



Relevance of Geoeconomics: Emergence of India as a Geoeconomic Power, Challenges, Opportunities and the Way Ahead

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Introduction

Post the decline of the Cold War era, the term 'Geoeconomics' gained prominence among intellectuals and strategists. There is also a growing consensus that following the departure from neo-liberal globalisation, geoeconomics has emerged as a potent tool for the reigning and aspiring global powers to retain their hegemony and shape the behaviours and attitudes of their collaborators, competitors and allies. In the realm of dynamic character and nature of international relations, various scholars and think tanks opine that "The contours of future conflicts and competitions would have a geoeconomic character rather than military or geopolitics". The hypothesis is substantiated by global trends of sanctions, economic blockades, and aid denial by the United States (US), European Union (EU) and Russia against the target nations. These economic tools have been explored extensively by global hegemonies to compel adversaries to concede to their terms, manipulate their responses, attitudes and behaviours and settle disputes to their advantage.

In the contemporary scenario, interstate conflicts have been resolved, settled, or deterred by hegemonies by unleashing their comprehensive 'Power of Balance', encompassing the simultaneous application of hard power, i.e., military might, as well as soft power, such as political overtures and geoeconomic coercion/deterrence. General V Gerasimov (2013), (former Chief of the General Staff of the Russian Federation), commented that the methods of 'Non-Linear War' (Hybrid War) involve 'A broad use of political, economic, informational, humanitarian and other non-military measures' (such as concealed armed forces and a fifth column within the local population).¹

The empirical data reveals that, amidst contemporary hybrid or grey zone warfare and blurred peace and war scenarios, contesting actors are increasingly using conventional and non-conventional forces to shape the

contours of conflicts, and leveraging all instruments of power, including diplomacy, geopolitics, and geoeconomics, for campaign planning and conflict resolution. The world has witnessed the application of economic coercion measures by global powers and the western alliance against Syria, Iran, Ukraine, and Russia. Thus, in the realm of a rapidly transformed geopolitical landscape, it is imperative to understand the term 'Geoeconomics', what it involves, and its relevance in shaping the global order. Considering the steady rise of India as a credible regional and global power, it also becomes important to examine India's sphere of geoeconomic influence and its role in the emerging global scene.

Relationship between 'Geoeconomics' and 'Geopolitics'

US strategist Edward Luttwak, in his 1990s article 'From Geopolitics to Geoeconomics: Logic of Conflict, Grammar of Commerce', coined the term 'Geoeconomics'. Since then, the term has found its place in the lexicon of strategists and think tanks. He remarked that "The end of the Cold War would usher in a new era in international relations characterised by competition for economic resources and markets rather than military conflict". Luttwak defines, "Geoeconomics is the strategy by which states use economic means to advance their geopolitical objectives".²

There is no singular definition of geoeconomics; various scholars and think tanks have presented varied views on the subject. Geoeconomics entails the study of the spatial, temporal and political aspects of economies and resources. Vusal Gasimli, an Azerbaijani economist, explains geoeconomics as the study of interrelations of economics, geography and politics in the 'Infinite Cone' rising from the centre of the Earth to outer space (including the economic analysis of planetary resources).³ According to Chatham House, a British think tank,

“Geeconomics is the interplay of international economics, geopolitics and strategy”.⁴ Robert Blackwill and Jennifer Harris, in their book ‘War by Other Means’, state that “Geeconomics is the use of economic power to achieve political goals”.⁵ Vihma A comments that the definition of geeconomics covers a variety of matters, including cross-border economic zones, foreign policy, neoliberalism, and economic nationalism.⁶ Hudson VM in article, ‘Why the Third World Matters, Why Europe Probably Won’t: The Geeconomics of Circumscribed Engagement’, defines geeconomics as “A strategy for regional development through economic means, such as trade and investment”.⁷ Sanjaya Baru argues that “Geeconomics is the interaction between the economy and geopolitics; economic development has geopolitical influence, and geopolitical changes will affect the economy. It can be defined as the relationship between economic policies and changes in national power and geopolitics or as geopolitical consequences of economic phenomena”.⁸

It is quintessential to establish the linkages between geeconomics and geopolitics and their roles in shaping the contours of international relations as well as defining the global order. Scholastically, geeconomics studies the interdependence between economics and international relations. It also involves the examination of how economic factors such as trade volumes/deficits, policies, practices, investment, and financial flows can be leveraged to achieve geopolitical objectives, i.e., security, influence, and power balance, whereas geopolitics deals with the study of the impact

of geographic factors such as territory, location, and resources on international relations. Colloquially, geopolitics involves addressing the challenges and opportunities afforded by interactions between countries based on trade relationships, security matters, alliances and competitions, multinational climate initiatives, supply chains, and territorial disputes. Thus, it can be inferred that in the era of interdependence, geeconomics and geopolitics, being interlinked potent instruments of national power, play a pivotal role in projecting power and safeguarding a nation’s interests.

Geeconomics is an interdisciplinary analysis covering geopolitical factors, economic intelligence, strategic analysis, and foresight.⁹ Various studies have been conducted on the subject. In this context, a study on geeconomic relations between China and the Association of Southeast Asian Nations (ASEAN) countries highlights many factors impacting geeconomic relationships between states, such as politics, diplomacy, strategy, economy, resources, society, ethnic groups, culture, and location, etc. The study classifies influencing factors into four categories: geolocation, economic factors, geopolitics, and geoculture, from the perspective of internal and external causes. Among them, economic factors are the internal causes affecting the geeconomic relationships, while geolocation, geopolitics, and geoculture are the external causes.¹⁰ The study also illustrates a conceptual model of five latent variables in geeconomic development; the interplay between these variables can be depicted as shown in Figure 1.

