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INDIA'S RISE:

CONSTRAINTS AND PROSPECTS*

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1.0. Introduction

India has a privileged geostrategic location; as the larger and most important country in South Asia, it has direct access to Southeast Asia, Eastern Africa and the Middle East. It is the seventh largest country in the world, with 3,287,263 sq km, including Indian-administered Kashmir. With almost 1.2bn inhabitants, it has the second largest population, after China, and great ethnic, religious, cultural and linguistic diversities. There are hundreds of languages and dialects; eighteen official regional languages, along with Hindi, the national language, and English, also widely used.¹ Notwithstanding this great variation it is undeniable the existence of an Indian national ethos. Since its independence (1947) India has performed an important role at the regional and international levels and is regarded, together with Brazil, Russia, and China (the BRICs), a potential economic power in the next decades.

This paper aims at identifying and analyzing the major obstacles and challenges that India faces on its effort to achieve the status of a key global player and a major power in the 21st century. The study focuses both on India's *Innenpolitik*, or its internal dynamics, as well as on external or systemic variables. With this frame of reference in mind, the paper is organized along the following main topics: a concise review of India's political history, followed by a brief description of its domestic challenges, with emphasis on economic and social aspects, including separatist movements and other conflicts; the following section focuses on the regional environment, or "near abroad", that is, India's relations with China, and Pakistan—including Kashmir, and with the other neighboring countries; at the global level the paper examines India's relations with the United States and with other sources of world power--Russia, the European Union, and Japan; the last part is devoted to a review and analysis of India's role at the regional and international levels.

2.0. A Brief Political History

2.1. India before independence

India has an ancient and complex civilization dating back to about 5,000 years when inhabitants of the Indus River Valley developed an urban society based on commerce and agriculture. As the Indus Civilization started to decline (around 1,500 b.C.), Arian tribes

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¹ Different sources indicate different numbers of official languages in India. Non-documented information obtained by the author indicates that the central government of India recognizes today 38 regional languages.

originally from the Caspian Sea area began settling along the Ganges River Valley.² Ancient and Medieval India was formed by hundreds of small kingdoms with poorly defined borders. The north of the country was unified during the 4th and 5th centuries a.D., under the Gupta Dynasty, period known as a “golden era”, when the Hindu culture reached a significantly high level. Education, the arts, and Sanskrit literature flourished. Religion developed creating the foundation for modern Hinduism. Remarkable advancements in mathematics, medicine, and astronomy were also observed, as well as the Indian numerical system mistakenly attributed to the Arabs who took it to Europe. The decimal system is also considered an Indian achievement during this period.

As the Gupta Dynasty declined, Northern India once again became fragmented with various kingdoms. But during the 7th to 13th centuries a.D. domestic and external commerce flourished, particularly with the Arabs and Southeast Asia, which adopted Indian arts, architecture, Sanskrit language and literature and many social costumes. During part of this period (10th-11th centuries) Turks and Afghans established Sultanates in Delhi, and thus created conditions for the penetration and expansion of Islamism in the country. At the beginning of the 16th century descendents of Genghis Khan occupied the Northeast of India and established the Mogul Dynasty which lasted over 200 years and left a rich heritage. In the meantime, the South of India was dominated by Hindu kingdoms where both Islamism and Hinduism lived peacefully side by side.

The British gained a foothold in India at the beginning of the 17th century, through intensive trade promoted by the British East India Company with major cities (Madras, Bombay, Calcutta), under Maharajas protection. By 1850 they controlled most of India, and in 1857 the British Parliament transferred to the Crown the British East India Company; the following year marked the official beginning of British rule (*British Raj*), which ended with India's Independence in 1947.

2.2. From independence to the end of the Cold War

India's struggle for independence was characterized by non-violence and by a strong idealism inspired by Mahatma Gandhi. Jawarhalal Nehru, Prime Minister (PM) from 1947 to 1964, considered the architect of India's independence, was able to adapt Gandhi's ideas of non-violent nationalism and idealism, which constituted the parameters for India's insertion into the international scene. He clearly distinguished utopianism from what he considered “practical idealism” (a non-radical branch of socialism) which remained for many years the basis of India's domestic and foreign policies (CHAULIA, 2002).

Nehru's India fought against imperialism and colonialism (for him both the USA and the URSS in the long run would impose some type of imperialism), also led the struggle against racism, especially the apartheid. He inspired the Non-Aligned Movement-NAM (SINHA, 2002; CHAULIA, 2002),³ and defended India's right to formulate and implement its own domestic and foreign affairs without external interference. Thus India was able to maintain halfway distant from the ideological divergences that existed between the two superpowers (the USA and the URSS) and at the same time play an international role much beyond its

² In a concise way ROBERTS (2001) describes aspects of India's civilization. Another important reference is the classical work by DURANT (1954), especially Vol. I, Our Oriental Heritage. See also SMITH (1967). “The Story of Mother India” is an interesting and most recent article by Susan.L. HUNTINGTON (2010), professor of art history at Ohio State University.

³ The Non-Aligned Movement, created in 1961 by Nehru, Jamal Abdul Nasser (Egypt), and Josef Tito (Yugoslavia), with support from Asian and African leaders (Sukarno, Indonesia, Nkrumah, Ghana), intended to establish a dialogue forum and collective action from the part of developing countries, especially former colonies that obtained independence after the Second World War. For a while, the NAM obtained important political dimension (SINHA, 2002).

military and economic statuses, sustained mainly by Nehru's idealism and moral stature (GANGULY, 2008; HILALI, 2001, p. 738).

The military defeat in the frontier war with China in 1962 forced the beginning of a turn around in India's defense policy. The government committed itself to a program of military modernization, aiming at the development of strong and well-trained armed forces. However, even after Nehru's demise (May 27, 1964), Lal Bahadur Shastri, the new PM (1964-1966), claiming to be a "Nehruvian socialist", maintained the country's commitment to the NAM, although in 1965 he had to face a second war with Pakistan, whose troops had occupied parts of Jammu and Kashmir.⁴

PM Indira Gandhi (1966-1977 and 1980-1984) initially maintained the non-aligned strategy. However, she promoted closer contacts with the URSS which resulted in a 20-year Friendship Treaty, signed in 1971. In that same year a crisis erupted in what was then East Pakistan. Millions of Bengalis sought refuge in India to escape genocide allegedly practiced by Pakistani troops. To avoid a human tragedy of larger proportions, PM Gandhi intervened in the conflict and in December 1971 defeated Pakistan, creating conditions for the independence of East Pakistan as the new state of Bangladesh (PRAKASH, 2005).

The first Chinese nuclear test in 1964 caused considerable impact upon India. Members of the Parliament insisted on the abandonment of the NAM and some defended an independent nuclear weapons program. In 1966 PM Gandhi authorized a Subterranean Nuclear Explosion Project (SNEP), which made possible the first nuclear test of May 1974. During her two governments India registered a significant advancement in science and technology, industrial development, and became a military power. At that time India's commitment to non-alignment had become more rhetoric than practical. With Indira Gandhi's assassination her son, Rajiv Gandhi, became PM (1984-1989). Tension with Pakistan persisted and also the belief that the Pakistani government supported and trained Kashmiri terrorists to act in India. These and external conditions contributed to a rapid military build-up. Therefore, at this point a shift had definitely taken place in India's strategy--from a Nehruvian idealism to a position more identifiable with the *Realpolitik* tradition (MALHOTRA, 2004; GANGULY, 2008).

