisation reached 'a record high' of INR 12,340 crore in FY 2022-23.

In April, Delhi devised and publicized a plan to support its border villages near the LAC through greater connectivity and economic investments, and as a response to China's setting up of dual-use border villages on its own side. Indian military procurements, defense reforms and efforts at achieving theaterisation increasingly have taken into account a future 'contingency' with China and based on lessons learnt from the Ukraine war, mostly emphasizing modern weapons with advanced tech, drone warfare, high mobility systems (shoot and scoot), multi-layered air defense systems and investments in ISR. India's political and military leaders have also assessed that future wars are as likely to be attritional and long-drawn, thereby requiring emphasis on self-reliance and a domestic defense production base.

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India also signaled its possible will and ability to influence outcomes in the Taiwan straits crisis in a future war, with its strategic community engaging in serious discussions on India's role and stakes in a Taiwan 'contingency'. It engaged in the first ever ASEAN maritime exercises in the SCS, with Chinese vessels in close proximity. The EAM's meeting with his Filipino counterpart in June yielded in a joint statement that called on China to abide by the 2016 arbitral award on the South China Sea. In December, India deployed a corvette to Filipino waters amidst growing tensions in the region. The Indian Army undertook joint exercises over eleven days with Vietnam (medic and engineering regiments). These are significant trends,

marking noteworthy possible pathways towards more meaningful strategic cooperation in the years to come, If Delhi chooses such a path.

India's approach to China at the LAC has differed to some degree compared to its response in the international domain as well as in terms of long-term investments in its own capabilities. In the former, India has been cautious, emphasized talks and gradually moved towards joint management of the existing tentative status quo over demands for restoration of status quo ante prior to April 2020. In the external and capability-building domain, India has kept its place and attended to long-term imperatives, with the expectation that the strategic rivalry could be expected to continue in the near future.

ASSESSMENT

The key feature of India-China relations in 2023 has been the saturation in Corps. Commander level talks, evidenced by its inability to resolve the remaining and key strategic disagreement over the 'friction areas' of Depsang and Demchok. International politics—in the form of raging global conflicts as well as India's G20 Presidency and responsibility—required India and China to achieve practical cooperation in various areas, even as relations remained by and large 'abnormal'. China's negotiation position and posture has undoubtedly become more intransigent over time and likely based both on its strategic assessment of its security needs as well as growing military confidence at the LAC. In this context, the evolving Indian approach of building diplomatic and political trust as a means towards a more consequential and 'peaceful' resolution of the four-year-old stand-off is somewhat innovative and stands a chance at yielding dividends. It is also an enterprising approach because the consensus since May 2020 has been that the onus is on China to rebuild trust and repair relations, as reiterated by Indian officials on various occasions.

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Whether trust will be gradually restored will be revealed in the coming months. Any higher-level political discussion, if it takes off, will ideally entail a frank (but difficult) discussion about the security dilemma affecting relations over the last two decades. Meanwhile, trust-building will be challenged by structural conditions, such as power asymmetry at the border as well as a likely continuation of military build-up in depth areas (as well as infrastructure expansion). In this context, it is worth noting Defence

Minister Rajnath Singh's recent warning that a series of border states and Union Territories from Ladakh to Sikkim "have noticed an increase in the number of natural disasters in recent years" and that the "The Ministry of Defence (MoD) has taken it very seriously and will seek help from friendly countries to study and rule out any involvement of any enemy country on this issue."

INDIA-WEST ASIA: THE OCTOBER 7 WATERSHED



REALITY

A foreign policy success story marred by the return of a historic conflict

2023 has featured momentous developments in post-Abraham Accords West Asia. The year was one of rapprochement across the lines: a Beijing brokered deal between Saudi Arabia and Iran; Syria's re-entry into the Arab League after almost a decade of being an Arab pariah; and, Riyadh seriously mulling an agreement to normalize ties with Tel Aviv, potentially joining UAE, Bahrain, and Morocco. More importantly, the legacy conflict in West Asia, concerning Palestine, seemed to have been put on the back-burner. These developments occurred even as Iran continued to engage US forces in Iraq through militia networks that serve Tehran's interests.

The first (rapid) turn - On October 7, the period of relative stability and positive regional engagement was shattered by an indiscriminate, high-casualty terrorist attack orchestrated by Gaza-based Hamas. The attack targeted multiple residential neighborhoods in Israel, resulting in approximately 1200 casualties, mostly civilians. Israel's response has been an indiscriminate attack of its own, mounting a bombardment campaign in Gazan neighborhoods, soon accompanied by a ground offensive into North Gaza. The death toll in Gaza has crossed 20,000, and there are potential developments on additional fronts. Lebanon's Hezbollah has engaged in limited skirmishes in northern Israel, even while refraining from actively joining the war. Additionally, Yemen's Houthis have added a maritime element to the conflict's fallout, posing a risk to international shipping. As a response, the US has formed a 10-nation coalition to safeguard shipping in the Red Sea.

There have been significant political effects of Israel's response. The initial reactions from Arab states were remarkably measured, with states such as Qatar and Jordan even restraining pro-Palestine protests, and Saudi Arabia (through its intelligence chief) effectively recognizing Israel's right to defend itself. While Iran remained a vociferous outlier, other Arab states largely showed little inclination to let Hamas' seemingly independently planned attack from derailing their own economic and political objectives.

The second (gradual) turn - As the death toll in Gaza mounted, these states soon began to further calibrate their positions.

It set back the potential Israel-Saudi peace deal significantly and united Arab/Gulf states in opposing Israel's continuing bombardment. Here, even as the goal remained limited to implementing a ceasefire, the unity it forged led to broader

discussions on the core dispute between Israel and Palestine bringing the issue back into the spotlight. Hamas' October 7 objectives notwithstanding, it is clear that the Israel-Palestine question is once again confronting Arab leaders. By December, the United Nations General Assembly had called for a ceasefire twice, under its Emergency Special Session, with the UNSC having failed to act, both times due to a US veto.

While the US consistently opposed global calls for a ceasefire, Washington's own patience with the Netanyahu led government in Israel began to face tests by mid-December, with Joe Biden asserting that a change was necessary. Responding to these developments required India to take stock of its bilateral relationships with all states involved in West Asia, as well as its own position in the Global South where most states stood united in its calls for a ceasefire. Below are the principal drivers for India's response.

COGNITION

Solidarity with Israel in the year of the Global South

For India, October 7 presented a dilemma. It tested India's ability to adapt and make quick shifts in policy, accounting for its own long standing cross-cutting interests in West Asia as well as global positions on the issue. In general, West Asia has long held a crucial position in India's foreign affairs, informed as much by historical-ideological factors as by strong economic interests. In 2023, it is arguably the latter that became the main driver as India sought to continue taking advantage of the post-Abraham Accords era. Within India, there has evolved a recognition of the present government's ability to significantly improve relations with West Asian states, despite the government's avowed Hindu character, marking the region as a Foreign Policy success. There are three main aspects that informed India's approach to changes in West Asia after October 7.

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In India's view, the period of stability provided an opportunity to further explore expanded partnerships with crucial Arab/Gulf states, including Iran. A salient consequence of the general peace in West Asia was that it allowed India to enhance its partnership with Israel simultaneously, with the I2U2 framework already serving as a significant indicator of the degree to which India could explore future avenues of

cooperation. Since 2014, when the right-leaning Bharatiya Janata Party came to power, Israel has occupied a distinctive place in India's political narrative. In the public imagination (which the government both influences and is influenced by), deeper defense partnerships with Israel seemed to be a natural fit, especially given Israel's aid to India in multiple wars against Pakistan. However, even the BJP led government has maintained India's traditional pro-Palestine tilt; it is worth recalling that Narendra Modi became the first Prime Minister to visit not only Israel but also later Palestine. It is more useful to state that while India's Palestine policy has reflected continuity with the past, its Israel policy has reflected change with increasingly deeper engagement.

In any case, India's increasing ties with Israel were greatly helped by the fact that multiple Arab states were considering independent partnerships. This allowed New Delhi more elbow room in any conflict involving West Asian states or Israel, given that it sought to hedge its options by engaging all sides. It increased its appetite to take risks in the event of something unprecedented.

However, as the Global South positioned itself against Israel, the extent of flexibility actually available to India became more uncertain. This uncertainty was enhanced by the fact that China has also broadened its engagements with (and consequently its influence on) Arab/Gulf states as well the Global South in general. This has given Beijing greater agency within the bloc that India aspires to lead. A snapshot example of this is provided by the expanded BRICS grouping, with the expansion fitting neatly into Beijing's own preferences, rather than India's.

RESPONSE

Change, adaptability and caution

Prior to October 7, India remained focused on expanding its broad-based partnerships with key West Asian states. For instance, while fresh agreements were signed in July with the UAE on trade settlement in national currencies, in September, eight new agreements were entered into covering various sectors including energy, finance, and digitalization and electronic manufacturing. Moreover, despite China-centric concerns and the slow pace of work on the Chabahar project, New Delhi and Tehran have made steady progress across 2023. In May, India's National Security Advisor visited Tehran, and in August, both states agreed to remove any role for foreign arbitrators on port related issues. By October, they moved closer to a 10-year operations agreement. India was making progress on both sides of the Gulf.

Responding to the first turn - Reflecting even broader ambitions, one of the

outcomes of the G20 Summit in New Delhi was the announcement of an India-Middle East-Europe Economic Corridor. Evidently, India has been a beneficiary of recent positive trends in the region (with KSA and Iraq remaining among India's top oil suppliers). October 7th, then, posed a grave challenge to India's approach as it threatened to undo the same trends. However, India gambled that since Arab government (if not public) opinion was not yet consolidated against Israel by the end of October, it could afford a balancing act by tilting slightly further towards Israel. As a result, even as India called for all sides to exercise restraint and adhere to international law, it abstained in the UNGA's call for a ceasefire. This set India apart as the sole Global South nation to take such a stance. Its explanation of vote, and subsequent government statements, suggested that the surprising abstention was due to the resolution excluding a direct condemnation of Hamas' terror attacks on October 7. India's first reaction to the incident was in favor of Israel—in the form of a tweet from the Prime Minister—without reiterating the two-state solution (although this was much compensated for in all subsequent statements).