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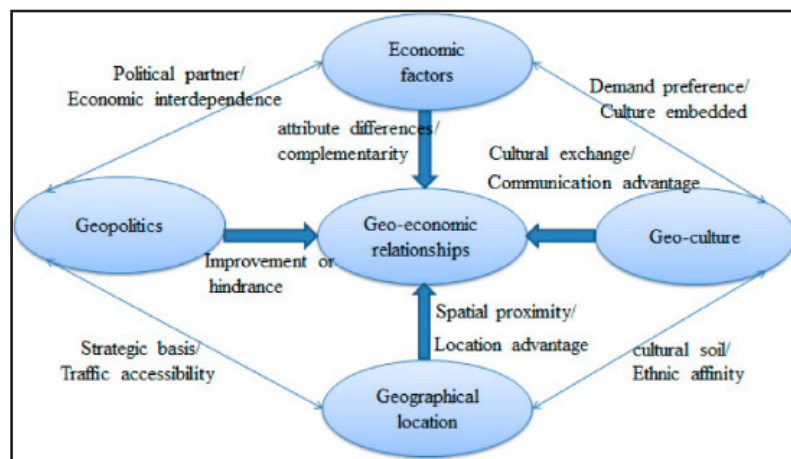


Figure1: The driving factors and mechanism of the geeconomic relationship¹¹

In this structural equation modelling, geoeconomic relationships between China and ASEAN countries are expressed by import and export trade indicators, Foreign Direct Investment (FDI) inflow and outflow indicators, which reflect logistics as well as the capital flows and the degree of geoeconomic cooperation between countries. Geographical location is reflected by indicators that demonstrate spatial proximity and traffic accessibility; these include border ports, major seaports, international airports, and port distance. Considering measurable economic conditions, such as labour situation, market demand, and economic interdependence, the study selected gross capital formation, total labour force, final consumption expenditure, per capita Gross Domestic Product (GDP) and energy use as the manifest variables of economic factors. The geopolitical manifest variables included high-level visits, economic or trade agreements, and conflicts of sensitive incidents as indicators. The geocultural manifest variables encompassed the similarity and kinship of history

and culture, along with various cultural exchanges and educational activities. According to the findings of the study, economic factors have the highest total impact (direct and indirect) on geoeconomics followed by geopolitics, geoculture and geographical factors.

The results demonstrate that geolocation, geopolitics, and geoculture influence geoeconomic relationships in both direct and indirect ways, and with the indirect effect being far greater than the direct effect. The phenomenon can be understood through the basic principle of spatial interaction in the field of geography, which involves the process for ‘Element–structure–relationship–function–effect’. It means that influencing factors play their roles in geoeconomic relationships more progressively and indirectly. The above template can be applied to study the role of these driving factors in influencing India’s relationship with regional and global players, as well as traditional and modern allies across the globe.

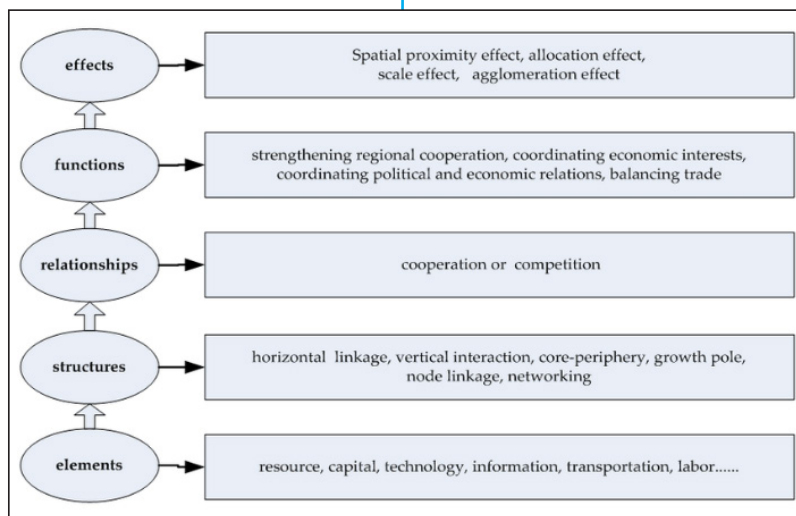


Figure 2: Principal of spatial interaction

Emerging Trends: Use of Geoeconomic Tools in Statecraft

Evidently, geoeconomics and geopolitics being mutually inclusive may be leveraged to further national objectives as shown in Table 1.

To achieve their stated objectives, myriad geoeconomic ways are exploited by the nation-states and actors. A white paper published by the World Economic Council sheds light on various economic coercion tactics used by nation-states to further their economic and geopolitical agendas. The range of economic coercion measures applied by the nation-states are as shown in Table 2.¹²

Geoeconomics can be exploited to secure the following geopolitical objectives:

Geopolitics can facilitate the following economic objectives:

<ul style="list-style-type: none"> Secure balance of power through economic alliances/collaboration. 	<ul style="list-style-type: none"> Secure access to critical natural resources and strategic infrastructure and trade routes through diplomacy and military means.
<ul style="list-style-type: none"> Strengthen national security by using economic tools viz., hedging, trade sanctions, and export/import controls, to weaken/coerce the adversaries and strengthen the allies. 	<ul style="list-style-type: none"> Engage with nation-states, supranational actors, and multinational conglomerates to channel investment into strategic infrastructure projects such as rail, road, air, and maritime to provide easy access to global supply and value chains.
<ul style="list-style-type: none"> Influence the behaviour of competitors/collaborators through foreign aids, deniability/accessibility to niche markets and investment. 	<ul style="list-style-type: none"> Offer subsidies and impose trade protectionist measures to protect key industries and potential customer base from foreign competition.
<ul style="list-style-type: none"> Promote economic growth by engaging in trade agreements and investment promotion programs. 	<ul style="list-style-type: none"> Leverage diplomatic influence to promote strategic trade with foreign countries on favourable terms.