2.3. Challenges after the Cold War

With the collapse of the Soviet Union and the end of the Cold War (1991), the new Russian government was unable to provide India with military assistance and equipments under the same conditions as the former URSS. The Gulf War of 1991 forced the Indian government to repatriate over one hundred thousand unemployed Indian workers, and thus lost considerable amount of remittances made regularly by the workers to their home country; at the same time the price of oil went up. Estimates by the Ministry of Finance indicated that the Indian losses reached more than US\$2.5bn. So, this period represented extraordinary challenges for the Indian government, and required fast economic and political adjustments, both at the domestic and international fronts (GANGULY, 2003/2004; 2008).

P. V. Narasimha Rao, elected PM (1991-1996) after Rajiv Gandhi's assassination, started an ambitious program of structural changes, which included cutting down tariffs, simplifying and reducing regulations, subsidies, etc. The program promoted economic liberalization, austerity measures, and incentives to foreign investment. The reforms, carried out under the guidance

⁴ Invited by Aleksey N. Kosygin, the Soviet leader, Shastri and Muhammad Ayub Khan, Pakistan's president, met in Tashkent, Uzbekistan; on January 10, 1966, the two leaders signed the Tashkent Declaration and agreed to end the military conflict; the following day Shastri died of a heart attack.

of then Minister of Finance Manmohan Singh (now PM), had as a main goal to integrate India into the global economy. Positive results were obtained in a relatively short time, with significant increase in GDP, improvement in macroeconomic indicators, rapid expansion of international trade and foreign reserves. The government promoted closer political and military contacts with European and other countries; Rao's "Look East Policy" led to approximation with the Association of South East Asian Nations-ASEAN, in search of new markets and as an initiative to counterbalance the Chinese political and military presence in the region. Soon India became a member of ASEAN's Regional Forum, and has participated in military exercises with some of ASEAN member countries (JENKINS, 2000, p. 28-41; ANDERSEN, 2001).

Despite historical differences and also facing strong opposition from radical nationalists and members of his own party, PM Rao approached the US with the intention of improving bilateral relations. His visit to that country in 1994 was of great relevance and created a positive climate and a new level of maturity and cooperation in bilateral relations. Rao was a guest speaker at the US Congress and reviewed with President Bill Clinton issues of mutual interest. However, some important questions remained as obstacles to closer cooperation.⁵

PM Atal Bihari Vajpayee (1998-2004), leader of the Hindu Nationalist Party – BJP, continued the reforms began by the previous government.⁶ He assigned high priority to the nuclear program with the purpose of transforming India into a nuclear power. The nuclear tests of 11 and 13 May 1998, considered by BJP leaders as a great historical moment and a "synthesis of political realism" (CHAULIA, 2002), provoked adverse reaction by the international community. On 6 June 1998, the UN Security Council approved a resolution condemning the nuclear tests carried out by India, as well as those carried out by Pakistan. The nuclear explosions by the two countries were viewed as a serious setback given the continuous efforts towards non-proliferation and peace maintenance in South Asia. The USA and 14 other countries imposed sanctions on both Indian and Pakistani governments (INDURTHY, 2002; US Government: Congressional Quarterly, 1998).

In April 1999 Vajpayee announced an ambitious program of modernization of the military apparatus, supported with a record budget; in the words of then vice-premier, L. K. Advani, "a general reform of the system in order to face security challenges of the 21st century." In his words, it was the first reform of this magnitude and with such an ambitious scope since independence.⁷ Speaking at the National Defence College in New Delhi (Nov 2002), then Minister of Foreign Affairs Shri Yashwant Sinha reinforced the position that India's foreign policy is "realistic based on the recognition that India's place in the comity of nations will be determined by the economic and military strength that is there to back it up..."

⁵ Voting outcomes at the UN are reliable indicators of coincidence or divergence among countries in questions related to foreign and security policies. As an illustration, votes by Great Britain and Israel, two US trusted allies, generally coincided in more than 90% with US votes, especially with respect to issues regarded as important by US governments. However, India's votes coincided only about 20% with US votes. Such a discrepancy was always observed in issues such as economic sanctions and embargo against Cuba, human rights, censorship motions against Cuba, Iran, Iraq and other countries, issues related to Palestine and the Middle East. On the other hand, the US was always contrary to resolutions presented by members of the G-77 and defended by India (SAGAR, 2004).

⁶ At the beginning of its government, the BJP faced some setbacks. In September 1996 the UN General Assembly approved by 158 to 3 votes the final text of the Comprehensive Test Ban Treaty; India, Buthan and Libia were responsible for the three votes contrary to the text. The same General Assembly would elect five non-permanent members for the Security Council; India and Japan presented as candidates to fulfill the place assigned to Asia. The election result was 142 votes for Japan and only 40 in India's favor. Both episodes represented new challenges for India's foreign and security policy-makers.

⁷ Critics argue that a substantial part of the increase in the defense budget was used to pay personnel, and new adjustments in the budget were required in 2000-2001 in view of inadequate performance and poor quality of equipments during the "Kargil war" of May-June 1999 (CHAULIA, 2002, p. 223).

The victory of the Congress Party in May 2004 and the new government headed by PM Manmohan Singh did not bring major changes in domestic and foreign policies, despite considerable pressure exerted by leftist parties, then members of the government coalition, in an effort to return to non-alignment. In fact, there was very little change of course, given the important transformations occurring at the international level and the irreversible process of approximation to the USA. The various agreements negotiated with the USA by the BJP leaders were signed by the new government led by the Congress Party.

3.0. Domestic and regional constraints

3.1. Selected indicators of socio-economic conditions

Human Development Index. The UNDP Human Development Report (HDR) 2009 covers 182 countries, ranked according to their Human Development Index (HDI). All countries were classified in four groups, on the basis of their HDI. A group of 38 countries was classified with very high HDI (ranks 1st to 38th); another group of 43 countries was classified with high HDI (ranks 39th to 83rd); a third group of 64 countries was classified as having medium HDI (ranks 84th to 158th); and a fourth group of 21 countries was classified as having low HDI (ranks 159th to 182nd). India was placed in the 134th position; the lowest one when compared with its BRIC partners: Russia 71st, Brazil 75th, and China 92nd.⁸

Demographic trends. India's rate of population increase during the period of 2004-2015 was estimated at 1.3 percent, showing a decreasing tendency, but a relatively higher rate of increase when compared with its BRIC partners: -0.5% for Russia, 0.6% for China, 1.2% for Brazil. China maintained the largest population in the world, followed by India, whose tendency will be to overcome China before the middle of the 21st century (HDR, 2006). More than half of the Indian population is of young people, 25 years old or less, potentially productive; analysts anticipate that India's productive population will continue to grow during the next three or four decades.⁹ India maintains a relatively large rural population (almost 70%), while China's rural population would be around 55 percent. Brazil and Russia have predominantly urban populations: 86.5 percent and 72.8 percent, respectively. India shows the highest rate of child dependency (almost 48%), while Russia has 20.8 percent, China 27.7 percent, and Brazil 37.7 percent. But India has the lowest rate of old age dependency (7.7%), when compared with Russia (17.9%), China (11.4%) and Brazil (10.2%).