Responding to the second turn - For at least over a month, India's position gave an unprecedented pro-Israel tone to its West Asia policy, even as Arab states lobbied for Indian support. In a rare example of quick flexibility within a short period of time, India changed its vote at the UN on 13 December when it joined the Global South in calling for a ceasefire, even as the resolution bore no direct condemnation of Hamas. Crucial to this change was the consolidation of opinion in the Global South and the risk New Delhi faced of ceding the initiative to Beijing. India found itself in an awkward position at an emergency BRICS Summit (a first after the expansion and attended by India's External Affairs Minister instead of the PM), which carried a pronounced anti-Israel stance.

Ultimately, the rising death toll in Gaza made it progressively harder for New Delhi to hold on to its principled stance of abstaining from a ceasefire call based on anti-terrorism, as well as its claim of being the voice of the Global South. India saw a humanitarian crisis unfolding, and Netanyahu's own leadership and policies increasingly questioned within Israel, especially since the siege on the Al-Shifa hospital (an earlier attack on the Al-Ahli hospital in October had been the first prompt for the Indian PM to tweet his concern for civilian casualties in Gaza, and to call Mahmoud Abbas). The consequent global shift in the terms of the debate also drove India to move beyond the counter-terrorism imperative.

“ In sum, given that cracks were beginning to show even in the US-Israel relationship, and the UN Secretary General invoking Article 99 of the Charter for the first time in decades (since the Lebanon war), India's shift in voting stance served as a microcosm of its ability to adapt to the shifting fault-lines of West Asia.

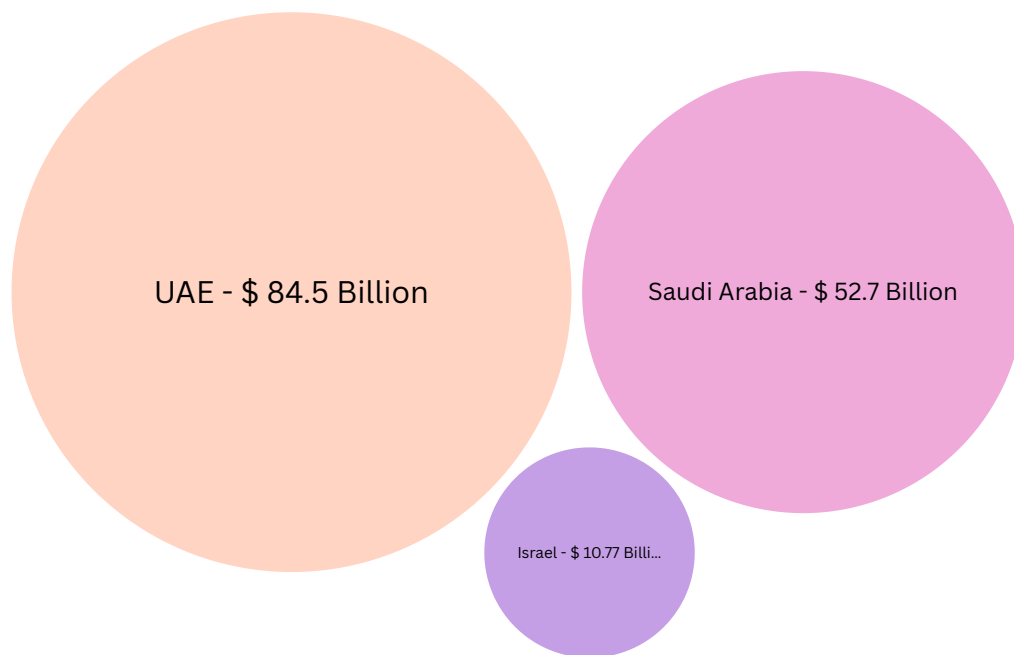
India’s response to the Israel-Hamas conflict

	Predominant narrative	UN voting pattern	Direction of Condemnation in statements	Proposed solution
October 7 to 28, 2023	Terrorism and counter-terror	Favoring Israel	Hamas	Solidarity against terrorism and release of hostages
October 28, 2023 to Present day	Terrorism as well as rights of Palestinians and long-standing conflict; humanitarian crisis	Favoring Palestine and calling for ceasefire	Both Hamas as well as Israeli disproportionate military responses	De-escalation and two-state solution

ASSESSMENT

India’s position on the Russia-Ukraine war shows that it can continue to draw benefits from a long-standing partnership, despite the cost in terms of optics. Its response to the ongoing war in West Asia shows that non-alignment is more difficult to achieve amidst key partners outside of the western world. In the latter case, the positive trajectory in India-Israel ties was buoyed by increasing Arab-Israel rapprochement, until October 7th. India’s response, for instance, to the Beijing facilitated normalization of Saudi-Iran ties was sanguine if not positive, based on the inference that such reconciliation would only expand its room to manoeuvre. This room began steadily shrinking as Arab states eventually united in their diplomatic positioning against Israel’s campaign in Gaza - with direct impact on Indian choices. This shrunken space followed India even in the Western Indian Ocean, as it had to take into account both the linking of the Houthi attacks with the conflict in Gaza, the reluctance of Gulf states to participate in Operation Prosperity Guardian as well as Iran’s greater backing of the Houthi cause in the present conflict.

A supplement to India’s cautious choices in the balancing act is Benjamin Netanyahu’s own position within his domestic polity. The Israel Prime Minister’s fragile internal position has come under further internal and international stresses, given his unwavering and increasingly questionable choices in the war against Hamas. The Indian PM’s personal connect with his Israeli counterpart, has been firmly associated with the positive trajectory of India-Israel ties across the last

India's bilateral trade

decade. The new stressers to Netanyahu's internal position raised the prospect of unpredictability in Israel, leading to the need for caution - perhaps, even extrication.

Notably, while India has been consistently part of multilateral anti-piracy operations against Somali piracy off the Horn of Africa, the anti-Houthi coalition bears stronger political colouring. However, India's greater moral clarity and advocacy for the rights of Palestinians could also help Israel's cause as it bolsters India's ability to undertake more meaningful operations in the Red Sea – It enables Delhi to both express humanitarian and political support for suffering Palestinians as well as take action to help restore the security of commercial shipping in the region. This was, after all, on subtle display during Jaishankar's visit to Tehran.

“ A quiet lesson that New Delhi has arguably learnt from the crisis in West Asia is that it cannot treat Arab and Global South sensitivities on the issue of Palestine the way it treats Western sensitivities on the issue of Ukraine. The latter is linked to India's interest-based strategic autonomy allowing it enough room to make bold choices, as being beneficial for its own population.

INDIA'S NEIGHBORHOOD: ON THE HORNS OF THREE DILEMMAS

INDIA - PAKISTAN RELATIONS: A NEW REALITY TURNS OLD

INDIAN GEO-ECONOMICS

INDIA - US

gradual developments

The background of the entire page is a red-tinted image of an ancient Indian temple facade. The facade is covered in intricate carvings, including arches, pillars, and circular medallions containing figures. The overall style is characteristic of classical Indian architecture, possibly from the Gupta or Chola periods. The red tint is uniform across the image, creating a cohesive visual theme.

INDIA'S NEIGHBORHOOD: ON THE HORNS OF THREE DILEMMAS

DUBAI 2023



REALITY

Delhi's weakening grip on a region under growing stress

In a global high stakes G20 year when India sought to leave a lasting impact on global politics, Delhi concurrently faced and sought to address challenges to its influence in its neighborhood. These stress points encompassed various contingencies and choices, involving consequences tied to electoral outcomes, elections, civil strife, and Chinese political and strategic advancements.

Challenges included Bhutan's border negotiations with China and its implications for Indian security; Maldives' post-election demands of withdrawal of Indian forces from the island-country; the Myanmar junta's loss of control over the border with India and its implications for civil order in India's North-East; a political crisis in Bangladesh that threatened to strengthen political forces inimical to Indian interests; as well as Sri Lanka's maritime cooperation with China. The seeming co-occurrence of multiple challenges revitalized the idea of 'South Asia' as a concept and rekindled debates on the structural conditions that seem to underlie ongoing trends and events.

First, even as US-India relations marked a positive trajectory, Washington's concerns with India's eastern neighbor, Bangladesh, reached new heights. While the US has been consistent in expressing concern with Bangladesh's electoral conduct (2013 and 2018), its decision to impose visa restrictions against anyone purported to be engaging in electoral malpractice was an unprecedented punitive measure. Dhaka has projected this as an attempt at 'regime change', to depose the Awami League government, which has been accused throughout the year by both internal and external commentators of gross human rights abuses, crackdowns on the opposition as well as a disinclination to hand over power to an interim caretaker government to oversee the elections in early 2024, as demanded by the opposition (organized around the Bangladesh Nationalist Party and the fundamentalist Jamaat-e-Islami - an actor India has been uncomfortable with).

“The seeming co-occurrence of multiple challenges revitalized the idea of 'South Asia' as a concept and rekindled debates on the structural conditions that seem to underlie ongoing trends and events.

Second, Myanmar saw the military opposition to the junta government (State Administration Council) consolidate itself and mount the strongest challenge to its effective control of Myanmar, since the February 2021 coup. The Tatmadaw found itself challenged on multiple fronts as ethnic armed groups fighting both inside and

outside the banner of the civilian National Unity Government in exile made significant gains in material and territory. This challenge was focused through Op 1027 headed by the Three Brotherhood Alliance, in the latter half of 2023 and continuing into 2024. With Gen. Min Aung Hlaing pledging retaliation early, the Tatmadaw's approach to responding to Op 1027 has not greatly varied, even as it incurs daily losses.

Third, a watershed election in the southernmost tip of South Asia, Maldives, has brought Mohamed Muizzu to power. Muizzu, elected partly on an anti-India poll plank, has brought over a 100 development projects involving Indian firms under review, and has determinedly threatened to eject Indian troops from the island nation. A stark break from the erstwhile pro-India Ibrahim Solih led government, Muizzu has been quick to implement Male's own strategic autonomy, with Ankara being the President's first foreign capital visit. His decision, in December, to skip the India-led Colombo Security Conclave, while attending the China-led Indian Ocean Region Forum was indicative as well. Male's actions (including cancellation of a hydrographic agreement) indicate that its goals with respect to resetting ties with Delhi are maximalist, spanning both economic and strategic aspects. The recent diplomatic crisis over offensive tweets by serving Ministers in the Maldivian government has only further increased the divide between Male and Delhi, with the PRC entering the fray as well.