Table 1

Carry out a full economic blockade or embargo.	Reduce export bans (including arms embargo).	Withhold previously agreed loans, orders and projects.	Deny regulatory approval/ licenses.
Impose travel/visa bans.	Increase/discriminate tariffs.	Suspend or interrupt international negotiations or meetings.	Freeze financial assets.
Impose financial sanctions.	Implement unfavourable taxation.	Close businesses and expropriation.	Cut transportation links.
Ban/reduce import.	Increase import and export inspections.	Encouraging public boycotts.	Aid suspension.

Table 2

The white paper emphasises that the trend of using these coercive measures, considered a predominant tool of western powers, is on the rise. To amplify this finding, the white paper highlights that war-weary liberal democracies, such as the EU, prefer to rely on their economic might rather than fall back on their shrinking military power. The EU had only six sanction regimes in force in 1991, but by 2014, the numbers had grown to more than 25. Similarly, in the US, the Treasury’s ‘Guerrillas in grey suits’ have developed increasingly sophisticated financial sanctions since 9/11. Other countries are also not far behind, even though many of them prefer not to call their actions ‘Sanctions’ and often proceed subtly, increasing import controls rather than officially banning trade, or using health and safety concerns instead of openly forbidding foreign businesses. To substantiate the findings, the study also examines

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the strategies employed by various nations. Russia exerted pressure on EU nations during the Russia-Ukraine conflict by stopping gas exports and disrupting grain exports from Ukraine. Turkey leverages its geographic position by cutting Armenia off from trade with the West, and China restricts access to its large consumer market and imposes export sanctions on rare earth minerals.

Evidently, geoeconomics will be a mainstay in the global power game to wrestle and wrest control over critical positions in the global arena and deny critical space in geopolitics to competitors. It is emphasised that in the era of an interconnected and interdependent global environment, geopolitics and geoeconomics would be applied in absolute concert by nation-states to achieve their stated goals and pursue their aspirations.

India's Tryst with Geoeconomics

The global environmental scan indicates that for any nation(s) aspiring for financial autonomy, higher economic growth, prosperity and credible geopolitical influence, it is imperative to strategise to amalgamate geopolitical and economic objectives. Policymakers and leaders need to analyse the emerging trends and realign the economic, political, defence, capability development, and foreign policies to become a frontrunner in the big game. In the contemporary geopolitical scenario, India cannot afford to miss out on opportunities and avenues to gain a stronghold over 'Global Value Chain' and 'Global Wealth Chain'. Here, the question arises whether the concept of geoeconomics been overlooked by Indian think tanks and scholars, or whether the issue has adequately been deliberated upon and practised in Indian statecraft. This paper will attempt to explore India's tryst with geoeconomy as a tool of statecraft and an inherent part of strategic culture in ancient history, as well as its manifestation in policy implementation post-independence.

Interestingly, ancient Indian literature acknowledged the importance of a strong economy and emphasised the use of economic tools as part of statecraft. The *Manusmriti* (Laws of Manu), an ancient Indian legal text written around 200 BC, contains many insights into the economic and political discourses of ancient India. It also discusses the relationship between economics and politics in international relations.

Verses from the *Manusmriti* that discuss geoeconomics are as follows:

- **Verse 7.117:** "A king should always strive to increase the wealth of his kingdom. He should do this by encouraging trade and agriculture, and by imposing taxes on foreign merchants".
- **Verse 7.118:** "A king should use economic tools, such as trade sanctions and tariffs, to pressure other states and achieve geopolitical objectives".
- **Verse 7.119:** "A king should always be mindful of the economic and political interests of his allies. He should form strategic alliances with other states to advance his own geopolitical interests".

Furthermore, Chanakya, a revered Indian statesman and economist, defined geoeconomics in his treatise, the *Arthashastra* (Indian treatise on statecraft, economics, and politics), over 2,000 years ago. He stated, "The strength of a nation is not in its military might but in its economic power". He emphasised that economic power is essential to achieving geopolitical objectives. He advocated for a strong economy based on agriculture, trade, and industry. Additionally, he stressed the importance of strategic alliances with other countries.

The teachings contained in these ancient works of literature were not limited to scholarly discourses, the Indian rulers practiced them in trade and governance as well. Megasthenes, a Greek ambassador to the court of Chandragupta Maurya in the 4th Century BC, in his book 'Indica', provided valuable accounts of the Indian economy and society of the time. He observed that the Indian rulers employed economic tools,

such as trade taxes and tariffs, to raise revenue and finance their activities. According to the account of Indian ancient history, King Ashoka leveraged economic tools to spread the influence of his empire exponentially. He built roads and developed ports to spread trade with neighbouring states and countries. Tax breaks were offered to merchants, and financial aid were provided to countries such as Sri Lanka

which facilitated greater influence and encouraged the merchants to visit his empire for business. The cultural and religious exchange outreach initiatives were instrumental in expanding his influence on Central and Southeast Asia. Similarly, the Chalukya Empire used trade and cultural exchange to forge strategic alliances with Southeast Asian countries. Shivaji and Moghuls also exploited economic tools extensively in their statecraft to strengthen their state's economy and authority.

In her research paper, Priya Chacko carries out an in-depth analysis of India's economic policies post-independence, wherein the contours these economic policies and drivers of transition in these policies have been deliberated upon within a conceptual framework. She argues that "India's post-independence national social order was the product of three interrelated factors: the colonial encounter, a critique of the imperial geopolitics, and the emerging Cold War". Under the leadership of Jawaharlal Nehru, influenced by a non-alignment geopolitical approach and prevailing internal conditions, India adopted a

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multi-ethnic and multi-religious social democracy with a centrally planned economy. Until the 1970s, India followed a 'Developmentalist Model'. However, failure to achieve the desired economic development, increasing economic disparity with Southeast Asian countries and domestic and global geopolitical and economic shifts led to India steering towards the liberalisation of its economy.¹³ Post 1990, the world witnessed India transforming to adapt to the nuances of a neo-liberal economy with global and regional orientation. The advent of the 21st Century marks India's forays into the geoeconomic arena, engaging with multidisciplinary institutions and markets of various developed and emerging economies, and thereby making up for lost opportunities. Interestingly, the shift in India's economic outlook found reflection in its geopolitical approach and internal political and social environment.

