Bylievation

Modi’s world: Changing the terms of India’s global engagement

China, self-reliance and embrace of the US will be key determinants of Delhi’s policies

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For The Straits Times

As the first year of Prime Minister Narendra Modi’s second term draws to a close this week, his determination to change the terms of India’s engagement with the world is quite apparent.

Whether it is in defining India’s approach to economic globalization or discussing India’s political defensive stance on the Kashmir dispute that involves Pakistan and China, orpdfshedding Delhi’s historical inclination to strategic cooperation with Washington, Modi’s steering of India onto a broader path is evident.

Many of these inclinations have only gained greater traction in the wake of the COVID-19 crisis. And it is becoming clear how the economic and social disruption triggered by the pandemic will force Modi to realign his ambition to redefine major areas under his second term. We do know from his first term that he is not afraid of taking risks. And if he is convinced of the course of action, he is quite prepared to invest all his political capital into undertaking.

These characteristics were evident in Modi’s decisive move to demonetize the Indian currency in 2016 and implement the goods and service tax (GST) in 2017 despite huge disruptions to the Indian economy. We have seen that again in the second term with the decision to go for a comprehensive lockdown of the Indian economy at the end of March.

Modi’s risk-taking is based on the confidence he has built up huge reserves of political trust among his countrymen. Despite recent criticism that the lockdown has been costly and unsuccessful, opinion polls this month have shown Modi’s approval rate soaring to 80 per cent.

CHINA AND SELF-RELIANCE

Looking ahead, how Modi directs India’s engagement with the world will be guided by at least two major determinants - his view of China and the new emphasis on national self-reliance.

Consider, for example, his decisions last year to keep India out of the Regional Comprehensive Economic Partnership (RCEP) agreement. He invoked the father of the nation, Mahatma Gandhi, to affirm that “neither Gandhi’s policy of self-reliance nor my own conscience allows me to join the RCEP.”

Modi’s argument that the RCEP does not serve India’s interests was expanded by his chief of staff, Home Affairs Minister Amit Shah. He pointed to the staggering trade deficit with China, which has risen manifold from US$8 billion in 2005 to about US$50 billion (360 billion) last year. This has grown with the growing sentiment in India that the massive trade deficit with China - nearly 40 per cent of India’s total - has hit the country’s manufacturing sector. A large section of the Indian business community are joining this.”

China dominated regional forum would simply make matters worse. His advisers and ruling party ideologues insist that the new focus on self-reliance is not a misplaced return to the “self-sufficiency” of the decades under prime ministers Jawaharlal Nehru and Indira Gandhi. It’s a response, they say, to the changing global dynamic as well. They point to the deepening backwash of US-China trade and And growing political pull - that the state of high globalisation is not sustainable. India, in other words, is not alone in belief that China has gloved the global trading system to the disadvantage of others.

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The NEW MANTRA

Even as Modi talks of self-reliance, his government is making big bets to attract industries that are finding insurmountable locations for investment. Critics point to the contradiction between the simulated self-reliance and a policy of integration with global supply chains. Contractions might be part of life, but there is no denying Delhi’s special effort in promoting domestic manufacturing and integrating it with the nurtured supply chains that are emerging.

Equally important have been the proposed reforms on liberalising the agriculture sector, easing labour laws, opening the coal sector to private players and defence products for higher standards of foreign investment. In a nutshell, limiting globalisation while promoting domestic economic development appears to be the new mantra. But there is an exception to this rule - China.

But the concerns about trade deficits that led to its walking out of the RCEP, the Modi government has also begun to try to restrict China’s investments into India. Six years ago, Modi was an ardent advocate of China engagement. Travels to Beijing to be chief minister of Gujarat at a pre-Modi Press conference that economic globalization will not necessarily improve political and social integration. As Modi was confronted with a second military crisis in 2019, the Doklam plains near the frontier of China’s border with Bhutan and China. It convinced him that economic globalization will not necessarily improve political and strategic integration with Beijing. When he was confronted with a second military crisis in 2019, the Doklam plains near the frontier of China’s border with Bhutan and China. It convinced him that economic globalization will not necessarily improve political and strategic integration with Beijing. When he was confronted with a second military crisis in 2019, the Doklam plains near the frontier of China’s border with Bhutan and China. It convinced him that economic globalization will not necessarily improve political and strategic integration with Beijing. When he was confronted with a second military crisis in 2019, the Doklam plains near the frontier of China’s border with Bhutan and China. It convinced him that economic globalization will not necessarily improve political and strategic integration with Beijing. When he was confronted with a second military crisis in 2019, the Doklam plains near the frontier of China’s border with Bhutan and China. It convinced him that economic globalization will not necessarily improve political and strategic integration with Beijing. When he was confronted with a second military crisis in 2019, the Doklam plains near the frontier of China’s border with Bhutan and China. It convinced him that economic globalization will not necessarily improve political and strategic integration with Beijing. When he was confronted with a second military crisis in 2019, the Doklam plains near the frontier of China’s border with Bhutan and China. It convinced him that economic globalization will not necessarily improve political and strategic integration with Beijing. When he was confronted with a second military crisis in 2019, the Doklam plains near the frontier of China’s border with Bhutan and China. It convinced him that economic globalization will not necessarily improve political and strategic integration with Beijing. When he was confronted with a second military crisis in 2019, the Doklam plains near the frontier of China’s border with Bhutan and China. It convinced him that economic globalization will not necessarily improve political and strategic integration with Beijing. When he was confronted with a second military crisis in 2019, the Doklam plains near the frontier of China’s border with Bhutan and China. It convinced him that economic globalization will not necessarily improve political and strategic integration with Beijing. When he was confronted with a second military crisis in 2019, the Doklam plains near the frontier of China’s border with Bhutan and China. It convinced him that economic globalization will not necessarily improve political and strategic integration with Beijing. When he was confronted with a second military crisis in 2019, the Doklam plains near the frontier of China’s border with Bhutan and China. It convinced him that economic globalization will not necessarily improve political and strategic integration with Beijing. When he was confronted with a second military crisis in 2019, the Doklam plains near the frontier of China’s border with Bhutan and China. It convinced him that economic globalization will not necessarily improve political and strategic integration with Beijing. When he was confronted with a second military crisis in 2019, the Doklam plains near the frontier of China’s border with Bhutan and China. It convinced him that economic globalization will not necessarily improve political and strategic integration with Beijing. When he was confronted with a second military crisis in 2019, the Doklam plains near the frontier of China’s border with Bhutan and China. It convinced him that economic globalization will not necessarily improve political and strategic integration with Beijing. When he was confronted with a second military crisis in 2019, the Doklam plains near the frontier of China’s border with Bhutan and China. It convinced him that economic globalization will not necessarily improve political and strategic integration with Beijing. When he was confronted with a second military crisis in 2019, the Doklam plains near the front