Legacy issues with new trends - Reflecting developments in more legacy issues, to India's North, Bhutan's border talks with China have significantly increased the potential of Thimphu steadily ceding ground to China especially in Jakarlaung and the Menchuma valley. While Bhutan has expressed a desire to account for both Indian and Chinese interests in the border talks, its Foreign Minister became the first to ever visit Beijing when he did so in October 2023. More significant is the Bhutanese PM's about-turn on the question of a possible swap between North and South, raising the likelihood of uncontested Chinese military presence and consolidation in Doklam, threatening India's Siliguri corridor. Almost as significant is his statement that India should not worry and that normalizing relations with Bhutan is not a question of if but when.

Moreover, Colombo and Delhi engaged in intricate exchanges pertaining to PLA Navy's forays into the region, Sri Lanka's rights to pursue maritime cooperation, and India's security concerns. Sri Lanka, in turn, began working on a new standard operating procedure for the type of ships to be allowed into its ports and territorial waters, which is expected to strike an optimal balance between the three.

COGNITION

Adjusting to structural changes

India's cognition of these developments was determined by its measure of the larger structural trends in the balance of power in the region with China's rise and the region's opening up to the wider world (Gulf/Arab states, the United States, Japan, Europe). Such trends have also enhanced the ability of smaller nations to play powers off each other in order to draw the best bargains. India, in that sense, has some cognitive empathy towards their diplomacy. There is greater restraint in India's cognition of the negative developments, perhaps as a new form of adjustment to structural changes.

Among all the states in its neighborhood, New Delhi's dilemmas in at least three of them, are distinct and clear.

In Bangladesh, India's guide is history - New Delhi has bitter memories of the Khaleda Zia led BNP government that ruled Bangladesh between 2001 and 2006. The BNP's vociferous anti-India stance severely strained Dhaka's ties with New Delhi, before Sheikh Hasina won the elections in 2008. India is equally uncomfortable with the Jamaat-e-Islami, the principal Islamist party in Bangladesh which once sided with the Pakistan Army against the Bangladesh freedom movement and was long banned by the Hasina led Awami League. Now, the BNP-Jamaat combine is the core around which the political opposition to Hasina seems to have organized itself. Hence, New Delhi understands US pressures on Bangladesh, but not at a cost to its perceived interests. India's ideal scenario would have been to mediate between Washington and Dhaka; enabling the latter to make a few meaningful concessions (without threatening her grip on power) and get the former to be satisfied with the changes. This scenario has stumbled however due to a growing BNP-AL divide and street protests, furthering the divide between Washington and New Delhi over Dhaka. As Sheikh Hasina returns to power after an election boycotted by the primary opposition parties, New Delhi would have reasons to be relieved and perhaps even feel vindicated. However, Delhi has also been following the change of cabinet in Dhaka closely and has been concerned to see the exit of India-sympathetic Ministers. Neither has Delhi missed the slow emergence of an 'India-out' campaign (Maldives-style) amongst opposition parties in Bangladesh. Political contestation, therefore, is likely to continue in Bangladesh with or without elections – and yield strong implications for India-Bangladesh relations.

“There is greater restraint in India's cognition of the negative developments, - perhaps as a new form of adjustment to structural changes.

In Myanmar, India goes against the flow - In Naypyidaw, even as India has worked with high levels of engagement with whichever regime is in power, it has stood out (along with China) in maintaining full diplomatic ties in effect (and not name) with the junta, since the February 2021 coup. New Delhi's relationship with the Tatmadaw is old, and intricate. The Indian Army has long had operational ties with the latter, with a history of joint operations against Indian and Burmese militant groups along the Indo-Myanmar border (although several of which have now regrouped and are being co-opted by the junta). Given that India has long maintained ties with whoever has been in power in Naypyidaw (with coups common across Myanmar's independent history), its sustained engagement with the junta was almost a pre-determined choice, even as sympathies for Aung San Suu Kyi remains.

In any case, the Aung San Suu Kyi led civilian government prior to the junta had revealed a greater pro-Beijing tilt than what New Delhi was comfortable with. New Delhi perceives that a weaker Tatmadaw may drift towards making concessions to China as well as renege on its counter-insurgency commitments towards India. Hence, while New Delhi is not oblivious to the junta's weaknesses, it also cannot afford to undercut the Tatmadaw, an ally it has staunchly stood by for almost three years, even as it worries about border management and China's growing leverage (exemplified by the continuing scare of a Chinese listening post in the Coco Islands), around 380 kms off India's Andaman and Nicobar Islands which hosts India's only tri-service theatre command with assets from the Army, Navy, and Air Force deployed in and around the islands.

In South Asia's Southern tip, India hopes for moderation - In Maldives, India had invested heavily in specific projects with the support of governments favorable to India, including defense agreements such as the Uthuru Thila Falhu agreement (UTF) which included the construction of a base for the Maldivian coast guard. Notwithstanding the objective value of the base for Maldives, it would allow New Delhi increased abilities to project its own naval power deeper in the Indian Ocean. With a new dynamic taking shape between New Delhi and Male, the former's priorities are to coax the latter towards a middle ground, and reach a compromise that fully satisfies neither but also does not cause serious discontent in the bilateral relationship. Male, on the other hand, has sought to signal that overall bilateral relations are themselves threatened by New Delhi's refusal to respond positively to its request.

Male's recent interest in acquiring military drones from Turkey as well as the political aspects of President Muizzu's recent official visit to China further underscores the growing sense of rupture between the two South Asian countries.

China's shadow - An overarching concern for India in its neighborhood is China's increased presence. Beijing has successfully instrumentalized its economic prowess to fulfill its political ambition in South Asia. Almost all of these states, including Sri Lanka, Nepal, and Bhutan, have entrenched themselves deeper into economic agreements with China, within and without the BRI. Beijing has increased lending to Bangladesh while expanding its involvement in the Mongla port, gained a majority stake in multiple port city projects in Sri Lanka (and exploring the development of a radar facility), garnered concessions from Bhutan, and offered itself as a strong backer of the Myanmar military. Given China's non-assertion of democratic norms and principles, combined with its material and economic heft, it has emerged as a more amenable partner for states seeking development partners without norm-baggage.

“**India's strategic choices in the region as well as the entrenchment of a stronger extra-regional power inhibits India's ability to freely operate in what was once a permissive strategic environment.**”

The erstwhile Gujral Doctrine that New Delhi once followed was based on shared histories, common cultural practices, and the desire for a collectively prosperous future for the region. Now, India's strategic choices in the region as well as the entrenchment of a stronger extra-regional power inhibits India's ability to freely operate in what was once a permissive strategic environment.

RESPONSE

Path dependency and innovation

While India kept up sustained engagement with all its neighbors, both in light of intra-state developments as well as increasing Chinese activity in what has traditionally been India's backyard, its responses to Bangladesh, Maldives, and Myanmar in particular show some diversity. For Bangladesh, India's response to the political turmoil and the downturn in the US-Dhaka relationship was twin-pronged:

On one hand, New Delhi nudged Sheikh Hasina to the extent possible for free and fair elections, especially in side-line summits at multilateral fora. Moreover, in his joint statement at the end of his state visit to Washington, PM Modi signed onto the call for 'freedom, democracy, human rights, inclusion, pluralism, and equal opportunities for all citizens' in Bangladesh. India also engaged some members of the political opposition, such as delegations from the Jatiyo Party.

On the other hand, New Delhi defended its traditional partner by urging the US to exercise greater caution. It indicated to Washington in back-channel talks that

increased pressure on Hasina will encourage the extremist and fundamentalist forces her government has successfully kept in check. It also communicated similar concerns with the Jamaat-e-Islami and the possible resurgence of fundamentalist politics in the relatively secularist environment that has come of age in Bangladesh over the last decade.

On the issue of a new government hostile to India in Maldives, India has been resisting a ‘fundamental reset’ diplomatically. The recent diplomatic crisis did provide an opportunity to New Delhi to remind Male of its linkages and dependence on India. However, Male’s actions since indicate that this may have backfired (for now). Upon his return from a very significant visit to China, President Muizzu presented India with a deadline of March 15 as a final date for abiding by Maldives’ ‘democratic wish’.

“On the issue of a new government hostile to India in Maldives, India has been resisting a ‘fundamental reset’ diplomatically. The recent diplomatic crisis did provide an opportunity to New Delhi to remind Male of its linkages and dependence on India.

In Myanmar, India’s approach has been to double-down on its post-2021 policy of supporting the junta and not making public contact with the National Unity Government in exile. This is evident in successive visits of Indian officials (with the last in 2023 being by India’s Deputy National Security Advisor) and expressing support for those measures which the junta deems most effective as the path to reconciliation. Most prominently, India supported the junta’s calls for ethnic armed groups to adhere to the old Nationwide Ceasefire Agreement, even though the more significant groups had already walked away from the Agreement as a result of the junta’s harsh crackdown. While India has consistently called for democracy in Myanmar in its public statements, it has been inconsistent in bilateral statements during visits between Indian and Burmese officials. This sunk-cost characteristic in India’s Myanmar policy has been present across 2023, even as New Delhi has tried new ways of nudging the junta to engage all groups (such as through a Track 1.5 dialogue held in Bangkok and New Delhi). In 2024, India may even consider reaching out to ethnic armed organizations, both within and without the current armed resistance coalescing around Op 1027, as a hedging strategy.

Meanwhile, in a somewhat surprise move, Sri Lanka recently conveyed to India that it would not allow any Chinese research vessels within its EEZ for a year, time it would need to build capacity to participate in maritime joint research operations as an equal partner. It appears that Delhi was able to convince a Colombo of the downside of certain forms of cooperation with extra-regional powers. This has occurred in the backdrop of greater skepticism and wariness towards China’s BRI over the last few years, not least in Sri Lanka itself. Responding to the acute

economic crisis in the island country, India had decided to provide 4 billion USD as financial assistance over the last two years. Noting the same, Sri Lanka's Parliamentary Speaker had credited India for "saving" his country and preventing a "bloodbath" in July 2023.