India's Current Geoeconomic Stature

Power Gap provides a secondary analysis of the index based on the interplay between resources and influence. Countries can be overperformers or underperformers, irrespective of the ranking positions.

Countries with outsized influence in Asia relative to their resources have a positive power gap. Conversely, countries that exert undersized influence relative to their resources register a negative power gap.

India's global ranking in geoeconomic power varies depending on the source. However, most sources rank India as one of the top 10 geoeconomic powers in the world. For example, the Lowy Institute's 2023 Asia Power Index ranks India as the fourth most powerful country in Asia and the tenth most powerful country in the world.¹⁴ The same study ranks India third in the geoeconomic security index, implying India's ability to defend against other states' economic actions on a country's geopolitical interests and economic activities. The study reveals that India's power gap score is 2.8 [difference between comprehensive power (36.3) v/s expected power (39.1)], which puts India in the 21st position. This indicates that despite being resource-rich, India exerts undersized influence in the global arena. The data collated by the study reveals India's geoeconomic performance vis-à-vis regional and global competitors. The study reveals that India is an 'Undersized Influencer'. In 2023,

India had the greatest gains in cultural influence (+2.5). It lost the most points in resilience (-4.9). It improved in diplomatic influence (+2.2), while trending down in economic relationships (-3.2), defence networks (-2.6), economic capability (-2.2), future resources (-1.0) and military capability (-0.7). It is assessed that improved performance in resilience, economic relationships, defence networks, and military capability would be critical in achieving a competitive edge over the competitors. In the domain of geoeconomic capability, greater diversification of export products and export markets, reduced trade imbalance and an increase in exports to diversified markets would aid in increasing the geoeconomic influence. The global statistics on the power gap compiled by the study are as shown in Table 3.

The World Bank projects growth of India's economy at an average rate of 7.0 per cent per year over the next five years. The International Monetary Fund Report of 2023 also predicts India's GDP to grow at 6.3 per cent, which is the highest among major economies of the world.

Similarly, the Heritage Foundation's 2023 Index of Economic Freedom ranks India as the 121st freest economy in the world. According to a Business Insider Report from 2023, India is the world's 12th most powerful nation. The report suggests that India's perceived power comes from its exports and economic influence.¹⁶

According to reports, India's geoeconomic power is growing rapidly. The World Bank projects growth of India's economy at an average rate of 7.0 per cent per year over the next five years. The International Monetary Fund (IMF) Report of 2023 also predicts India's GDP to grow at 6.3 per cent, which is the highest among major economies of the world.¹⁷ The growth will be driven by multiple factors, such as the expansion of the middle class, increasing urbanisation of the population, infrastructure development, technological innovations, startups, growth of the digital economy, and India's strategic location in the Indo-Pacific region.

A report published by the Greater Pacific Capital highlights that "India's economy is undergoing a rapid transition and is expected to overtake the US in size by 2030". With its GDP projected to cross USD 4.0 tn this year and USD 8.0 tn within the next decade, this transformation is extraordinary in terms of both its scale and speed, with India's growth now accelerating faster than any other major economy. The study also predicts that "Even though India's rise is widely expected to be peaceful, its emergence as a real economic superpower will also likely disrupt the global economic and political status quo, shaping and

Country	Overall Rank	Geopolitical Security		Economic Capability		Geo-Economic Security		Military Capability		Internal Security		Power Gap	Remarks
USA	1	1	99.8	1	88	2	81.3	1	90.7	8	72.6	-1.3	Undersized influence
Russia	5	4	68.5	7	13.8	5	67.1	3	52.5	15	46.9	-6.6	Undersized influence
China	2	2	86.2	2	87.0	1	8.3	2	68.1	10	63.0	0.0	Undersized influence
Japan	3	10	27.7	3	28.6	4	72.7	6	27.4	7	82.0	+10.1	Oversized influence
Australia	6	5	61.4	9	12.3	10	54.6	7	26.0	4	88.4	+7	Oversized influence
India	4	3	74.7	4	21.9	3	75.1	4	44.1	18	32.0	-2.8	Undersized influence
S Korea	7	16	22.8	5	17.6	6	64.6	5	33.1	5	84.6	+3.9	Oversized influence
Pakistan	15	23	11.7	18	2.8	11	51.5	10	23.8	25	9.2	-3.7	Undersized influence
Singapore	8	15	23.7	5	17.6	19	32.7	9	24.4	1	100.0	+4.6	Oversized influence
N Korea	17	21	15.9	19	2.3	25	4.0	8	25.7	21	25.3	-7.2	Undersized influence

Table 3: Comparative Analysis of Global ranking of Geo-economic Influence and Power Gap, Source - Lowy Institute Asia Power Index 2023¹⁵

re-shaping regional and global power alliances over the next decade and beyond”. Drawing a parallel to that of Chinese economic might, the study states that China has undergone three phases of ‘Rise to Global Significance’:¹⁸