Inequality and poverty. The HDR (2009) shows a Human Poverty Index (HPI-1), calculated for 135 countries, non-OECD members.¹⁰ The highest ranks reflect worse conditions of human poverty. India's score was 88, followed by Brazil (43), China (36), and Russia (32). When an income of US\$1.25 a day was considered, the following results were obtained: 5 percent of the total population for Brazil, almost 16 percent for China, and more than 41 percent for India. For an income of US\$2.00 a day, the results were the following: 12.7 percent for Brazil, 36.3 percent for China, and 75.6 percent for India. Thus, on the basis of the latter criterion, more than one third of the Chinese population lived below the poverty level, while three fourths of the India population was also below the poverty line. In the case of Brazil, about 14 million people lived below the poverty line, while Russia, with less than 2

⁸ The HDI is composed of three dimensions: a long and healthy life, knowledge, and a decent standard of living. Life expectancy at birth is the indicator for the first dimension index, or life expectancy index; adult literacy rate and gross enrolment ratio in school are indicators for the second dimension index, or education index; and GDP per capita (PPP US\$) is the indicator for the third dimension, or GDP index.

⁹ Although this may be considered an asset, one has to take into account the fact that the Indian economy will have to absorb a mass of young people when they are ready to enter the market.

¹⁰ The indicators of the HPI-1 are adult illiteracy rate aged 15 or more, percentage of the population not using a treated water system, and percentage of the population below the income poverty line.

percent living with US\$2.00 or less a day, about three million people lived below the poverty line.

Expenditures with health and education. Data available for the year 2006 show that India spent 3.4 percent of the total government budget with public health. That was the lowest value in relation to the BRIC group: Russia (12.9 percent), China (9.9 percent), and Brazil (7.2 percent). In terms of per capita expenditures, in PPP, with US\$ 21.00 India maintained the lowest value among the other BRIC members – Russia allocated US\$404, followed by Brazil with US\$367 (no data were available for China). Data on public expenditures in education, for the period 2000-2007, in percentage of total government budgets, show the following results: India, 10.7 percent, Russia, 12.9 percent, and Brazil, 14.5%. No data were available for China (HDR, 2009, Table N).

3.2. Separatist movements and other conflicts

Since independence various separatists, secessionists, ideological, and religious movements and groups fight for autonomy or among themselves. In December 2001 terrorists attacked the Indian Parliament, apparently with the intention of killing Indian political leaders.¹¹ In February 2002 Hindu activists on the way back from the city of Ayodhya, Uttar Pradesh, were attacked in the city of Godhra, supposedly by Muslim militants; wagons were set on fire and more than fifty people died. A violent reaction followed, with the death of more than 2,000 people, most of them Muslims.¹²

Some of these groups and their attacks are thought to originate in Kashmir. In fact, about three dozens separatist groups met on 10 February 2009 in Srinagar, capital of the Indian-controlled Kashmir, including Hurriyat Conference factions.¹³ Over the years India has suffered several other attacks, such as the bombing of a Mumbai railway in 2006, the explosion of an India-Pakistan train line in 2007, the coordinated attacks with bombs and gunfire of various sites in the city of Mumbai, which began on 26 November 2008 and lasted for three days. The attacks killed 179 persons, including 22 foreigners; over 300 injuries were reported.¹⁴

A group named Indian Mujadeen claimed responsibility for attacks in Uttar Pradesh in 2007 and in New Delhi, Jaipur and Ahmedabad in 2008. In addition, a Maoist group called “Naxalites” has emerged across the so-called Indian “red corridor”. ZISSIS (2008) quotes PM Manmohan Singh as saying that the Naxalites threat is the “biggest internal security challenge ever faced by our country”.¹⁵ The Naxalites are considered left wing extremists which originated in 1967 in Naxalbari, a West Bengal village. In the 1970’s the group split into

¹¹ On 13 Oct 2005 the first woman suicide bomber of India attacked a military group in Kashmir. A month earlier Maoist terrorists killed 15 persons in the state of Jharkhand; several other attacks attributed to Maoist and extremist groups were perpetrated in the following years, killing and injuring innocent persons (See the following Indian newspapers for additional information on attacks by terrorist groups: *Hindu* (Madras), *Hindustan Times* (New Delhi), *Indian Express* (Mumbai).

¹² The BJP supported a campaign in the beginning of the 1990’s to rebuild a temple to the Goddess RAM, in the city of Ayodhya, Uttar Pradesh. Hindu extremists allege that the temple was destroyed in the 16th century by invading Muslims in order to build a Muslim temple in its place. The campaign resulted in violent fights between Hindus and Muslims in 1992. The new temple was not rebuilt, but the BJP insisted in its construction (LONG, 2004).

¹³ The All Parties Hurriyat Conference (APHC), an alliance of secessionist parties and leaders, was formed on 9 March 1993 as a political front to further the cause of Kashmiri separatism. The original list included 26 parties. The APHC claims to be the sole representative of the Kashmiri people (www.dnaindia.com/india/report_separatist-held-meeting-in-kashmir_1347794, 15 Feb 2010)

¹⁴ (www.mahalo.com/mumbai-terrorist-attack),.

¹⁵ The same author writes that “different ethnic and religious groups as well as social classes act like individual nationalities that mobilize support for a cause. If demands are not met, movements turn to extremism”

factions, but reunited around the middle of 2000 to form the Communist Party of India (Maoist), a group that acts with violence allegedly in support of minorities, landless poor, and lower castes.

3.3. *Vulnerable or “failed states”*

India’s neighboring region is characterized by potential conflicts, by border disputes, ethnic and religious rivalries, by the presence of terrorist movements, by large economic disparities, by authoritarian governments, and by the presence in some countries of weapons and drug traffic. These and other conditions contribute to political and social instability in the region, and for migratory movements and a large influx of refugees into India’s territory. Therefore, India is surrounded by vulnerable or “failed states”. It maintains relations with Afghanistan since the *Taliban*’s defeat, and has contributed to that country’s reconstruction. However, radical terrorist groups believed to have their base in Afghanistan and/or the Afghanistan-Pakistan porous border, have reached the Indian-controlled Kashmir and other regions of India, and represent serious security problems not only for India but for the entire region.