In Bhutan, Delhi has responded by deepening its inter-dependence with the Himalayan Buddhist country. The India-Bhutan Gelephu mega-project as well as plans for greater railway connectivity between the two allies mark a new turn in both bilateral relations as well as Bhutan's economic story. The plans, in turn, are also a response to a brewing demographic crisis affecting the country – caused by outmigration due to lack of economic opportunities. Bhutan's bet on dividends through such cooperation could also serve as a hedge in the larger strategic play amidst Thimphu's ongoing border talks with China.

ASSESSMENT

Overall, in its neighborhood, New Delhi has adopted a strong wait-and-watch approach, which can be characterized as risk-conscious and path dependent. Such behavior indicates that there might be a disjuncture between leverages available and the task of ensuring that its neighborhood does not drift away. Notably, traditional India-friendly entities are making choices that may not favor Indian interests. This indicates the structural nature of the shift; leaders in neighboring states (Bhutan, Maldives, Myanmar) are placing their bets, but not in favor of India. India's own strategic autonomy rhetoric makes it hard for Delhi to question such choices. Maldives in particular has stood out as a key sticking point in India's regional policy in 2023. Delhi's choice of leaning on Male's various dependencies on India—healthcare, emergency rescue missions and tourism primarily—in order to encourage greater 'pragmatism' on Male is an ongoing gamble. India's response to the March 15 deadline will be keenly watched.

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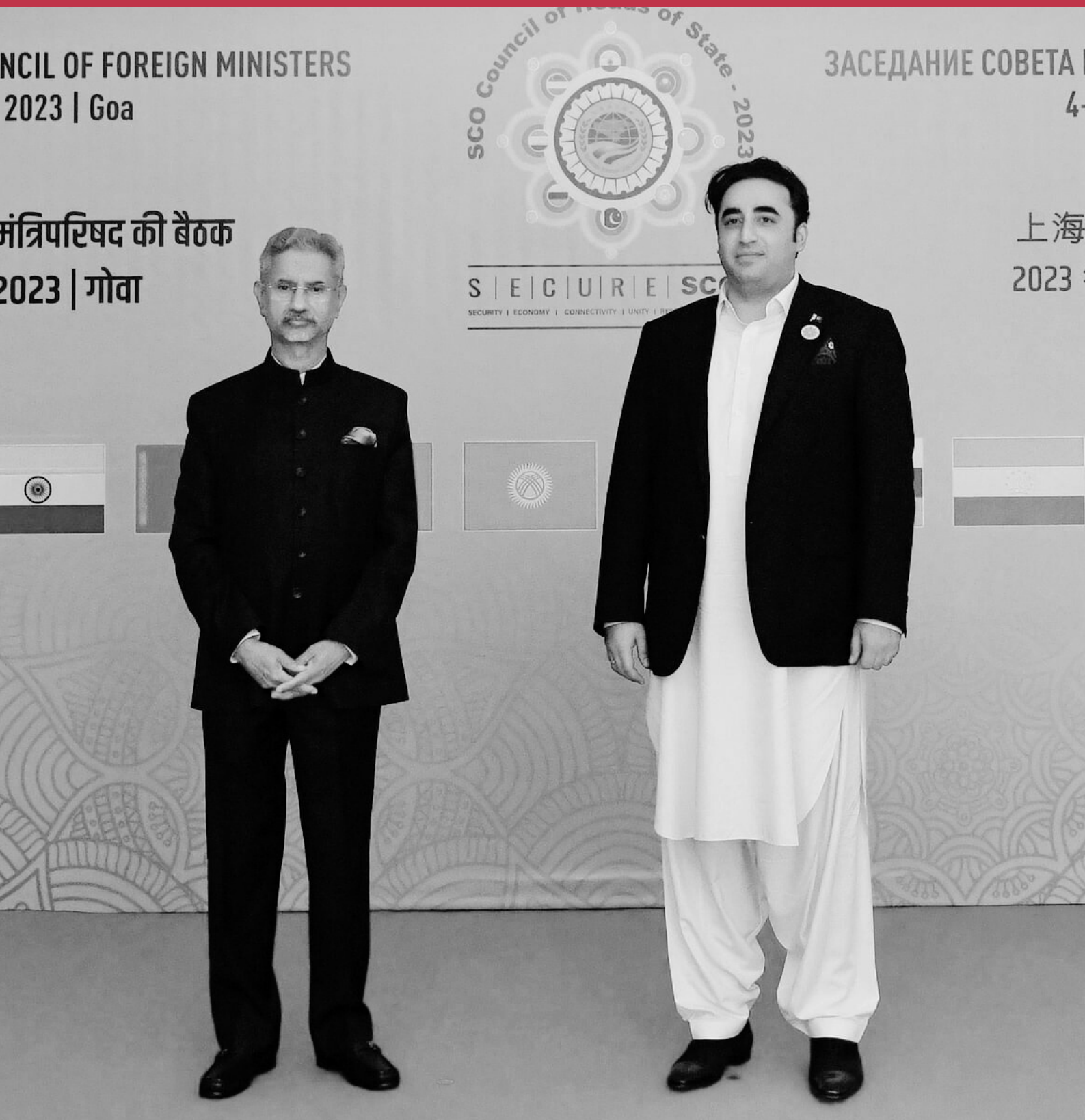
India has the room to take advantage of its position as the largest resident power in the region. It cannot match China's fiscal prowess. What it can do is exploit its geography to its advantage, as it is now beginning to do with Bhutan, with a new Special Economic Zone at the border with Assam and an airport at Gelephu. World Bank figures continue to place South Asia as the least inter-connected region in the

world; just the Motor Vehicles Act alone struggled from design to implementation. This must incentivize India to position itself as an anchor around which a regional framework can be built and based on utilitarian economic benefits. Given that 2024 is when several South Asian states will witness a new government in power, the ground is ripe for a fresh look at new regional cooperation mechanisms. Given the high degree of global churn in 2023, the incentives for South Asia to secure itself have never been higher.

In sum, as India aimed at a comfortable seat at the geopolitical high table and sought leadership of the Global South across 2023, it faced a gradual loss of influence and fresh challenges in South Asia. India's response has been one of restraint, patience, quieter engagement and diplomacy. Many of the developments could see culmination in 2024 - Myanmar, Maldives, Bhutan, Bangladesh.

Essentially, the year could see India launch a slow recovery process - the ban on forays by Chinese research ships by Sri Lanka, Sheikh Hasina's safe return to power in Bangladesh, the electoral victory of a pro-India political party in Bhutan, and India's External Affairs Minister's recent trip to Nepal are all either signs of India's quiet diplomacy in action or opportunities to build on abiding strengths. The contest in South Asia covering governance, geopolitics, trade and political goodwill will become more unpredictable and India's modus operandi could see significant changes this year and beyond.

INDIA-PAKISTAN RELATIONS: A NEW REALITY TURNS OLD



COUNCIL OF FOREIGN MINISTERS
2023 | Goa

मंत्रिपरिषद की बैठक
2023 | गोवा

SCO Council of Heads of State - 2023
S | E | C | U | R | E | S | C | O
SECURITY | ECONOMY | CONNECTIVITY | UNITY | SHAN

ЗАСЕДАНИЕ СОВЕТА
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2023

REALITY

Continued Minimalism amidst strains

India's relationship with Pakistan in 2023 showed continuity in character from the previous year. Since both states re-committed to the ceasefire in February 2021, India has maintained a 'minimal' transactional relationship with Pakistan, engaging neither positively (proactive peace talks) or negatively (escalating militarily at the Line of Control). The severance of diplomatic and economic ties continues, even as the Pakistani civilian leadership made multiple overtures for talks. Like in 2022, PM Shahbaz Sharif called for talks with India twice in 2023 (January and August), to which the MEA reaction has usually been a reminder that a conducive atmosphere is necessary for normal neighborly relations. However, the Pakistan government has invariably followed up such offers with reiterations of Pakistan's unchanged policy of requiring India to rescind its abrogation of Article 370 and restore statehood to Jammu and Kashmir.

“India has maintained a 'minimal' transactional relationship with Pakistan, engaging neither positively (proactive peace talks) or negatively (escalating militarily at the Line of Control).”

In the same tune, while Pakistani Foreign Minister Bilawal Bhutto's participation in the SCO Goa Summit in May made him the first Pakistani FM to visit India in years, it failed to trigger any change in the relationship (without featuring any side-line meetings). The only active front between India and Pakistan was the Indus Waters Treaty (IWT), with New Delhi having sent notice to Islamabad in January to open the treaty up for modification (particularly, the involvement of third-party actors in dispute resolution). This development occurred against the backdrop of the World Bank having an unprecedented twin-track process to resolve Pakistani concerns with India's Ratle and Kishenganga hydro projects.

Hence, besides the IWT, India-Pakistan ties have been marked by short indirect engagements without causing any change to either government's stand on the bilateral relationship. By November, an interim government in Pakistan cleared the road for the return of former Pakistani Prime Minister Nawaz Sharif. Both before and since his return, Sharif has consistently talked of peace with India and the need for good ties for the development of both states.

Additionally, the Pakistan Army witnessed a change in leadership with General Asim Munir taking over as Chief of Army Staff after six years of General Qamar Bajwa at the helm. Munir is a relatively untested actor with an understated public profile and

offering little indication of being pro-engagement. Moreover, given the rapidly widening differences between Pakistan and Taliban-ruled Kabul, the Pakistan Army has been more involved in responding to the deteriorating border situation with Afghanistan, contributing to Pakistan's incentives to look away from escalation with India. Amidst these developments, the street protests in the latter half of 2023, led and enabled by Imran Khan, showed unprecedented cracks in the Pakistan Army's position in the popular imagination. Notably, they featured unprecedented attacks on army buildings and residences. These developments point to the decreasing (but still potent) space available to the Pakistan Army to control the narrative.

Additionally, while the February 2021 ceasefire has largely held (with thousands of violations each year prior), 2023 featured some specific instances of Pakistani troops breaching the ceasefire (publicly asserted by the Indian Army). These were coupled with a number of high-intensity stand-offs in J&K between security personnel and militants backed by the Pakistan based Lashkar-e-Taiba. With new groups acting as a front for older ones, militant ambushes and subsequent encounters resulted in deaths both at the personnel and officer levels.