- **Phase I: Hardship and Poverty.** Corresponds roughly to the long and often flat journey of its GDP to USD 1.0 bn, marked by hardship and poverty. Between 1949 and 1997, China witnessed massive economic and social upheaval, including the ‘Communist Revolution’, the ‘Great Leap Forward’, the ‘Cultural Revolution’, the first wave of economic reforms and the ‘Tiananmen Square Crackdown’. This period saw multiple phases of massive but unsustainable growth and periods of regression and retrenchment. The average GDP growth was flat, taking nearly 50 years to reach USD 1.0 tn. The turning point came in the late 1970s when Deng Xiaoping introduced a series of economic reforms that unleashed massive pent-up demand and potential in the Chinese economy.
- **Phase II: Economic Liberalisation and Participation.** From the inflection point and rise that took it to USD 3.0 tn, marked

by economic liberalisation and participation, China entered this period from 1998 to 2007, during which its GDP expanded by 15.0 per cent annually. The core principles of communist economics were abandoned, and a more open and capitalist economy was adopted. The country saw expanding economic inclusion and participation across wider parts of the country and the standard of living rose nearly across the board. This second phase witnessed a massive influx of foreign investment in China. The growth model focused on industrial sectors, infrastructure investment, and exports alongside policies favouring large and state-owned enterprises. This was the phase of an imbalanced economy with low consumption rates and an undersized services sector. This phase was also marked by the absence of established or consistently enforced rules and low transparency for market participants, particularly investors. Few investors made real returns, but a credible group of them emerged ready for the next phase. The turning point was driven by the global financial crisis rather than an organic policy change, which saw Chinese GDP growth drop from 14.2 per cent in 2007 to

a low of nearly 6.0 per cent in the fourth quarter of 2008, triggering a massive USD 586.0 bn financial stimulus package which stabilised the Chinese economy, but was still unable to sustain the growth rates of the previous years.

- **Phase III.** Rise to Global Significance. This marks China's rise to global significance alongside the continued growth that brought GDP to USD 8.0 tn by 2013. This phase started in 2008 when Chinese leaders lost faith in the US open economy model and thus, looked for an alternative model. The decisive turning point was the announcement of

'Comprehensively Deepening Reforms' by Xi Jinping's administration. The programme has been accompanied by the consolidation of domestic power, anti-corruption purges, and increasing surveillance and censorship of society. While growth slowed to 6.0 per cent per annum, these developments also reduced volatility, increased stability, and curbed some of the uncertainty and risk that accompanied China's earlier high growth phases. During this phase, China's geopolitical reach enhanced overtly, with initiatives such as the Asian Infrastructure Investment Bank, the One Belt One Road, Brazil, Russia, India, China, and South Africa (BRICS) Bank, naval build-up, and

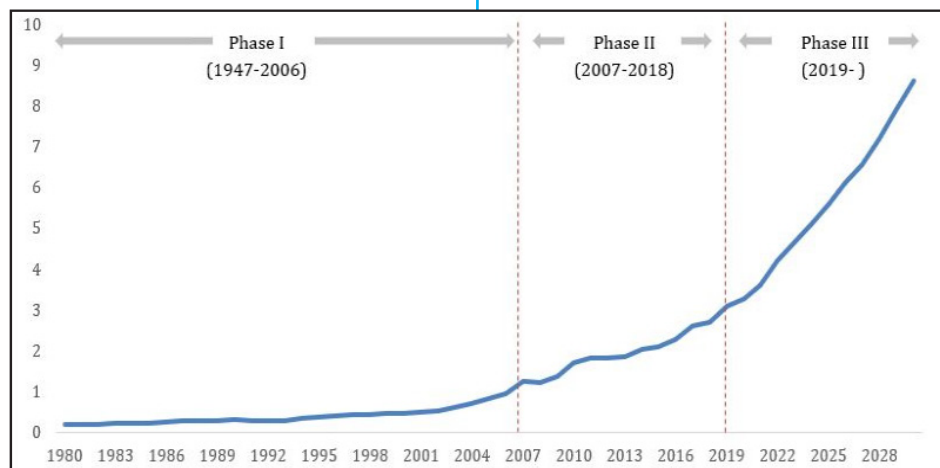


Figure 3: Phases of India's Development over the years, Source: Greater Pacific Capital¹⁹

<ul style="list-style-type: none"> • Long haul from poverty (1947 to 2006): <ul style="list-style-type: none"> - Average GDP growth rate: c.4% • Turning Point: Initial economic reforms reduce tariffs and interest rates, allow FDI (1991) <ul style="list-style-type: none"> - GDP growth rate 1991-2006: >6% • End of Phase I (2006): GDP finally crosses US\$1tn • Implications: <ul style="list-style-type: none"> - Political system: Effectively one-party state, closed economy, "License Raj" - Domestic population economic participation: Low - International Trade: Low/None - Geopolitical Position: Little/None - Economic Beneficiaries: Politically Connected - International investment Opportunity: Little/None 	<ul style="list-style-type: none"> • Economic Liberalisation and Participation (2007-2018) <ul style="list-style-type: none"> - Average GDP growth rate: c.7.3% • Turning Point: BJP win absolute majority e (2014) • End of Phase II (2018): GDP reaches c.US\$3tn • Implications: <ul style="list-style-type: none"> - Political system: Democratic, opening economy - Domestic population economic participation: Increasing, through multiple forms of inclusion - International Trade: Low overall but increasing in key sectors - Geopolitical Position: Little/None - Economic Beneficiaries: Widening, many corporations, a few investors - International investment Opportunity: Increasing but with high risk and volatility leaving a few survivors 	<ul style="list-style-type: none"> • Rise in Global Significance (2019-) - Potential annual GDP growth rate 2030: c.9.5% • Turning Point (Potential): General election provides decisive mandate for incoming government to promote growth (2019) • Implications: <ul style="list-style-type: none"> - Political system: Democratic, liberalised economy - Domestic population economic participation: Domestic population unleashed - International Trade: Transforming international trade flows - Geopolitical Position: Rise to superpower status - Economic Beneficiaries: Widespread, across industries/sectors, geographies, investors - International investment Opportunity: Transparent investing opportunities with high returns potential for wide range of participants
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Figure 4: Phases of India's Development over the Years, Source: Greater Pacific Capital²⁰

other evidence of an economically and politically expansionist China.

The study emphasises that India, having already endured the first two phases, is at the cusp of Phase III and may rise to global significance by 2028. The report suggests that urbanisation, financial participation, and consumerism will be the major drivers of the landmark transformation. A snapshot of the findings of the study pertaining to India's growth as an economic power is, as provided below in Figures 3 and 4.