Bangladesh and India share a long geographical border as well as history, ethnicities, and a common culture. Indian governments have pressed Bangladesh to exert more effective control over its territory in order to prevent its use by terrorist groups, as well as smuggling, illegal immigration, and the traffic of women and children. The government of Myanmar, controlled by the military, has been accused of being tolerant with drug traffic and prostitution. The country represents a strategic challenge to India, due to China’s presence and economic and military influence. The victory of the Communist Party of Nepal (Maoist) in the election for the constituent assembly (April 2008) brought hope for peace and change after more than 10 years of internal conflict. However, the fall of the Maoist-led government and the continued difficulties in forming a stable government may lead to renewed hostilities and further instability. Although defeated by the government of Sri Lanka (May 2009) the Liberation Tigers of Tamil Ealam (LTTE) continue to support a separate state, and the success of the peace process seems to depend on how the Government will promote expected reforms intended to protect the rights of Tamils and other minorities.¹⁶

3.4. *Pakistan and Kashmir*

With the end of the British rule and forced partition, Pakistan (West and East) was created in 1947 as an independent Muslim state, thus fulfilling a dream of the Muslim League, founded in 1906, under the leadership of Ali Jinnah, who became the country’s first president (1947-1948). An immediate consequence of the partition was the forced migration (of Muslims from India to Pakistan and Hindus from Pakistan to India) and the death of thousands of people and millions of refugees on both sides of the border. After Jinnah’s death (1948) and the assassination of his successor, Liaquat Ali Khan (1951), Pakistan began a series of military regimes followed by short-term, unstable civilian governments, so that the country has been governed by the military during most of its 63 years of independence.¹⁷ One of the longest

¹⁶ The International Crisis Group brings recent reports on the situation of most of the countries that share some type of frontier with India (www.crisisgroup.org/home/index.cfm?id=62698d=1).

¹⁷ Its 1956 constitution proclaimed Pakistan a Islamic Republic. Two years later general Ayyube Khan took over the government; in 1960 he became president, and left the government in 1969, substituted by general Yahia Khan. In 1973 Sulficar Ali Bhuto, of the Pakistani People’s Party (PPP) was elected prime minister, but he was ousted in 1977 and sentenced to death, accused of manipulating election results and corruption. In the same year his daughter Benazir Bhuto led the PPP to victory and was appointed prime-minister, but two years later she was also dismissed, accused of incompetence and corruption. The new prime-minister Nawaz Sharif was also forced by the military to resign in 1993. New election returned Benazir Bhuto to power; however, in 1996 she is once again forced to resign. In 1997 Nawaz Sharif returned to the position of prime-minister, supported by the Pakistani Muslim League. In October 1999 Sharif was deposed by General Pervez Musharraf.

and most contested dictatorships was that of Mohammad Zil-ul-Haq, who led a coup in 1977, and whose regime ended with his death in a helicopter accident 11 years later. General Zil-ul-Haq created Islamic schools (*madrasahs*) all over the country, as part of a strategy to gain political support and recruit volunteers to fight against the Soviets in Afghanistan; observers believe that many of those volunteers when back in Pakistan were persuaded to join the fight against the Indian occupied Kashmir. The *madrasahs* were the basis for recruiting and training the *Talibans* who dominated Afghanistan in 1994 and created a new model of Islamic revolution which spread to the Caucasus, Central Asia, parts of Pakistan and Kashmir (RACHID, 1999).¹⁸

The last military regime began in October 1999 with a coup headed by General Pervez Musharraf. Elections were held in March 2008, with the victory of a coalition led by the Pakistani People Party (PPP), headed by Benazir Bhutto until her assassination in December 2007. Threatened by impeachment, General Musharraf resigned in August 2008. Asif Ali Zardari, Bhutto's widower and new PPP leader, was elected president. The upsurge of violence in Punjab, the Northeast Frontier Province, the Federally Administrated Tribal Areas, and Quetta, capital of Baluchistan, poses threats to Pakistani people, to the process of transition to democracy, to India and South Asia security, and also to the international community given the fact that Pakistan has already conducted nuclear explosions (May 1998) and is believed to own fissile material to produce other bombs and the means to deliver them. Besides, there is serious concern that some terrorist group may gain control of the nuclear complex and its arsenal, given the fact that the country has a record of nuclear proliferation, as confessed by Dr. A. Q. Khan, its former top nuclear scientist.

Pakistan is a country of extreme poverty, high income concentration, chronic illiteracy, health and infant mortality problems, and heavy dependency on external aid. All this has been aggravated by armed conflicts along the border with Afghanistan and by catastrophic floods and natural disasters (July/August 2010), which according to international news media, affected millions of people and at least tree million whose homes and livelihoods have been destroyed. Nearly 1600 people have been reported dead and survivors scramble for food, water, and medical care. In the meantime, ethnic violence and suicide bombing erupted in Karachi and other cities, causing several deaths and many wounded people. According to observers, a massive effort will be necessary for reconstruction and rehabilitation of the country. Despite all these limitations, the Stockholm International Institute for Peace Research-SIPRI data show that 2.6% of Pakistan's GDP of 2008 was used to support the armed forces.¹⁹

After the approval by some provincial assemblies of the rigid *sharia* law parts of the country have gone through a process of *talibanization*. Another problem that raises concern to India and the international community is the fact that Pakistan has been regarded as a "transit country" for a large part of the opium produced in Afghanistan, which is distributed to other countries by traffickers based in Pakistan. Reports produced by USA specialized agencies have pointed out that the profit obtained with drug traffic has been used to finance radical Islamic groups acting in Pakistan, Afghanistan, and Kashmir (KRONSTADT, 2005).

India and Pakistan have fought three wars (1948, 1965, and 1971) and other localized conflicts. The first two wars and several armed conflicts were fought over Kashmir, while the

¹⁸ Ironically, the US supported Zil-ul-Haq, so directly or indirectly supported also his policies and actions that resulted in the *talibans* (STERN, 2000, p. 119).

¹⁹ (<http://www.sipri.org/databases>)

last one over East Pakistan (now Bangladesh). Conflicts originated in 1948 with the division of Kashmir; since then a military Line of Control (LoC) separates the Indian controlled Kashmir (the state of Jammu and Kashmir) from Azad (Free) Kashmir, controlled by Pakistan. Both countries have powerful military forces stationed on each side of the LoC, and their nuclear capacity causes apprehension in the region and in the international community. Results of an election held in 1989 in the state of Jammu and Kashmir, contested by one of the factions, gave rise to armed conflicts between separatist groups and the Indian forces. It is estimated that more than 90,000 people have died in the course of various incidents. Mutual visits by leaders of the two countries, recent negotiations, declarations and initiatives, are part of efforts in search of a peaceful solution to the controversy.

3.5. *China*

Historical evidence shows that during centuries there was intensive commercial and cultural exchange between India and China; one example is the spread of Buddhism from India to China. As ancient civilizations, the two countries coexisted in peace for thousands of years. However, since the middle of the twenty century relations between the two largest Asian nations have been characterized by mutual suspicion, rivalry, and some times conflicts. Both countries went through important political changes about the same time in the middle of the 20th century: India became independent in 1947, adopted a parliamentary democracy, while China became the People's Republic of China (PRC) in 1949, and the Chinese Communist Party became the only legal party in the country. India was the second country (Burma was the first one), outside the Socialist block, to recognize the PRC (INDIA/MEA, 2005).