COGNITION

Peace through strength

In its relationship with Pakistan, India seeks to impart a sense of finality to the core dispute over J&K. The 2019 move to abrogate J&K's special status and (temporarily) statehood ushered in a period where India both believes and projects internationally that normalized ties with Pakistan is not a prerequisite for the former to grow as a regional and global power. In the Home Minister's words from Baramullah in 2022, "Why should we talk to Pakistan? We will talk to the youth of Kashmir." India would rather focus on consolidating its own internal position in Kashmir rather than engaging in bilateral peace talks with Pakistan.

Moreover, there is markedly less incentive for India to respond to Pakistani overtures for peace, compared to the period prior to 2019. It does not see these overtures as meaningful, given the qualifications that Pakistan usually adds to them, linking them to India's abrogation of Article 370. Since PM Modi's early positive signaling to Pakistan in 2015 was followed by terror attacks in 2016, New Delhi has more reason to be wary than trustful. The lack of reliable indicators in Islamabad—regarding the Pakistan Army under its new Chief supporting re-engagement with India—further intensifies the distrust. Moreover, the impending change in the civilian guard in Islamabad in 2024 further undermined Shahbaz Sharif's position as a reliable negotiator.

In the absence of any potent threat presented by Pakistan (itself dealing with the repercussions of intense economic and political turbulence) or any fresh promise of goodwill (the continuing demand that India restore Article 370), the bilateral minimalism that both states have achieved, works well for New Delhi, currently. India hopes that its political success in Kashmir (real or perceived) will further compel Pakistan to accept the fait accompli of 2019. That policy can only be furthered by non-engagement with Pakistan on anything related to Kashmir. Additionally, while the terror attacks in J&K and Pakistan's sporadic violations of the ceasefire threatened to erode the cold peace, New Delhi refrained from reverting to its old position (of this government) of focusing on punishing Pakistan. A cluster of interdependent objectives and concerns have guided its non-punitive response in this regard. The concerns are: the continuing vitality of the China threat, unattractive punitive options, as well as the need to remain impervious to Pakistan's 'mind games' when time is on India's side. Hence, the ideal approach is to treat these attacks as part of the continuing (simmering) insurgency which the Army is countering effectively and invest in greater counter-insurgency capabilities.

“As India continues to rise and is called upon to help address global challenges, it would rather avoid reintroducing the India-Pakistan conflict as yet another international crisis and even a nuclear flashpoint.”

RESPONSE

Avoid playing by Pakistan's rule-book

Drawing from how India took cognizance of Pakistan's position in the world, against its own, India's response was primarily one of non-engagement.

While the overall level of violence in J&K has reduced drastically (compared to pre-2019), infiltration or attempts at infiltration (from Pakistan) continue across the LoC. While the Indian government maintained its traditional diplomatic pressure on Pakistan for state sponsored terrorism (directly at the UN and indirectly at other multilateral bodies such as the SCO), it did not engage Pakistan directly or allow the encounters to dominate the domestic public narrative. Instead, it focused its response principally in the international domain and by terming Pakistan as a 'terror state', but without introducing specific accusations in the bilateral context. The larger rationale driving this is what the External Affairs Minister said in early January of the new year, "we will not play their game" (of using terror attacks to draw India back into the old dynamics, with a focus on internationalizing the Kashmir issue).

Rather, the Indian government focused on implementing fresh policies in J&K to attract more investment, create fresh categories of reservations for socially backward classes in state institutions, delimit J&K's electoral constituencies, and expand development schemes. By December, the Indian Supreme Court had legally vindicated the Indian government's 2019 action of abrogating Article 370 (while instructing the government to restore statehood and conduct elections by September 2024). While this drew adverse reactions from Pakistan, it did not garner an Indian response.

In sum, India's policy seems to possess the following characteristics:

- Focus on drawing benefits from the tough military posturing displayed in 2019, and reset the balance of resolve in its favor.
- Continue with the ceasefire with Pakistan in light of the fresh and potent threats emerging from China.
- Improve the domestic situation in Jammu and Kashmir (policy, security, economy) and ostracize Pakistan in international forums for its continued support of terror groups.

Collectively, this is perhaps expected to lead to fatalism in Pakistan, leading to more India-friendly approaches based on realism and acceptance of the re-enforced status quo after 2019.

ASSESSMENT

Thus far, India's 'non-engagement' approach to Pakistan has shown limited risks. A fair share of external factors has also allowed both states to keep the LoC quiet, with Pakistan becoming progressively more embroiled in its own domestic turmoil as well as military skirmishes with the Taliban at the border, and India's increasing focus on Chinese military actions at the Line of Actual Control. When it comes to the potential for future engagement, there are disablers and enablers at the causal level, and the question of means.

Disablers

The disablers that exist for a positive relationship are traditional:

- Continuing infiltration from Pakistan (despite being low relative to the pre-2019 period);
- The potential for a high-profile terror attack given the proliferation of new domestic terror groups which serve as proxies for traditional groups based in Pakistan;

- Pakistan's continued policy of linking restoration of ties with Indian concessions on the political status of Kashmir after the withdrawal of Article 370; and,
- The international dimensions of the rivalry (the iron brotherhood alliance and Sino-Pak maritime cooperation).

Enablers

However, a number of new enablers have also emerged:

- Pakistan's polycrisis (economic, political and security) decreasing its incentives and the space for adventurism;
- Nawaz Sharif's greater space to assert his policies in the face of a military facing a crisis of legitimacy;
- Pakistan's strategy of reassuring India through a ceasefire and civilian-led peace overtures in the midst of New Delhi's re-orientation towards the China threat.
- India's continued need to de-hyphenate from Pakistan as it rises as a great power and implicit appreciation of stability at the LoC.

However, it must be said that it is uncertain whether the enablers are structurally strong enough to withstand the political consequences of a high-intensity terror attack. In the absence of such an attack, should these enablers sustain, then the room for potential formalization of India-Pakistan does increase, even if in the distant future.

“on the India-Pakistan chessboard, both sides are discontent, yet find a sense of satisfaction in maintaining that discontentment, influenced by the regional context.

Essentially then, on the India-Pakistan chessboard, both sides are discontent, yet find a sense of satisfaction in maintaining that discontentment, influenced by the regional context. That the internal fault-lines are only dormant is occasionally proven by mutually hostile rhetoric emerging from both sides (the Indian Home Minister's comment in Parliament reiterating that PoK belongs to India, as the most recent instance). Yet, what stands out is the inability of such harsh rhetoric (as well as the previously mentioned terror attacks) to bring about any substantial developments. Re-engagement in the immediate context is too uncertain and risky, strong incentives for it are absent, and bitter memories over past attempts at engagement (especially 2015/16) linger. A continuation of the current trends can be safely anticipated. As far as terror attacks in Kashmir go, New Delhi diagnoses them as a problem of SOPs, logistical movement of personnel, security of armored convoys, and other operational variables. In 2024, should Pakistani overtures continue, India

will wait to see if they turn credible. Two certain markers of credibility would be a lack of qualifiers with proposals for talks, and sufficient evidence of the Pakistan Army's support for such proposals.

INDIAN GEO-ECONOMICS



REALITY

The right time for the right opportunities

The year began with concerns over the impact of the Russia-Ukraine war on global supply chains relating to food, fertilizer and fuels, and ended with the Israel-Hamas war spreading into the Red Sea, threatening a key artery of global shipping and commerce. The McKinsey Global Economic Outlook 2023 survey emphasized geopolitical threats as a main obstacle to economic growth across regions, with concerns reaching their peak in December.[8] A sharpening of tensions between the West on the one hand, and the Russia-China combine on the other, continued to amplify geo-economic fragmentation. The narrow trade war between the US and China intensified. Washington further expanded its export control measures to curb Chinese access to advanced computer chips used to develop hypersonic missiles and artificial intelligence.[9] As a riposte, Beijing restricted the export of germanium and gallium (China is the largest producer of both), used in the manufacturing of electric vehicle batteries, and other high-tech components.[10] Meanwhile, risk assessments of supply chain nightmares, for instance, during a Taiwan contingency, spurred debates on the future of globalization and the end of the globally unified and interdependent world.

Notably, the EU joined the US-led fray at G7 by conceiving of 'de-risking' with China which, in the words of US NSA Jake Sullivan, "fundamentally means having resilient, effective supply chains and ensuring we cannot be subjected to the coercion of any other country." Furthermore, in September, the EU launched an anti-subsidy investigation into Chinese electric vehicles, as there was an increase in economic security concerns around Beijing's unfair market practices (state subsidies) "distorting" the European market.[11] Even as a new consensus emerged across European capitals to rethink their business ties with China, the leaders of France and Germany visited China this year with sizeable business delegations. This indicates a trade interdependence unlikely to recede anytime soon. On the other hand, Italy exited the BRI, arguably marking a sharp downturn in China's global projects' influence in Europe. Meanwhile, towards the end of the year, a slowing economy nudged Beijing to the negotiation table with Washington to woo back American businesses.

Indian foreign policy is both about achieving and expanding security. Often this means more troops at the border and better managed relations with adversaries as well as utilitarian cooperation with security partners. In the realm of geoeconomics and tech, countries strive to secure reliable supply chains of key raw materials, be it oil or chips. In the present global context, geoeconomics is as much about geo-tech

given that two opposing constellations of power are in a race to advance in key and emerging technology sectors while also denying the other side similar advantages. In this race, India has no option but to both secure its own access to key technologies and integrate into niche supply chains. Hence, the GOI has expended significant focus on this aspect of foreign and national policy over the last two to three years, including through regulatory changes, domestic reform, policy innovation and forging new partnerships with like-minded-partners.

COGNITION

The 'baggage' of economic history

For some time now, India has pinned hopes on global supply chain shifts to help build its manufacturing base and deliver high growth rates. New Delhi's expectations are also more tempered today, given that earlier hopes of benefiting from Trump's trade war with China were largely unfulfilled. This has made Delhi more cognizant of the fact that favorable geoeconomic trends do not so easily translate into concrete gains, and much depends on internal capacity, skill and regulatory frameworks.

India's opportunity is further complicated by the existence of competitive industrial policies in East and Southeast Asian countries, coupled with the West's own efforts to reinvigorate domestic manufacturing. After all, New Delhi realizes India is not the only country seeking to benefit from 'friendshoring' and the 'China plus one' model.