It is assessed that India has calibrated its growing geoeconomic power not only to enhance its global trade and investment but also to promote its foreign policy and create a significant impact on the world. Recognised as an emerging major player in the Indo-Pacific region, India is reaching out to forge relationships with countries across the globe while bolstering its ties with traditional allies, such as the US, Russia and Japan. Its proactive involvement in the Shanghai Cooperation Organisation (SCO), BRICS, the Quadrilateral Security Dialogue, the World Trade Organisation (WTO) and Group of Twenty (G-20) is also regarded as a growing geopolitical clout.

India's Role in Global Geoeconomic Order

Due to various initiatives undertaken by the government and various drivers attributing strategic advantages, India has a unique opportunity to play a leading role in global geoeconomics. India can play the following role:

- **Promote Free Trade and Investment.** By promoting new Free Trade Agreements (FTAs), trade barriers are reduced, FDIs are attracted, a favourable business environment is created, incentives to foreign investors are offered, and global economic growth is boosted.
- **Invest in Strategic Infrastructure.** This will develop projects in other countries, especially in developing economies, to improve connectivity and trade. It would also create jobs and boost economic growth in developing countries.

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- **Provide Financial Assistance to Developing Countries.** This will support infrastructure projects, education programmes, and other development initiatives helping them achieve their economic development goals.

- **Promote Sustainable Development.** By sharing its experiences and best practices in fields of renewable energy, energy efficiency, and climate change mitigation, India can also contribute to the formulation and implementation of international agreements on sustainable development.

- **Build Relationships with Key Trading Partners.** Relationships with the US, China, the EU, and emerging economic markets would promote trade and investment and would give India a greater voice in global economic decision-making.

- **Enhance Digital Cooperation** Such cooperation with other countries in areas of cybersecurity, data privacy, and digital trade would create a more open and secure global digital economy.

- **Support Global Financial Stability.** Through multidisciplinary engagement with international financial organisations, such as IMF and World Bank, the global financial system would get reformed.

- **Address Global Challenges.** Handling challenges such as climate change, poverty, and inequality would create a more prosperous and equitable world.

Strengths, Weaknesses, Opportunities, and Threats Analysis of India's Economic Power

To recommend strategies and measures to enhance India's geoeconomic influence, it is imperative to conduct a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis in the contemporary scenario. A summary of the appreciated SWOT analysis is as shown in Table 4.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Substantial Domestic Market. 1.3 billion people provide a large domestic market with a huge customer base. • Youth Bulge. Young, skilled, and well-educated workforce, with over 62.0 per cent of the population below the age of 30, is a force multiplier to compete in the global economy. • Middle-class Might. The growing middle class, which is expected to reach 547 million people by 2025, is driving consumer demand and economic growth. • Favourable Business Environment. Significant reforms to improve the business environment in recent years have made it easier for businesses to start and operate in India. • Strategic Location. Being strategically located at the crossroads of Asia, Africa, and Europe, India has access to key markets and trade routes. • Stable Agriculture Sector and Promising Domestic Market. India's stable agriculture sector, which accounts for over 15.0 per cent of its GDP, provides a solid foundation for its economy, while its promising domestic market, driven by a growing middle class, offers immense opportunities for businesses to thrive. • Increasing Domestic Demand. Growing middle class and purchasing power to absorb domestic production. 	<ul style="list-style-type: none"> • Infrastructure Deficit. Inadequate roads, railways, ports, and airports infrastructure are hindrances to a growing economy. • Skills Mismatch. The lack of quality education and structured skill development training has led to a mismatch between employers' need for skills and the workers' capabilities. • Bureaucracy. Corruption, red-tapism, lack of transparency, and complex bureaucratic processes hinder the creation of a conducive environment for businesses. • Political Environment. Appeasement politics drains premium financial resources and burdens the exchequer, thereby leading to a fund crunch for critical development projects. • Poverty and Inequality. Poverty, inequality, and economic disparity can hinder economic growth and development. • Environmental Challenges. Rising air pollution, water pollution, and climate change are detrimental to the economy and public health.
Opportunities	Threats
<ul style="list-style-type: none"> • Demographic Dividend. India's working-age population is larger than the dependent population. This demographic dividend can drive economic growth, provided that adequate employment opportunities are created for the working-age population. • Digital Economy. The increasing footprint of smartphones, the internet, and the advent of Unified Payments Interface-based financial transactions have given a fillip to the digital economy. The thriving digital economy has driven economic growth and created new jobs. • Manufacturing Sector. Reforms targeted at boosting the manufacturing sector, such as the 'Make in India' initiative and <i>Atmanirbhar Bharat</i>, (Self-reliant India) have propelled economic growth and created substantial job opportunities. • Services Sector. India's large and growing services sector, which accounts for over 50.0 per cent of India's GDP. The growth of the services sector can drive economic growth and create jobs. • Global Trade. Several reforms to boost trade, such as FTAs with other countries, have facilitated increased trade, economic growth, job creation and business opportunities. 	<ul style="list-style-type: none"> • Global Economic Slowdown. A global economic slowdown could adversely impact India's open economy. • Rising Oil Prices. As a net importer of oil, India is vulnerable to fluctuations in oil prices. • Trade Protectionism. The rising global trend of trade protectionism may adversely impact India's exports of goods and services. • Geopolitical Tensions. Geopolitical tensions, such as the Russia-Ukraine conflict and the Israel-Hamas war, have had a significant impact on the global and Indian economies. • Climate Change. Vulnerability to climate change-related events may have an adverse impact on the economy.

Table 4

The Indian government has undertaken several initiatives to address the challenges and weaknesses and leverage the strengths to exploit opportunities, thereby, achieving geoeconomic goals. These key measures instituted by India include:

- **Make in India Initiative.** This was launched in 2014 and is aimed at boosting the manufacturing sector and making India a global manufacturing hub. The programme offers several incentives to foreign investors and manufacturers, such as tax breaks and simplified regulatory procedures.