The two countries share a territorial border of more than 3,200 kilometers, stretching along the Himalaya; they maintained friendly relations throughout the 1950's. However, Nehru's independent foreign policy, plus factors related to China, such as the "personality cult", its complex domestic situation, the annexation of Tibet (1950/51), in addition to frontier territories claimed by both countries, all contributed to change bilateral relations. Lack of agreement on the frontier issue led to China's reaction and on 22 October 1962 the Chinese PLA, well trained and better equipped, occupied parts of the disputed territories, defeated the Indian troops, and on 21 November 1962 declared unilateral cease fire; since then China keeps the occupied territories under control (CALVIN, 1984; MAXWELL, 1999).

Despite official meetings that have produced formal declarations and agreements to keep peace and stability in the region, the two parts have not arrived as yet at a definitive solution neither with respect to the frontier controversy nor in regard to Tibet. From the Indian perspective, the "peaceful liberation of Tibet" by the Chinese PLA posed a security problem. Therefore, India supported its autonomy, received the Dalai Lama and granted political asylum to more than 100,000 Tibetans. The Chinese, on the other hand, never accepted the situation and have pressed the Indian government to maintain the Dalai Lama and the Tibetan community under control and forbidden to conduct anti-PRC demonstrations nor any other form of political activities, while the Indian Constitution grants freedom of speech and liberty for its refugees.

Some experts argue that the enormous economic progress made by China in the last three decades, its unquestionable advancement in science and technology, and its superiority in nuclear and space research, have become extremely critical to New Delhi. From an Indian perspective, the constant presence of China in some South Asian countries, in economic, political, and military terms, makes the Chinese practically part of South Asia's geopolitical and strategic environment; some Indian analysts even suggest that the Chinese close cooperation with Pakistan, Nepal, Bhutan, Myanmar, Bangladesh, and Sri Lanka, would be

part of a strategy to encircle India. The close relations of China and Pakistan, and particularly the support that the Chinese have given to Pakistan in the production of armaments, and in the nuclear and missile developments, as some Indian analysts believe, would be part of a strategy to confine India to the subcontinent (ZHANG, 2005).

The Chinese-Indian rivalry would involve also regional cooperation arrangements. The competition between the two countries with respect to ASEAN is well known. Their interest would not be restricted to economic matters, but would reach also the security dimension. Both India and China participate in the ASEAN Regional Forum since the end of the 1990's, and since the year 2000 China maintains annual meetings in the forms ASEAN + 1 (China), and ASEAN + 3 (China, South Korea, Japan). In 2002 India also started regular meetings with ASEAN, as a result of PM Rao's "Look East Policy", but China is closer to ASEAN not only geographically but also in terms of economic integration and security cooperation, in view of agreements signed with ASEAN and/or with its members.

Despite unresolved issues and an apparently political rivalry, China has become India's largest partner (after the EU with its 27 member countries), and trade relations between the two countries is expected to keep expanding. At the beginning of the 21st century bilateral trade was only US\$3bn, while it is expected to exceed US\$60bn at the end of 2010/2011 financial year, said in Shanghai Mr Jyotiraditya Scindia, India's Minister of State for Commerce and Industries, who was quoted as declaring: "I firmly believe that strong bilateral trade relations between India and China will go a long way in stabilizing India-China relations" (*Xinhua*, Aug 19, 2010).

The visit to India by the Chinese PM Wen Jiabao (December 2010), who brought with him 400 Chinese business leaders, reinforces the intention of the two countries to promote commercial exchange to reach US\$100bn by 2015. The two countries signed around 50 deals involving energy, telecommunications, steel production, food products, and others, worth US\$16bn. In a Joint Statement PM Singh and PM Jiabao agreed to strengthen economic relations, and expand cooperation in infrastructure, information technology, environment, investment and finance, but they also agreed that sensitive issues should be examined in the future.²⁰

4.0. The Global Context

4.1. The United States

Despite past differences, since the end of the Cold War relations between India and the USA have become closer and friendlier. Several episodes and historical moments contributed to this process of change, the most important of which are summarized as follows: defying nationalist protests and its own interest--Iraq was an important source of oil for India--, during the Gulf War (1991) the Indian Government allowed American airplanes to stop and refuel in Mumbai, on their way to bombing Iraq; PM Rao's visit to the USA (1994) resulted in a positive climate and improved bilateral relations; President Clinton's pressure over the Pakistani government to withdraw its troops from Kargil (1999) was seen by New Delhi as a positive change in the USA attitude toward India and contributed to its decision to adhere to the International Convention to Fight Terrorism; Clinton's one week visit to India in March 2000, the signature on the occasion of a Memorandum of Understanding and a Joint Statement anticipating closer cooperation in projects and areas of mutual interest represented another important step toward further approximation between the two countries; PM

²⁰ (www.bbc.co.uk/news/world/south_asia)

Vajpayee visit to the US a few months later reinforced the intention of mutual cooperation and future partnership.

However, bilateral relations became closer and more profound following the terrorist attacks to the World Trade Center and the Pentagon (11 September 2001). PM Vajpayee was one of the first world leaders to contact President W. Bush to express sympathy to the American people and later offered India's bases to US airplanes for refueling and technical support in their war missions against the *Taliban* in Afghanistan. Soon afterwards Bush suspended the economic sanctions imposed upon India as a result of its nuclear tests of May 1998. In January 2002 the two governments established the USA-India Joint Working Group on Counter Terrorism; contacts became more frequent at different levels, stimulating expanded cooperation in science and technology, regional security, space research, and other sectors. In March 2005 Bush launched "a new strategy for South Asia"; one of its objectives was "to help India become a great world power in the 21st century". The next steps were the signature of a 10-year Defense Treaty (June 2005), and a Joint *Communiqué* (July 2005) announcing a "global partnership" USA-India, when Bush declared that as a responsible state with advanced nuclear technology, India was ready to acquire the advantages and benefits of other states and that he would work to reach "complete cooperation with India in civil nuclear energy"

On 3 August 2007 the US State Department released the text of an Agreement of Cooperation to be signed by the Government of the United States of America and the Government of the Republic of India for the Peaceful Use of Nuclear Energy. The document was extensively debated both in India and the US. In India the debate had nationalist overtones, with the traditional appeal to non-alignment. In the USA critics pointed out that the Agreement would reverse half a century of non-proliferation policies, could make it difficult to convince both Iran and North Korea to give up their plans to build nuclear weapons, and might contribute to a nuclear arms race in Asia and in other parts of the world.

The Indian *Lok Sabha* (Lower House) approved the agreement on 22 July 2008, after nine months of debate and a vote of confidence won by PM Singh. The main argument used by the PM allies was that the deal was crucial for India's aspiration to become a world power (LAKSHMI & WAX, 2008). The Indian government signed a Safeguard Agreement with the International Atomic Energy Agency (IAEA) in August 2008, to be implemented between 2009 and 2014. Notwithstanding initial resistance the US Senate approved the Agreement on 1 October 2008. Then Senator Barack Obama voted in favor of the Agreement, with reservations, and justified his vote with the statement that India is a solid democracy and the USA natural strategic partner in the 21st century. However, as President he has declared total support to non-proliferation, and in April 2009, during a visit to Prague, he launched a crusade to eliminate nuclear weapons in the world.