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At the same time, India believes it may be the only economy in the world today that can offer the 'scale' that China once did. If India's policy and business environment can shed its historically self-accumulated hurdles and uncertainty, if its infrastructure can be rapidly upgraded, and if its large workforce can be sufficiently upskilled, then the 'New India' which emerges will be the natural alternative to China.

In India, this belief is accompanied by a sense of both urgency and caution. Indian EAM S. Jaishankar has often lamented India missing the bus in previous decades by failing to institute an export-based manufacturing model of growth which would have capitalized on global opportunities and trends of the bygone years. Even as new opportunities emerge in the world today, New Delhi knows that it is yet to catch up.

And precisely due to its fraught economic history, Delhi realizes that it is at a relative disadvantage to other competitive economies. Further, geopolitical uncertainty and a fragmenting global economy have sharpened imperatives of economic security, and as the Indian EAM has argued, “Addressing the over-concentration of production has become a strategic necessity today.”

The ‘chip famine’ brought home the realization that a steady supply of hardware can’t be taken for granted and underlined the pressing need to integrate India into semiconductor supply chains (or critical minerals supply chains, for that matter). On both fronts, Indian diplomacy has placed such needs at the forefront of its partnership with the West. This much was evident in the PM’s address to the US Congress, "When India and the U.S. work together on semiconductors and critical minerals, it helps the world in making supply chains more diverse, resilient and reliable".[12] India might have missed the opportunity of export-led globalization in the past, but it aims to benefit from ongoing de-globalization processes based on its geo-economic ‘sweet spot’.

“The ‘chip famine’ brought home the realization that a steady supply of hardware can’t be taken for granted and underlined the pressing need to integrate India into semiconductor supply chains (or critical minerals supply chains, for that matter). On both fronts, Indian diplomacy has placed such needs at the forefront of its partnership with the West.

India’s Semiconductor MoUs

MoU with Country/Bloc/ Company	Year	Nature of MoU
US	March 2023	Supply Chain Resilience and Innovation Partnership
EU	November 2023	Bilateral (G2G and B2B) Cooperation in Supply Chain and Collaboration Partnership
Japan	July 2023	Supply Chain Partnership
Micron (US)	June 2023	Investment - Signed with Gujarat State Government
IBM (US)	October 2023	Innovation Partnership - Signed with the Ministry of Electronics and Information Technology
Simmtech (South Korea)	January 2024	Investment - Signed with Gujarat State Government
Foxconn (Taiwan)	January 2024	Investment - Signed with HCL Tech (India)

A part of New Delhi’s answer is ‘leapfrogging’, especially through high-technology partnerships with advanced economies. New Delhi calculates that India’s growing relationship with the West can be leveraged to achieve rapid gains in emerging frontiers such as AI, 6G tech, and Quantum Computing. The argument goes that India’s existing knowledge economy (mainly in tech) will make absorption of further gains a low-hanging fruit. For instance, an estimated 20% of the world’s semiconductor design engineers are based in India, and the country has design centers for each of the top ten (by revenue) American semiconductor firms.[13]

Finally, India’s fresh and evolving approach to FTAs stands out, particularly due to the focus on key Western economies, and added objectives of tech transfers and FDIs. At the same time, it’s also clear that New Delhi remains cautious (if not protectionist). Jaishankar has previously argued that “for two and a half decades, the conversation was largely dominated by globalization advocates who were clearly themselves beneficiaries. They portrayed those unhappy as outliers, if not worse. The mantra of ‘opening up’ became so powerful that its social consequences was completely dismissed.”[14] At a time when major economies are seen as turning inwards, New Delhi remains wary of the far-reaching risks inherent in FTAs. Perhaps as crucially, Indian domestic economic constituencies also have strong reservations about admitting foreign competition.

India’s Ongoing FTA Negotiations

Key Free Trade

Agreement Talks with Country/Bloc Year Initiated Status of Talks

UK	2022	Fourteenth Round (Advanced Stage)
Australia	2011	Preliminary FTA Signed in 2022, Talks Ongoing for Comprehensive Deal
Canada	2010	Indefinitely Paused
EU	2007-2013 (Halted), 2022	Talks Resume After Nine-Year Hiatus in 2022
EEU	2023	Negotiations to Start in January 2024

RESPONSE

The West as 'natural tech partners'

In January, India and the US launched the Initiative for Critical and Emerging Technologies (iCET) – an interlinked framework for cooperation designed to take a 'whole-of-society' approach to boost collaborations in strategic sectors such as AI, Quantum Computing, and many others. In May, India and the EU conducted the first ministerial meetings under a less expansive but similar framework, the Trade and Technology Council (TTC), a novel mechanism for the EU to strategically orient its trade and technology. Theoretically, the TTC can streamline the EU and Indian regulatory policies on issues ranging from trade to digital infrastructure compatibility. It reflects their joint desire to enhance mutual economic security (reduce reliance on China), and the framework is also expected to be a constructive addition to the ongoing EU-India FTA talks (restarted last year after a 9-year hiatus).[15]

In the realm of semiconductors, Indian diplomacy pushed semiconductors to the forefront and MoUs were signed with the US, Japan, South Korea, Taiwan, and the EU. Notably, following the PM's White House visit, US-based Micron Technologies committed USD 825 million in investments, the largest so far under the Indian Semiconductor Mission (launched in 2021), to set up an Assembly, Packaging, and Testing (ATP) plant in Gujarat. Meanwhile, on June 1, the Ministry of Electronics and IT (MeitY) reopened the window for applying to its PLI scheme, 'Modified Programme for Semiconductors and Display Fab Ecosystem', first announced in December 2021, with a total outlay of USD 10 billion that will cover up to 50% of a project cost. Notably, the first window had failed to attract any major players, and later, the much-touted Foxconn-Vedanta deal to set up the first semiconductor fabrication unit in India collapsed.

During PM Modi's visit to the US, India also joined the US-led Minerals Security Partnership, an alliance of 14 countries, set up to secure critical mineral supply chains. Later in the same month, India's Ministry of Mines released a comprehensive report on India's critical mineral needs, identifying 30 minerals as "critical" based on a three-stage assessment process. The report is expected to serve as a "guiding framework for policy formulation, strategic planning and investment decisions", and to build a "robust and self-sufficient mineral ecosystem." Then, in August, the Indian Parliament passed the Mines and Minerals (Development and Regulation) Amendment Bill, 2023, opening up exploration to private sector investment in a landmark move. The policy interventions, among other moves, collectively signal India's need to curb extreme import dependency on a majority of minerals essential for clean energy technologies, semiconductors, electronics, and a range of other industries.

The PLI scheme for hardware was also revamped this year with an outlay of more than USD 2 billion, effectively double of the first phase. Even as the scheme had led to significant growth in India's exports of electronic goods, particularly mobile phones, it had come under criticism from prominent economists for increasing hardware imports simultaneously, indicating that the scheme was facilitating assembly rather than the manufacturing of finished goods. Therefore, the 'PLI 2.0' marked a course correction with increased incentives by up to 5% (from 2%), with an additional 3% for producing components domestically.

ASSESSMENT

At the outset, it must be noted that any assessment of geo-economic measures of the previous year is inherently challenging, given they may take years to take concrete shape and yield dividends.

New Delhi's focused engagement with the West is certainly a positive trend. However, the range of potential gains on offer will require consistent pivots, or even U-turns, to create the right mix of business environment and policy certainty to attract and sustain the flow of investments into India.

India's expansive semiconductor aspirations made a meaningful gain this year, despite the wave of pessimism generated by the collapse of the Foxconn-Vedanta joint venture (to build a fabrication unit). After all, setting up a domestic ATMP unit is further integration into the semiconductor supply chain and is a key step up the ladder (as India already has design capabilities in semiconductors). Further, the pessimism resulted from unrealistic expectations generated by Indian leaders and their declarations on the inevitability of India's 'Atmanirbharta' (self-reliance). The initial announcement on the Foxconn-Vedanta joint venture obfuscated that nothing more substantial than an MoU had been signed. Realistically, even setting up a successful fabrication plant would simply kickstart the process of learning and sustaining the complicated task of chip-making.

Given that the absence of a chip ecosystem is primarily why major international players are reluctant to commit to Semicon India, Micron's entry will likely increase the salience of setting up a fabrication unit (or vertical integration) in the future. India's partners also have much potential to offer, and technology transfers through mechanisms like iCET will be critical to building on the gains made so far to set up the ecosystem. Given that no single country has managed to build the entire value chain of semiconductors, it cannot be understated that every country in the world is completely dependent on a network of global players—for designs, sophisticated

equipment (ultraviolet lithography), fabrication, assembly, testing, upgradation, and technical maintenance, etc.—indicating that India’s semiconductor aspirations will take years, if not decades, to truly materialize.

Much like semiconductors, India’s journey in securing critical minerals has also just begun. For instance, as per figures quoted by the Ministry, India is 100% import-dependent on countries including China, Russia, Australia, South Africa, and the US for the supply of critical minerals like lithium, cobalt, nickel, and others.[16] Beyond the need for mineral exploration or acquiring blocks in other countries, where the entry of private players is a notable step, an immediate priority for India is to identify and indigenously develop the processing technologies required for utilizing critical minerals.[17] Joining global partnerships (such as the US-led MSP) and bilateral agreements (such as the India-Australia Critical Minerals Investment Partnership) are steps in that direction, but the larger challenges will remain in the domestic realm. For instance, India was ranked among the lowest 10 countries in the overall investment attractiveness index released by Fraser Institute’s annual survey of mining and exploration companies in 2016. Structural impediments to investments in the mining industry include high effective tax rates on mining, estimated to be about 60-64%.[18] Due to these factors, among others, Australia is the only country so far that has shown interest in investing in the country’s mining sector. Finally, the government will also have to spend considerable resources to align future operations with adequate ESG standards, given India’s troubled socio-political and ecological legacy of mining.

On India’s manufacturing ambitions, creating domestic value addition is a cumbersome task for any government, as demonstrated by the revamping of PLI. Low-cost imports remain critical to India’s manufacturing base. A key concern in New Delhi is that even if there is an increase of Indian production and exports, they may come with a proportional increase in imports (largely from China) in raw materials, components, and other intermediary products, limiting the gains made. The long and arduous process of import substitution industrialization cannot simply be judged by initial successes in protected industries anyway, and the long-term value of such a model would lie in striking a balance between economic growth and self-sufficiency.