- **Atmanirbhar Bharat Program.** Launched in 2020, it focuses on reducing India's dependence on imports and boosting domestic manufacturing in key sectors such as electronics, pharmaceuticals, and defence.

- **Act East Policy.** A foreign policy initiative launched in 2014, it is designed to deepen India's economic and strategic engagement with Southeast Asia. The policy has led to increased trade and investment between India and Southeast Asian countries.

- **Neighbourhood First Policy.** A foreign policy initiative launched in 2014 to prioritise India's relationships with its immediate neighbours has led to increased cooperation with neighbouring countries in areas such as trade, investment, and security.

- **Free Trade Agreements.** India has signed several FTAs in recent years to reduce trade barriers and boost trade with its trading partners.

- **India's Engagement with International Organisations.** India's engagement with international organisations, such as the WTO, G-20, and SCO, has provided a platform to promote economic interests and participate in decision-making on geoeconomic issues.

In addition to these initiatives, the Indian government is also investing in infrastructure, education, and Research and Development (R&D) to boost the

country's economic competitiveness. The government is also working to improve the business environment and to attract foreign investment. The Indian government's initiatives to increase its geoeconomic influence are still in their early stages, but they have the potential to make India a major economic power in the 21st Century.

Way Ahead

Considering the complex relationship between geoeconomics and geopolitics, it is important to explore the options and develop strategies to strengthen India's geoeconomic policies and leverage them as a strong tool of statecraft.

To capitalise on the geostrategic advantages, steady economic growth, and significant strides made in the geopolitical arena, India needs to evolve strategies for enhanced competitiveness and to attain greater geoeconomic might and influence. Certain suggested measures are discussed in the succeeding paragraphs.

To capitalise on the geostrategic advantages, steady economic growth, and significant strides made in the geopolitical arena, India needs to evolve strategies for enhanced competitiveness and to attain greater geoeconomic might and influence.

Capability Development.

- **Strategic Waterways and Ports.** Strategic waterways and ports, such as the Suez Canal, Strait of Hormuz, Bab-el-Mandab, Malacca, and Chabahar ports are critical to the global supply chain. India's geostrategic location offers a significant advantage in terms of geoeconomics and geopolitics in the Indian Ocean Region (IOR) and the Indo-Pacific region. India must develop a credible capability to safeguard its interests, thwart threats in the region, and foil any attempt by China to control the vital trade routes.

- **Well-developed Infrastructure.** The speedy execution of infrastructure network projects encompassing roads, railways, ports, and airports connecting Special Economic Zones, industrial bases and agricultural/production hubs would help in reducing transportation costs and transit time and add to the efficiency of the supply chain. Expedient execution of the 'Bharat Mala' and 'Sagar Mala' projects, North-South and East-West Corridor and the Kaladan Multi-Modal Transport

Corridors in the Northeast region of India would be crucial to India's geoeconomic goals and enhanced export. The 'Gati Shakti' (Momentum Power) programme would play a vital role in enhancing the world-class logistic capacity and synergising multiple transportation modes to optimise the capability.

- **Skilled Workforce.** A skilled workforce can produce high-value goods and services and facilitate the reduction of production costs and the development of indigenous capabilities. This is critical to India's ambition to become a source of global supply and value chains. The successful implementation of the 'Skill India Mission' will help address the skill deficit, enabling India to become a global manufacturing hub. This, in turn, will attract foreign investment in the manufacturing sector and contribute to the success of the 'Make in India' initiative.

- **Technological Innovation.** Investing in R&D of emerging technologies such as information technology, hardware and software, artificial intelligence, quantum computing, nanotechnology, and, robotics, semiconductors, renewable energy, green and solar technology, defence manufacturing, space and pharma, and health sectors would provide India with a competitive advantage in the global economy.

- **Indigenous Defence Manufacturing.** Boosting indigenous defence manufacturing will catalyse the rapid modernisation of armed forces, reduce dependence on imports and optimise modernisation expenditure while also creating a potential market for defence exports.

- **Economic Disparity.** Focus on building an inclusive economy by implementing measures to eradicate poverty and improve performance in the Global Hunger and Poverty Indices. Measures are to be implemented through the 'Skill India Mission', which enhances skills and generates employment opportunities in rural areas and Tier II and Tier III cities.

India should increase R&D in critical drugs and establish itself as a hub for affordable healthcare, particularly for Asian countries.

- **Supporting Micro, Small, and Medium Enterprises (MSMEs) and Startups.** Create a resilient ecosystem and extend robust support to MSMEs and startups dealing with the manufacturing sector and R&D in emerging niche technologies.

- **Health and Pharma Sector.** During the COVID pandemic, the Indian pharma sector played a crucial role in saving lives; India was recognised as the 'World's Pharmacy'. India should increase R&D in critical drugs and establish itself as a hub for affordable healthcare, particularly for Asian countries. This would enhance India's global image, boost the domestic health sector and attract phenomenal FDIs.

- **Education Hub.** The education sector requires a revamp and significant investment to create world-class education facilities across India. This would improve education standards in the country, stop the outflow of Indian students seeking studies abroad, and facilitate talent retention by positioning India as an affordable and quality education destination.

- **Ensuring Internal Security for Business Growth.** A secure and stable internal security environment is crucial for boosting the confidence of investors and fostering a business-friendly environment for growth. To achieve internal security objectives, it is essential to implement much-needed police reforms, modernise and strengthen law enforcement, and expedite the judicial process.

- **Strengthening Military Capability for Deterrence.** Enhance military capability for greater deterrence and to protect strategic assets offshore, as well as sea lines of communication in IOR.

- **Mitigating.** Environmental Challenges for a Sustainable Future. Protect the economy and public health by addressing environmental challenges through investments in renewable energy, improved energy efficiency, and pollution reduction.