The appointment by the new Obama Administration of Robert J. Einhorn as a Special Advisor to Ms Hillary Clinton, of ex member of the Congress Ellen O. Taucher as Under-Secretary of State for Arms Control and International Security, and of Timothy Roemer, also a former member of the US Congress, as ambassador to India, all three critics of the USA-India Nuclear deal, and known for their defense of non-proliferation, raised doubts among Indians about the future of the Agreement. However, one of the items included in Ms Hillary Clinton's agenda during her official visit to India in June 2009, was the future of India as global player. This item would be a reflection of India's worries with respect to its place in the global political-strategic matrix adopted by President Obama. The Secretary of State assured her Indian counterparts that the Obama Administration intended to continue the efforts to build a broad basis for the political, economic, and strategic relations with India (SINGH, 2009).

On a ten-day trip to Asia, where he visited India, Indonesia, South Korea, and Japan, President Obama spent three days in India, the longest amount of time he spent in any country. “Briefing reporters aboard Air Force One National Security Advisor Tom Donilon said Obama intends the trip to be a full embrace of India’s rise” (DAILY MAIL, 7 Dec 2010). In fact, in his address to members of the Indian Parliament, on 8 November 2010, the US President stated his conviction that USA-India relations, which share common interests and values, will be one of the determinant partnerships in the 21st century. In announcing support for India’s quest for a permanent seat at the UN Security Council, the President said: “Indeed, the just and sustainable international order that America seeks includes a United Nations that is efficient, effective, credible and legitimate. That is why I can say today in the years ahead, I look forward to a reformed UN Security Council that includes India as a permanent member”.²¹

4.2. *The Soviet Union/Russia*

Since the beginning of the 1970’s, particularly after the signature of the Indo-Soviet Friendship Treaty (1971), the Soviet Union gave strong support to India, and played an important role in the process of India’s industrialization and advancement in defense capacity. Ambassador Ronen Sen recalls the existence of a good “personal chemistry” between Secretary Gorbachev and PM Rajiv Gandhi. In 1986 the two leaders signed The Declaration on the Principles of a Nuclear Weapons Free and Non-Violent World.²² The Integrated Long Term Program on Science and Technology Cooperation concluded during Gorbachev’s visit to India in 1987 was regarded by PM Rajiv Gandhi as an important achievement of his government (the Program remains a relevant mechanism of cooperation). Thus, the collapse of the Soviet Union had a serious impact on India, particularly on defense matters, given its dependence on Moscow.

Ambassador Sen was involved in negotiations which led to the 1971 Treaty as well as those of the new Indo-Russia Treaty of 1993. According to him “The new Treaty ...contained notable aspects of continuity of mutual commitments of the Indo-Soviet Treaty...”. The Moscow Declaration on the Protection of the Interests of Pluralist States, signed by President Yeltsin and PM Narasimha Rao, marked a formal *rapprochement* of the two countries. A Joint Declaration of Strategic Partnership, first proposed during Yeltsin’s government, but concluded by President Putin and PM Vajpayee, was also a relevant document. Since then the two governments intensified bilateral relations, agreed on annual summits at the highest level, and established special cooperation mechanisms in defense, space research, science and technology, energy, and other sectors of mutual interest. Although all this is positive, as Ambassador Sen observes, much more has to be done: “It will become increasingly difficult to sustain a strong relationship by focusing primarily on core geopolitical and security issues.” The two countries must work “harder to give greater economic ballast to the relationship.”

Despite all the positive aspects regarding bilateral relations, some observers, including Ambassador Sen, feel “... a certain disquiet in some circles in Moscow about the future ...” of Russia-India relationship; this is attributed in part to the rapid development of Indo-USA relations, including the nuclear deal. On the other hand, Ambassador Sen believes that “Russia is, and will remain, a valued and preferred partner in defense cooperation”.

²¹ See The Times of India, editions dated November 8, 9, and 10, and also “The text of President Barak Obama’s address to India’s parliament”, published on November 8 edition of the same newspaper.

²² Ambassador Ronen Sen spent of his most diplomatic career in Moscow. These and the following observations are based on his Address at the University of Calcutta on 14 September 2010, “The Evolution of India-Russia Relations” (<http://4.bp.blogspot.com/>).

4.3. The European Union

India was one of the first states to establish diplomatic relations with the former European Economic Community. In 1993 India and the European Union (EU) signed a Joint Political Declaration and agreed to meet regularly at the ministerial level. After the first India-EU summit, held in Lisbon (June 2000), relationships became more intense, with annual summits at the highest level. During their 5th summit, held in The Hague (Nov 2004) the two parts decided to elevate bilateral relations to the level of a strategic partnership. The High Representative for the EU Foreign and Security Policy, Baroness Catherine Ashton, visited India in June 2010, accompanied by a team of experts, when the two sides agreed to give special emphasis to Counter-Terrorism cooperation. However, as pointed out by the Indian press, after ten annual summits the EU-India strategic partnership remains under-explored and needs to be reenergized.

In September 2005 the Indian PM and EU authorities signed a Joint Action Plan which involves cooperation in several areas, and the commitment to strengthen political mechanisms, promote dialogue, facilitate mutual investments and commerce, among other aspects. From the EU perspective, India would be a serious partner, and agreed to revise the Joint Action Plan in 2008, with the purpose of deepening dialogue and cooperation. Since June 2007 the two parts have been negotiating a deal, Bilateral Investment and Trade Agreement (BITA), expecting to increase bilateral trade, estimated in 2010 at US\$82bn. Negotiations have been difficult because in addition to trade and investment other important issues have been added to the agenda and caused extended discussions primarily due to lack of consensus among the 27 EU members with respect to some of those issues. One conclusion of the 11th summit held on December 10, 2010, in Brussels, was that the deal will be finalized in the spring of 2011. India maintains bilateral agreements with most of the EU member states, covering areas such as science and technology, investment protection, military and security matters, among others.

4.4. Japan

In 2001 India and Japan held in Tokyo a first summit as part of a Comprehensive Security Dialogue. The second summit was held in Delhi in 2004. This Dialogue covers issues of security and defense policies, disarmament and non-proliferation, in addition to other matters of mutual interest. The establishment of a Strategic and Global Partnership between the two countries in December 2006 elevated relations to a higher level. Since then the two parts have held regular summits which have contributed to deepening bilateral relations and the adoption of an action plan to advance India-Japan security cooperation.

The two sides have launched a dialogue to promote and share developments in the energy sector: natural gas, coal, electric power, renewable energy sources, energy efficiency; and other sectors. Also, India and Japan hold similar positions on many regional and international issues, such as the East Asia Summit, and maintain consultations on issues like disaster management, climate change, regional and international security, non-proliferation, disarmament. Together with Brazil and Germany, India and Japan formed a group (G-4) to advocate reform of the UN and its Security Council.