“Curbing India’s import dependency on China will come with significant economic costs (for instance, subsidies for domestic value-addition). Given that China has built the largest components ecosystem in the world over the past two decades, it holds considerable leverage over India’s domestic manufacturing ambitions.

Therefore, India faces a contradiction (in the shape of China) at the intersection of these two goals. Curbing India’s import dependency on China will come with

significant economic costs (for instance, subsidies for domestic value-addition). Given that China has built the largest components ecosystem in the world over the past two decades, it holds considerable leverage over India's domestic manufacturing ambitions. For instance, multiple studies, including one done by the Indian Institute of Foreign Trade (IIFT), point out that several sectors of the Indian economy have high dependencies on Chinese imports, and entire industries, like pharmaceuticals, may be unable to function without them.[19] Furthermore, despite several measures taken by the government, the bilateral trade deficit between the two continues to grow.[20]

“ framework of future opportunity-seeking (with the West) while working within the confines of ongoing trade dependency on China will continue to determine India's choices in 2024 and could increasingly intersect with foreign policy and grand strategic objectives in the coming years.

India has expanded its engagement with the West to resolve this dilemma. At the same time, some policymakers would wonder whether the Chinese message to India —“India needs China to achieve its economic goals”—has a degree of objective truth to it. Experts—such as IIFT Professor Sunitha Raju (author of the aforementioned paper), and trade body representatives, such as Naresh Gupta (President of the Indo-China Chamber of Commerce)—argue that India needs to readjust its more inward-looking “self-reliant India” campaign to a more export-oriented manufacturing model.[21] If such an understanding can be forged domestically, India may adopt a new template of growth through interdependence (with both China and the West) while letting self-sufficiency follow in the longer run. After all, this is how China achieved economic security in the post-Cold War world. India's geo-economic/tech future is dependent on partnership with the west. But it is also, ironically, tied to trade with China. This framework of future opportunity-seeking (with the West) while working within the confines of ongoing trade dependency on China will continue to determine India's choices in 2024 and could increasingly intersect with foreign policy and grand strategic objectives in the coming years.

INDIA-US



REALITY

The Future is now

The year 2023 has been widely viewed as the year US-India ties went beyond 'software' developments, from the realm of the institutional and symbolic, to concrete and impact-based strategic cooperation. The year started with the January declaration on iCET, followed by a NATO meeting, PM Modi's state visit to the US (which was itself preceded by a flurry of high-level, official preparatory visits), President Biden's visit for the G20 Summit and the 2+2 ministerial.

The year, in that sense, changed the narrative from the previous year. Whereas 2022 was mostly marked by US disappointment with India's choices in the Russia-Ukraine war, 2023 became about transcending the differences by strengthening military and tech cooperation. The latter imperative led to serious and frenzied construction of new institutional frameworks and more outcome-focused conversations. It saw the emergence of iCET (outcome-oriented cooperation in emerging tech, secure supply chains and defence co-production), Indus-X (fostering innovation ecosystems), the Indo-US Strategic Trade Dialogue (licensing, regulations and export controls) and agreement on a Roadmap for 'US-India Defence Industrial Cooperation' to provide political guidance.

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India and the US cooperated in multilateral forums such as the G20 and shared similar reservations about the direction of China-included groupings such as BRICS and SCO. The democracies also held backchannel pragmatic conversations on a future Taiwan contingency and its impact on the regional order. The two militaries participated in a wide range of military exercises, with joint statements emphasising the intent to make them more complex and sophisticated. They reached a historic agreement on the purchase (with tech transfer even beyond what US allies get) of GE jet engines for India's indigenous jets that could cause a military tie-in for decades. Agreement was also reached for India to acquire 31 MQ-9B Predator armed drones. Conversations were also held on plans to assist India in becoming a 'Naval Logistics Hub in the Indo-Pacific Region', thereby assisting the Indian shipbuilding ecosystem while also serving US maritime interests in the wider region. Relatedly, India stated its intent to join the US led CMF in November 2023 and also

signed the MSRA with US Navy, in the backdrop of unprecedented and increasing US ships availing of repair services in Indian shipyards. This year, in turn, will see ongoing negotiations (with possible culmination) towards the Security of Supplies Arrangement (SOSA) and Reciprocal Defense Procurement (RDP) agreement.

COGNITION

Expectation management and the limits of pragmatism

India-US relations have operated within the backdrop of the Russia-Ukraine war and its impact on strategic priorities of both capitals. India's valued role and voice on the conflict as well as the opportunity presented by India's review of its military dependency on an increasingly unreliable Russian armament industry drove the US to offer India a 'new deal'. This new 'deal' would bring Delhi closer to Washington as well as reduce dependency on a 'declining' Russia. It also greatly helped that the defence and tech cooperation was only likely to strengthen Asian multipolarity. India, in turn, was willing to seize the opportunity and derive high-impact benefits both in terms of acquisitions as well as upgrading/modernising India's defence and tech industry. Indian perceptions of Russian military under-performance as well as the impact of more advanced American weaponry on the Ukrainian battlefield (such as HIMARS) only reinforced the value of cooperation.

However, there is also an alternative way of understanding recent developments in the relationship. In this narrative, the strategic cooperation (the new deal) is being forged against the backdrop of subtle yet increasing infirmities in relations. The latest indication of this is US perceptions of India's stance and policy regarding the war in Ukraine. The war had 'revealed' to Washington both the political implication of India's historic ties with Russia as well as India's unwillingness to join the US-led 'free world' to strongly condemn an attack on the rules-based international order that is based on sovereignty and territorial integrity. Hence, weeks prior to PM Modi's visit in June, prominent constituencies in the US spoke of a new and more pragmatic consensus regarding future relations. This new consensus is based on the idea that the US needed to have a more clear eyed view of what it can get out of India, and that expectations needed to adjust to reality. Prior American hopes of an India incrementally (and almost teleologically) aligning itself with the US on strategic issues could not be taken for granted and, if anything, the future may see greater divergences as India becomes more assertive in defining its own path and choices.

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This sceptical view did not appear to influence outcomes in 2023, but it has clearly emerged with potential impact both in the short and long term.

At the same time, and in Delhi, narratives of a much weakened and declining American world order has been on the rise. The wars in West Asia since 2001, the chaos of the Arab spring, and US hurried withdrawal from Afghanistan in 2021 are key reference points in such narratives. US decline and India's rise are gradual processes that are occurring simultaneously, in this view. Moreover, despite being close strategic partners, the ability of the US to assist India at the LAC is seen as 'limited', if not strategically inconsequential. In this backdrop, India's future needs to take into account the rise of a multipolar order which requires greater flexibility in foreign policy making. The US' ability to rally its partners and allies behind Ukraine and provide the latter with arms, training and financial assistance caused a dent in the above narrative (for a while). It also helped that India perceived US commitment and its role in Asia as being strong and focused despite the distraction in Europe. The uptick in US credibility since the latter half of 2022 and India's need to modernize its tech and defence industry were sufficient drivers towards the aforementioned 'new deal'.

However, by the end of the year, Ukraine's failures on the battlefield combined with reports of Western struggles in supplying Kyiv with ammunition have been strongly noted in Delhi. Perceptions of a 'Ukraine fatigue' in the West—most glaringly in the US Congress being unable to sanction funds for Ukraine—have caused Delhi to return to questions regarding US credibility and sustaining power. The war in West Asia would only further raise questions about American 'overstretch' and the erosion of the Post-War international order.

In the midst of this confluence of both long and short cognitive trends, helped by differences over domestic political choices, there has been a strong temptation from both sides to transition from values-based and an ambitious strategic partnership to one that is transactional, pragmatic and 'mature'. The trend towards more mature defence and tech cooperation and less hopeful strategic and political alignment is in line with the new adjustment. In other words, while maturing defence and tech cooperation is widely seen as a natural outgrowth and extension of the two decades long strategic partnership, it could just as easily be seen as emanating from more short term assessments and exigencies.

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ASSESSMENT

The aforementioned 'new deal' is a radical and promising chapter in India-US relations, though it has yet to be tested. The examination of its effectiveness will occur in 2024 and in the years that follow. After all, it also has a quasi-precedent in the Indo-US DTTI of 2012 which is widely acknowledged as bearing underwhelming results. Key challenges in defence relations pertain to costs, tech transfers, conditionalities on use and upgradation, concerns over interaction with Russian systems in India's arsenal, business confidence and bureaucratic proceduralism. Policy intent and framework is the responsibility of political leaders. However, policy execution and bargaining is carried out by a whole host of sub-actors including businesses, legislatures, bureaucracies and departments. Without whole of government (or even state) conviction and willingness to make hard choices, policy intent could become vulnerable to strategic drift. Political leaders may find it convenient to base cooperation on transactionalism, but without clear strategic purpose and perspective such cooperation could underserve its own objectives.

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As Delhi and Washington pursue defence and tech cooperation—even as doubts emerge on the broader political and strategic trajectory—the two sides may realise that success in the former is itself contingent on improvements on the latter. India's defence-tech-supply chain vectors with the US will find it difficult to escape the question of 'strategic trust'. The latter in turn is dependent on the epistemic strength of a common strategic purpose. The state of India-US relations in 2024 will then be determined by how well the two capitals are able to undertake remedial measures in the domain of strategic trust via purpose.

CONCLUSION

National Identity and Foreign Policy (Great Power)

Debates and conversations on India's status as a Great Power has been prominent in 2023, both in India and abroad, and has impinged strongly on almost every key Foreign Policy decision. In many senses, India's G20 Presidency and its majestic elan could be compared to China's own coming-out-as-a-great-power party during the 2008 Beijing Olympics. The grand Olympics took place in the backdrop of the US sourced global financial crisis as well as Russia's war on Georgia, adding to the shift in perceptions both globally and most consequentially in Beijing. Many in India saw the G20 Presidency as well as the final summit as India's own crowning moment—where Delhi served as the venue for the arbitration of global disputes—military, political and economic. In this view, the timing was as fortuitous given that the global south needed an independent 'third force' to lobby and speak for their concerns in a world torn apart by great power conflict and polarization.