Economic Reforms.

- **Robust Economic Foundation.** A strong and steady GDP growth, pragmatic economic and financial policies, higher per capita income, a low inflation index, and a stable currency are essential for creating an environment conducive to geoeconomic growth. This would provide the flexibility to implement geoeconomic strategies and help build a robust economy capable of withstanding global turbulence. A resilient economic environment would act as a catalyst for FDI in infrastructure and niche technologies and maintain a credible deterrent posture (diplomatically and militarily) to safeguard geopolitical and economic interests offshore.

- **Coherent Geoeconomic Strategy.** The government needs to evolve a geoeconomic strategy that encompasses pragmatic deliverables (economic goals and objectives) as well as the tools and resources to achieve them. The strategy should have inherent flexibility to adapt to changing economic conditions and geopolitical realities.

- **Coordination between Government and Private Sector.** Mutual trust and cooperation between state and private institutions are crucial for the effective implementation of the overall national strategy to realise the country's economic goals. Strategic communication by the national leadership should be directed towards shaping a positive opinion among citizens and the diaspora, building consensus among stakeholders, and creating a conducive internal and external environment to support the state's geoeconomic goals.

- **Enhancing Ease of Doing Business.** Streamline regulatory procedures and reduce bureaucratic hurdles to facilitate 'Ease of Doing Business'.

- **Creating a Business-Friendly Environment.** The impetus should be given to extending incentives to encourage FDIs

and create an environment conducive to business operations in the country.

- **Boosting Indigenous Production through Infrastructure and R&D.** Invest in infrastructure, education, and R&D to boost indigenous production and support the manufacturing sector.

- **Digital Economy.** Execute the 'Digital India Mission' expeditiously, promote digital innovation, and encourage investment in digital infrastructure and skills development to foster innovation and entrepreneurship in the digital economy.

- **Inclusive Growth and Greater 'Middle Class'.** The equitable distribution of wealth to uplift the financial status of people below the poverty line and along with greater opportunities for the middle class to prosper would aid in increasing purchasing power. A larger proportion and empowered middle class would possess tremendous capability for financial mobility and the ability to absorb domestic production.

- **Renewed 'Green Revolution'.** A drive to infuse emerging technology to revolutionise the agriculture sector, increase agricultural produce, and introduce a sustainable agriculture market model to support domestic demands and export targets.

Mutual trust and cooperation between state and private institutions are crucial for the effective implementation of the overall national strategy to realise the country's economic goals.

Trade and Investment.

- **Natural Resources.** Access to abundant natural resources, such as oil, gas, and rare minerals is critical for energy security and industrial needs. This would offer a significant advantage in terms of reducing import dependence, meeting energy security goals, and providing leverage to enhance wealth, power, and influence.

- **Expanding Trade through FTAs.** Promote FTAs with emerging markets and reduce trade barriers to expand trade and increase economic cooperation.

- **Attracting Investment Flows into India.** Increase investment flows

in developing countries and attract FDI into India to boost economic growth and development.

- **Diversifying Trade and Investment Partners.** Diversify trade and investment partners to reduce dependence on a few key trading partners, offset trade deficits, and invest in new emerging markets in the Global South.
- **Securing Energy Security through Alternative Energy.** Invest in exploring options for alternative and renewable energy sources to reduce import dependency and reliance on conventional energy, and secure energy security goals.

Geopolitical Engagement.

- **Political Will.** Strong political will is essential for leveraging economic tools, such as consistent economic policies, tariffs, sanctions, and investment incentives, to achieve economic and geopolitical objectives. This requires a risk appetite, informed decision-making, strategic vision, and the ability to make difficult choices, as well as long-term perspective planning.
- **International Cooperation.** The national leadership should engage with allies and partners at regional and global levels to promote free trade and investment and to address common economic challenges. The overall strategy should incorporate geopolitical manoeuvring to avoid economic conflict with competitors and adversaries and to promote global economic stability.
- **Enhancing Global Partnerships.** Strengthen relationships with allies and partners and build closer ties with global leaders and emerging economic players.
- **Strengthening Regional Ties for Mutual Benefit.** Promote regional cooperation to enhance trade, investment, and development.

India's quest to gain a foothold in the complex and evolving global order and pursue its goals of *'Amritkaal'* (Golden Age) demands a holistic approach to world affairs, encompassing the convergence of geoeconomics and geopolitics.

- **Addressing Global Challenges.** Address global challenges such as climate change and poverty.

Soft Power.

- **Establish Indian Culture Centres.** Leverage India's rich cultural heritage and values through cultural exchange programmes, cultural diplomacy, and by capitalising on education, tourism, and the arts.
- **Support the Indian Diaspora.** Encourage them to invest in India and promote India abroad, fostering a sense of community and shared identity.
- **Build a Strong Brand for India.** Create a positive and attractive image of India as a destination for trade, investment, and tourism, showcasing its unique strengths and opportunities.

Conclusion

The challenges of Volatility, Uncertainty, Complexity, and Ambiguity (VUCA) geopolitical environment necessitate a 'Realist' outlook in the statecraft of the nation-states. India's non-alignment movement has lost its relevance in the contemporary global arena, and the world needs deft handling of state affairs to achieve these global ambitions and national interests. In this context, the country's strategic leadership, stakeholders, and policymakers need to embrace the changes and align their strategies to achieve its global ambitions and national interests. India's quest to gain a foothold in the complex and evolving global order and pursue its goals of *'Amritkaal'* (Golden Age) demands a holistic approach to world affairs, encompassing the convergence of geoeconomics and geopolitics. With its steady economic rise, geostrategic location, access to critical global supply routes and booming domestic industrial and consumer base, India is at the cusp of claiming its position in global leadership. Therefore, it is imperative for India to capitalise on its burgeoning economic might, seize fleeting global opportunities, and unleash the 'Comprehensive National Power' to realise geoeconomic and geopolitical goals.

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