

## India's Time to Think Strategically: Is domestic politics holding India back?

Written by Manjeet Singh Pardesi

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MANJEET SINGH PARDESI, FEB 7 2012

Without any great fanfare, India emerged as the third-largest national economy in the world in 2011, when measured using purchasing power parity, overtaking Japan to lie behind only the United States and China. At the same time, India has been rapidly modernizing its armed forces. Between 2006 and 2010 India became the leading arms importer in the world, and is set to spend as much as \$100 billion over the next decade to enhance the reach of its military. The emergence of India as a major economic and military power notwithstanding, New Delhi's most important challenge lies in managing its domestic politics in order to become a purposeful power in Asia and beyond.

Since 2010 when news of official malfeasance in the handing out of contracts for the Commonwealth Games in Delhi broke, the current Congress Party-led government of the United Progressive Alliance (UPA) has been mired in one controversy after another regarding high-level corruption. One of the most egregious breaches of trust for the Indian public was the so-called 2G telecoms scam involving a cabinet-level minister which was ranked by Time magazine as the second-worst abuse of official power (behind America's 1974 Watergate scandal). Throughout most of 2011, India was preoccupied with the anti-corruption campaign led by the social activist Anna Hazare which has led the Indian government to seriously debate the Citizen's Ombudsman's Bill.

These domestic political developments – which have important implications for the type of state and society that India wishes to create for itself – have led to a neglect of any major debate on foreign policy at a time when India is in the process of emerging as a major Asian power. This is true for India's foreign economic policy as well as wider diplomacy.

For example, amid controversy involving his alliance partners and the opposition parties, Prime Minister Manmohan Singh buckled under domestic pressure and shelved reforms in the retail sector in December 2011. The reforms had sought 51% foreign direct investment in multi-brand retail. If implemented, these reforms would have brought foreign supermarkets into India and created as many as ten million jobs. At the same time, their investment in cold storage infrastructure in India would have prevented millions of tons of agricultural produce from being wasted in the country. Instead, New Delhi has agreed to only partially open the sector by allowing 100% foreign ownership of single brand stores. This means that while high-end luxury stores selling products of only brand, say Prada, can now thrive in India, groups like Tesco and Carrefour that sell multi-brand products are still not welcome.

Similarly, the future of the South Korean giant POSCO's plan to build a \$12 billion steel plant in the eastern state of Orissa – India's largest foreign direct investment project – is uncertain as it has come under pressure from the state government. The Orissa state government has suspended the land acquisition for this project in the face of opposition from the people of this iron-ore rich region who will be displaced because of the POSCO industrial project.

Whatever the merits of decisions in individual cases, it is the manner in which the decisions of the central government had to be shelved (even if temporarily) that are most troubling. In almost every one of these cases, the central government caved under the pressure from its alliance partners, the opposition, or the state government – each claiming to represent the will of the people of India. Whether or not these cases represent the deepening of the Indian democracy, the signal being sent to foreign investors is that India's central government is unable to take hard

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political decisions (which will remain in force once sanctioned). This is particularly troubling for there is a near-consensus among economists and political scientists that India needs further economic reforms and foreign investment to speed its own development, especially as there are some signs that India's economic growth may be slowing down as a consequence of domestic factors as well as international economic uncertainty.

Analogous to the seeming policy paralysis in India's foreign economic policy, India's wider diplomacy is also succumbing to domestic pressure. For example, the Indian central government did not go ahead with a river water-sharing deal with Bangladesh in 2011 under pressure from the state-government of West Bengal. The current government in power in the state of West Bengal is an ally of the UPA government in Delhi and could thus influence India's foreign policy. India's inability to reach out to its smaller neighbors in South Asia at a time when China is rapidly increasing its influence in the subcontinent is a source of major concern for India's foreign policymakers. However, New Delhi seems to be mired in the exigencies of domestic politics when it comes to formulating policies towards its South Asian neighbors.

In addition to this, India is also being held back by the small size of the Indian Foreign Service (IFS) – the professional body of around eight hundred diplomats that runs India's Ministry of External Affairs as well as its missions and consulates abroad. While India has a very talented diplomatic corps, its size is comparable to smaller countries like Singapore and is unsuitable for a state with global power aspirations. Tasked with administrative roles in addition to policy formulation and implementation, India needs to expand the IFS commensurate with its expanding global interests.

While all of these problems which are domestic in nature can be addressed by a determined leadership that is willing to spend political capital, India needs to realize that these decisions will have major implications for the type of power it will emerge as. More importantly, alliance politics in Delhi and the reality of day-to-day governance of a large and diverse country has meant that India is yet to think strategically about the most important development in the international system – the rise of China.

The Sino-Indian rivalry for power and influence in Asia is heating up with China's foray into the Indian Ocean. At the same time, India has begun engaging its eastern neighbors. In addition to teaming up with Vietnam for offshore oil and gas in the South China Sea, India is also in the process of partnering with Thailand and Myanmar on the Dawei Project – a transport corridor that will connect India with Southeast Asia. India has also begun a trilateral strategic dialog with Japan and the United States on Asian security issues.

China has responded to India's engagement with East Asia and the United States by hardening its position on the disputed Sino-Indian border (especially in Arunachal Pradesh). At the same time, China has also deepened its entente with Pakistan by stationing several thousand soldiers of the People's Liberation Army in Pakistan's Gilgit-Baltistan region (which in New Delhi's view is a part of the disputed state Jammu & Kashmir). India needs to seriously think its response to the rise of China as a major military power all along the Himalayas. However, pre-occupied as it is with domestic political issues, New Delhi is yet to seriously debate its response to the rise of China, or the type of partnership it wants to build with the United States. This is a partnership that will be critical not only to manage the rise of China but also to facilitate India's own emergence as a major power.

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rivalries and their escalation to war. His research interests include causes of war, theories of foreign policymaking, the rise and fall of great powers, international relations in world history, Asian security, and Indian foreign/security policy. He was an Editorial Assistant for 'International Studies Quarterly' from 2009-2012, and is the co-editor of 'India's Military Modernization: Challenges and Prospects' (forthcoming, Oxford UP). His articles have appeared in numerous publications, including the 'Air & Space Power Journal', 'The Fletcher Forum of World Affairs', 'World Policy Journal', 'India Review', and 'The Straits Times' (Singapore).