5.0. Is India ready to be a Global Power?

Despite the significantly high performance of its economy in the last two decades, India remains a poor country, and faces serious challenges, at home and in its regional environment. The most optimistic observers expect a continued expansion of the economy, at a 10% rate or higher, and with higher FDI. India's IT sector achieved international success, and a vast outsourcing business flourished in the country; industries have developed—especially the pharmaceutical and chemical sector—creating new jobs, producing goods for the affluent urban consumers. Many businessmen and entrepreneurs have prospered not only at home but have also bought big foreign companies, in search of global competitiveness.

However, as already pointed out, India faces serious shortcomings in education, public health, human development, and inequality, with three-fourths of its population (more than 800 million people) living with US\$2.00 a day or less. Most of the 6,000 or more Indian villages are deprived of basic needs, like electricity, drinking water of good quality, sanitary facilities, good schools, good roads. Although it is generally agreed that the private schools for the poor have contributed to minimize the problem,²³ still *“the greatest number of the world's illiterates are in India”*, and according to estimates *“only by 2060, we may see universal literacy in India”*. The Nobel Prize Laureate economist Amartya Sen points out that absenteeism by relatively well-paid teachers is a major problem of education in India. Another problem, pointed out in UN reports and other studies, is that approximately two-thirds of illiterates are women.²⁴

World Health Organization reports indicate that India faces serious health challenges.²⁵ The public health system is considered inefficient, due to a combination of government negligence and apathy from the part of civil society. During the XIX Commonwealth Games, an important international event held in Delhi in October 2010, the media dealt extensively with the incidence of dengue fever and other seasonal maladies in the Capital, where the number of victims was believed to be pretty high. Many states have reported several thousand cases of different types of seasonal diseases. A frequent criticism is that given the regularity with which these types of epidemics strike—often after monsoons—, preventive measures should be taken, but this has not been the case. As reported by the media, many of the participating countries in the Commonwealth Games issued warnings to their athletes against the threat of communicable diseases in Delhi and in other parts of the country.

Poor or lack of infrastructure is another problem. *“China and India often are compared in the same breath by western executives weighing sites for expansion or outsourcing, but the reality of the situation is that in terms of infrastructure, China is decades ahead of India – an important consideration for industries reliant on strong power, water, transport or information infrastructure”* (RUNCKEL, 2007). When traveling in India one observes that the roads as well as railroads are much below international standards, public transportation in large cities is very bad, and the same can be said about airports. People waste hours daily stuck in traffic jams. A Golden Quadrilateral Highway is being built; with almost 6,000 km it is designed to connect the four major cities, Mumbai, Delhi, Kolkata, and Chennai, in addition to several hub cities along the main route. But due to its magnitude, the project is behind schedule, in part because of a great deal of graft and corruption.²⁶

²³ The role of private schools for the poor is reported in the following study carried out in all India states: “Private Schools for the Poor Development, Provision, and Choice in India” (www.schoolchoice.in/blog/?p=2207) .

²⁴ (http://www.bukisa.com/articles/3149991_the-bitter-problem-illiteracy-in-india/)

²⁵ (www.who.int/countryfocus/cooperation_strategy/ccsbrief_ind_en.pdf)

²⁶ (www.mapsofindia.com/roads)

With respect to issues of internal security, the episodes briefly described in a previous section of this paper are just a few among many others. And in general they are intertwined with problems that originate in India's near abroad. One example comes from the state of Assam, located in the north-east of the country, with a long border with Bangladesh. Assam has about 40 million people, and more than 300 tribes. Lately there is a growing anti-immigrant and anti-Muslim attitude, due to the large number of illegal Bangladeshis who have entered the state. In October 2008 members of the Bodos ethnic group, among the earliest settlers in the region, fought with Muslims, leaving 53 persons dead and a large number wounded. According to observers, the group might have included Indian Muslims settled in the area before the existence of Bangladesh, although the conflict had been motivated by negative sentiments towards the Bangladeshi illegal immigrants, who happened to be Muslims (The Economist, 11 October 2008, p. 60). Another example which involves home security problems that originate mainly in the near abroad is the Kashmir conflict. For years Muslims from Afghanistan and Pakistan are believed to fight Hindu Indians in Kashmir and in other parts of India.

Other obstacles that have been debated in Indian specialized media include restrictions by existing labor laws, a traditional bureaucratic structure, high cost of capital, barriers to international trade, huge subsidies which benefit mostly the rich and upper income groups, and corruption at all levels, considered by many citizens as one of India's worse problems. *"In the majority of corruption cases, accused are influential, and are able to command the best legal brains to assist them in courts. ...trials of corruption cases get bogged down in courts on various grounds"* (RAJU, 2010). The Corruption Perception Index 2008, for India was 3.4 (out of 10), ranking the country in the 85th position among 180 countries; the same index for 2010, which measured the Perceived Levels of Public Sector Corruption, was 3.5 (out of 10), and India was ranked in the 87th place among 178 countries.²⁷ There is also concern with respect to "new generations" of the reforms initiated at the beginning of the 1990's, which would include privatization of important state controlled enterprises.

Even before independence India had an important role in the process of founding the United Nations. It was one of the original signatories of the Washington Declaration on 1 January 1942 and participated in the historic San Francisco Conference (25 April-26 June 1945) that formally founded the UN. Since independence India has had an active and important role in the UN; it stood in the forefront of the UN struggle against colonialism, apartheid, disarmament, and the creation of a more equitable international order. It has also participated in many UN peace-keeping operations. In addition to an important role in the Non-Aligned Movement-NAM, India was one the founders (1964) and remains a key member of the United Nations Conference on Trade and Development-UNCTAD, of the Group of 77 (1964), of the World Trade Organization, which substituted GATT in January 1995.

In September 2003 India together with Brazil, China, South Africa and other emerging nations joined forces to lead and defend the interest of the developing world in commercial negotiations at the WTO conference in Cancún. Earlier that year India, Brazil, and South Africa had agreed to start the IBSA dialogue (G-3). Together with Brazil, Germany, and Japan India formed the G-4, to advocate reforms of the UN and permanent seats in the Security Council; they faced obstacles from some permanent members of the Council and resistance in their respective regions. Neither changes nor their election occurred, but the issue remains an important item of future agendas of the UN General Assembly, and the initiative certainly contributed to improve mutual knowledge and strengthen relationships among the G-4 members. Together with its BRIC partners India has had an important participation in the G-20 group, especially since the 2008 crisis; one concrete result of their

²⁷ (www.transparency.org)

joint action is additional voting power gained in the decision-making process of the International Monetary Fund.

6.0. Concluding Remarks

The general objective of this paper was to identify, describe, and analyze the major obstacles that seem to hinder India's effort to achieve the status of a key global player in the 21st century. The study focused on India's *Innenpolitik*, that is, its domestic or internal dynamics, as well as on its external or systemic environment, which included the near abroad and the global context. To describe and analyze India's complex society and its external environment is in itself a difficult task. But to speculate on its future is even a more difficult and ambitious endeavor, as it involves imponderability and uncertainty. Besides, the world in general is undergoing a process of turbulence and uncertainty, which tends to continue, and affects individual countries, including India, making it even more difficult to predict future performances.