By most objective standards, India is not yet a great power but there is a great democratic yearning to be treated and seen as one. In "Our Time Has Come: How India is Making Its Place in the World", Alyssa Ayres captures this 'leading power' aspiration and positioning from rule-taker to rule-maker in global politics and governance. In a more utilitarian sense, such projection is as much based on the promise of India's inexorable rise in world affairs; a perception that gains India concrete benefits much before the promise is met.

“In the short to medium term, its power will be based on its unique civilizational aspects and sensibilities, its deft 'swing state' diplomacy, its growing middle-class consumerist economy, and its leadership of the global south.

In Delhi's view, the world needs a third force to create greater flexibility in an otherwise US-China driven polarized world. In that sense, India will also be a different form of power and not necessarily based on extensive power projection capabilities or even on economic penetration in various parts of the world. Its greatness will be based on military and economic components for now, but with ongoing efforts to acquire greater hard power in the long run.

“India will adopt both muscular postures (as traditional great powers do) as well as project its universalist-transcendental values and soft power (as countries with material constraints but with soaring ambitions must). Only context will determine which approach is adopted at a particular point of time.

In the short to medium term, its power will be based on its unique civilizational aspects and sensibilities, its deft 'swing state' diplomacy, its growing middle-class consumerist economy, and its leadership of the global south. Hence, India will adopt both muscular postures (as traditional great powers do) as well as project its universalist-transcendental values and soft power (as countries with material constraints but with soaring ambitions must). Only context will determine which approach is adopted at a particular point of time. In this context, the Defence Minister had recently stated that India does not consider China 'as an opponent' even as Beijing (and the world) may think that India is China's opponent. Hinting at India's unique universalist outlook, he indicated that India wants to improve relations with all its neighbors and countries across the globe, while also proudly noting India's recent rise as an exporter of military systems and India's exponential rise in defense production.

Global Conflicts, Events and Crisis-response

2022-23 has witnessed the global order face conflict, instability and turmoil. It saw the spread of regional conflicts, great power crisis and flashpoints, attritional wars, coups in Africa and the prospects of war in South America over energy resources. Most of these crises (events) impacted India. New Delhi was also called upon to help reverse or address these crises. Furthermore, the unfolding of conflict and instability challenged India's traditional assumptions in various ways. India was somewhat surprised to see severe Russian military under-performance in Ukraine as initial expectations were one of a quick and decisive Russian victory. This had in turn led to reassessments of overall Russian power and reliability, including of Russian defense equipment. After the horrific attacks of October 7 by Hamas, Delhi aligned itself with Israel to some degree and extended political support at the leadership level as well as in the UN. But Delhi was quick to change its stance and positions in response to both the humanitarian crisis in Gaza as well as the shift in global opinion. As conflicts erupt and then evolve rapidly, India has responded to the best of its ability keeping in mind its own interests, alignments and power.

At the time of writing, Delhi is assessing the contours of the Pakistan-Iran cross border strikes, its maritime and diplomatic responses to the threat to global shipping in the Western Indian Ocean, as well as continuing the discussion on the war in Gaza and Ukraine with various partners across several regions. As international politics becomes more fluid and gains pace, Delhi will increasingly have to think on its feet even while looking back over its shoulder to gain guidance from more axiomatic principles of Indian Foreign Policy.

India would be called upon to pay attention to slower-paced emerging flashpoints in the Indo-Pacific – the Taiwan straits, the ongoing stand-off in South China Sea, and

possible instability in the Korean peninsula. Global but varied perceptions of US decline (or overstretch) combined with American domestic political instability could encourage revisionist constituencies in various countries, including China. Growing instability and crisis will test India's way of strategy. It will either push Delhi towards greater constriction, justified by the need to avoid being dragged into geopolitical 'bushfires' (An Indian 'splendid isolation'). Or, it could nudge India towards greater international cooperation and closer strategic partnerships, justified by the proposition that greater assertion could function as the springboard from which India could secure its interests. Across various issues, including defense policy, one can discern a certain tension between impulses of expansion and constriction. However, what is more probable is the fluid co-existence of both 'expansion' and 'constriction' in Indian decision-making as the management of contradictions is a skillset valued by Indian political leaders and diplomats. Anticipating which impulse will predominate at a given point of time and on a certain issue is something foreign partners and 'non-opponents' will try to gauge and understand.

“Across various issues, including defense policy, one can discern a certain tension between impulses of expansion and constriction. However, what is more probable is the fluid co-existence of both 'expansion' and 'constriction' in Indian decision-making as the management of contradictions is a skillset valued by Indian political leaders and diplomats.

Making sense of 2023: A Pivot Year?

The year 2023 is not a historic year in India's Foreign Policy or national story, unlike 1991 due to structural reforms, or 1975 due to a national declaration of emergency or, even 1998 when India tested a nuclear weapon. But it is a pivotal year nonetheless, and sometimes pivots can be more consequential in the long term than years that are more 'historic'.

And perhaps, in the changes it promises and key re-alignments that undergird the same, it resembles the pivot year of 1953-4. In that year of Stalin's mysterious death, the Indian embassy exuberantly reported on key developments in the Socialist state and its implications on relations with India. It noted a "kind of springtime in Moscow", an easing of restrictions, new economic policies and a slight thaw in the Cold War. The Communist empire's reconciliation with the Indian nationalist movement was recorded positively. Notably, the embassy observed that the Soviet Union had developed an antipathy towards Pakistan in that year owing to an impending defense pact with the US. Soviet newspapers had "prominently" quoted the Indian PM's critical "statements on this subject", the note read. Most crucially, in the opinion of the diplomats, Soviet assistance was unlikely to adversely affect US economic

assistance because, “a little Soviet competition will only induce the U.S.A. to be less grudging in its proffers of technical and industrial assistance”. The note ended with a very modest call for exploring the possibility of establishing (with Soviet help) a steel plant, a tractor factory and an oil refinery. Within six years, and the establishment of the Bhilai Steel plant, PM Nehru proclaimed, “Bhilai is embedded in the national consciousness of the people of India as a symbol of new era”.^[22]

The years 1953-54 aligned international developments with new opportunities in India-Soviet relations. This had led to a system of military, industrial and foreign policy interaction that lasted close to four decades, and with continuing ‘legacy issues’ till this day. The previous year (2023) and the coming one could represent a similar pivotal moment with deep implications for Indian industry, national power and security. Much would depend on the choices that are made in the coming months.

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Ukrainian President Volodymyr Zelenskyy, French President Emmanuel Macron and Russian President Vladimir Putin arrive for peace talks at the Elysee Palace.

Date: 9th December, 2019

Source: Ian Langdson | AFP | Getty Images



PM Modi hugs the president of African Union Comoros Azali Assouma during the G20 meeting.

Date: 9th September, 2023

Source: PTI



PM Modi shaking hands with Chinese President Xi Jinping during the G20 summit in Hangzhou, China.

Date 5th September, 2016

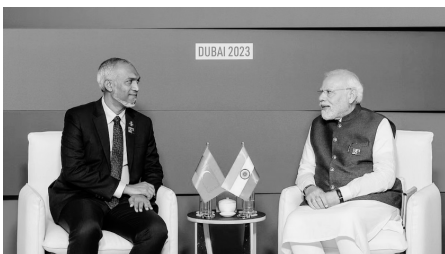
Photographer/Source: Wang Zhou/Pool/Getty Images



PM Modi inspecting the Guard of Honour during his 2 days visit to Abu-Dhabi

Date: 16th August, 2016

Sources: Press Information Bureau

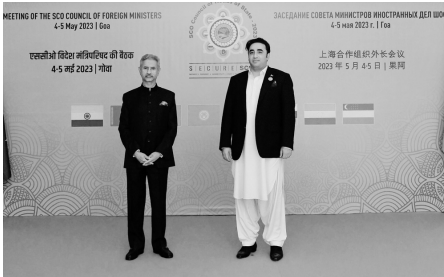


Maldives President Mohammad Muizzu met PM Modi at the sidelines of COP 28 to discuss the withdrawal of troops.

Date: 3rd December, 2023

Source: X/@MEAIndia.

Images used



EAM Jaishankar with Pakistan Foreign Minister Bilawal Bhutto at the SCO council of Foreign Ministers meet in Goa.

Date: 5th May, 2023

Source: ANI/Rahul Singh



Meeting between EU and Minister for Commerce and Industry, Piyush Goyal to discuss the FTA in New Delhi.

Date: 16th May, 2023

Source: [x/@PiyushGoyal](https://twitter.com/PiyushGoyal)



PM Modi meeting U.S President Joe Biden at the sidelines of the G20 summit in New Delhi.

Date: 9th September, 2023

Source: ANI

Methodology

The report's research methodology is heavily influenced by both IR theory and diplomatic history. The study areas are divided into Reality-Cognition-Response, which is a praxiological approach. This approach recognizes that policy is not a mechanical process but a dynamic, purposeful, and essentially human-driven activity. Therefore, the subject matter is understood based on strong micro-foundations, where policy interpretation and its underlying drivers are based on engagement with strategic personalities and cultures. This process respects the strategic nature of international politics, where states can hardly ever declare their intentions clearly or pursue interests linearly. Hence, the focus is not only on 'what' India did and 'how much' but also on questions such as 'why,' 'under what assumptions,' and 'for what objectives.'

The report draws heavily from Neo-Classical realist approaches within International Relations theory. It is guided by the timeless saliency of the general 'laws' of international politics but derives maximum benefit from an understanding of both the sui generis and 'messy' aspects of foreign policy making at the unit level.

Drawing from the field of Diplomatic History, we adopt the historian's inquisitive nature, cognitive empathy, and the need to provide an explanation for particular events with the help of context and background information. Cognitive empathy involves attempting to understand developments and challenges in a way that aligns with how a practitioner or political leader would view them. This requires engaged analysis of foreign policy articulations, both written and spoken, by such leaders and those in their immediate circle. Diplomatic historians rely primarily on archives to trace the origins and meanings of events and policies. However, this report doesn't have access to those archives, so it aims to utilize the historian's ability to assess a situation based on a general understanding of similar historical cases and predicaments across different regions. This approach, as historian Marc Trachtenberg describes it, is "by drawing on a certain sense of how things work."