Despite enormous difficulties and challenges to preserve internal security and at the same time promote sustained socio-economic development under extremely unfavorable conditions, India has maintained government stability and continuity of the democratic representation that characterizes the nation's political system since independence, which is a source of pride for the people. A recent article published by The Economist (30 September 2010) argues that "India is doing rather well" and that "some economists think India will grow faster than any other large country over the next 25 years". On the other hand, Stephen F. Cohen, a well known Asian expert, quoted by ZISSIS (2008) believes that the unequal distribution of wealth gained from India's economic growth has fed extremist groups and that inequality remains a serious problem. Therefore, one has to agree that economic growth and success in some sectors alone are not enough to guarantee a sustainable well-being for the people; thus, for India to reach the status of a major global power it should have a strong foundation in all sectors, especially in those that it lacks.

Over the last several years India has relied mostly on its *hard power* and gradually has built one of the most powerful defense systems in the world, which requires frequent modernization and a large volume of financial resources. Data published by the Stockholm Institute for Peace Research (SIPRI) show that in 2009 India was the 9th among the 15 countries with the highest military expenditures in the world, with a defense budget of US\$36.3bn, equivalent to 2.6 percent of its GDP.²⁸ However, as an old and influential civilization, the only stable democracy, and the most important and most powerful country in South Asia, India can afford to rely mainly on *soft power* to arrive at acceptable solutions for most of the controversies it faces at the regional level. Apropos the Chinese PM Wen Jiabao told his audience in a business conference during his visit to New Delhi (December 2010) that "There is enough space in the world for the development of both India and China and there are enough areas for us to cooperate".²⁹

India has had an active role in multilateral organizations. But still it has been the object of criticisms. For example, PANT (2009) argues that the international community expects a more important presence of India in the process of designing a new global order, yet it has had little to offer, since its foreign policy is characterized by an "intellectual vacuum". KAPILA (May 2009; Aug 2009) also criticizes India's foreign policy, arguing that in the first 50 years of its existence India maintained a strategic autonomy of its foreign policy, despite

²⁸ (www.sipri.org/research/armaments/milex/researchoutput/milex_15).

²⁹ (www.bbc.co.uk/news/world/south_asia). GANGULY (2006) examines whether the Kashmir issue will hinder India's rise.

the fact that its national power was much inferior at the time than it is today, when “economically vibrant and strong”, India would be in better conditions “to add muscles to its foreign policy”. The author argues further that India has given up its “strategic autonomy” (not to be confused with “non-alignment”, he clarifies), and thus “diluted its aspiration to become a global power”. He contends that India has not taken advantage of changes in the center of power in the direction of Asia, and that the proclaimed “strategic partnership” with the USA has been reduced to a “strategic relationship”. He believes also that closer relations with the USA did not help India. And Indian experts say that China’s economic and military success would be the motivating factor behind the USA intended support for India.

Today’s reality is that China is developing at a faster pace than India; it has reached important advancement in science and technology, in space research, and in other key sectors. China is taking important economic and political initiatives involving other countries, with joint ventures and cooperation projects; lately it has invested in emergent and developing economies of Asia, Africa and Latin America, especially in countries with known potential to produce commodities and with an eye on energy sources. This is typical of a recognized economic power. It is already viewed as a strong military power, and continues to invest heavily in defense and in sophisticated and military-relevant research. An example is the new stealth fighter (invisible to radar) built by China, “by coincidence”, revealed during the visit by US Secretary of Defense Robert Gates. So far the USA was the only country to build this type of sophisticated aircraft. Therefore China might be the only superpower in the 21st century (The Economist, 13 January 2011).

But one should not underestimate India’s determination and capacity to overcome domestic and external challenges. There is historical reason to agree with those who have expressed optimism with respect to a continued development of the Indian economy and the improvement of the socioeconomic conditions of its immense population. Its potentially huge domestic market is expanding, helped in part by several government programs, such as the Mahatma Gandhi National Rural Employment Guarantee Act 2005, which provides 100 days of employment to every rural household in the country, and has a multiplier effect, combined with another program designed to expand and improve rural infrastructure.³⁰ Besides, the government has reported significant increase in funds for education at all levels, as well as for health care.

The undeniable improvement of India’s living standards of a relatively large proportion of the population means higher GDP and also higher purchasing power by the new middle income group, estimated at 200 to 250 million people; this trend has also helped the world economy recover from the worse financial crisis since the 1930s. And the expectation is a gradual enlargement of the middle income bracket. According to a recent study by KHARAS (2010), sponsored by OECD, the middle class is rapidly increasing all over the world, and all new members of this middle income group will live in emerging countries, like India. The study shows that by 2030 the middle class will represent more than half the world population.³¹ One important economic characteristic of new members of this growing middle class is their capacity and willingness to spend a considerably large part of their income in items other than housing and food, since they do not need to think all the time about how to survive, and in general they have high achievement motivation, that is, they want to improve constantly their life style and invest in education and the future well-being of their family and children. Therefore, the new middle class has an important role in economic growth, and their participation in their respective domestic markets tend to increase significantly, as already observed during the financial crisis, especially in India, China, and Brazil.

³⁰ (<http://nrega.nic.in/netnrega/home.aspx>).

³¹ By OECD criteria members of the middle class are those families that earn between 10 to 100 US dollars per day.

The Indian development strategy has been based mainly on export of services, especially IT, but also on some manufactured goods. The agricultural sector plays a major role in its GDP, as well as the private sector, that seems to be more receptive to government arguments to build a partnership to tackle serious problems such infrastructure. But one has to recognize that the process is slow. The government has also taken initiatives to attract FDI, and according to recent World Bank and FMI studies, India was the third most attractive market for FDI during 2009 and 2010, after China and Brazil. One's perception is that in the short run India will continue to concentrate efforts in security issues, at the domestic and regional levels (and different dimensions—military, economic, social, political, food, etc); in controlling terrorism and fundamentalism; in the acquisition of different energetic resources; in science and technology, including space research, and other priorities to be defined. One would expect that the government will continue to support think tanks in order to form a community of strategists and analysts capable of drawing a long term pro-active plan according to national objectives.

Although recognizing that some Indian political parties and many members of the foreign policy establishment are outdated and preserve a Cold War mentality, BARU (2009) believes that India is seeking adjustments and is trying to face the complexities of an emergent multi-polar order as well as the strategic consequences of its own economic growth and integration into Asia and the global economy. The author points out that despite changes of governments, with opposing political orientations in many aspects, India has maintained continuity in its economic and foreign policies since the end of the Cold War, and this characteristic makes India a trustworthy partner, with long range national interests. He suggests as foreign policy priorities to secure peace and stability in India's neighborhood, to win the fight against extremism and fundamentalism, and that India should strengthen relations with Asia and Africa, and promote further economic engagement with China. One should add that in comparison with China, India has a demographic advantage, that is, the Indian population is now relatively young and will continue as such for three or four decades, while China's workforce is aging fast, and in a few years time it is expected to diminish considerably, a consequence of its strict one-child policy (HDR, 2009, Table I and L; *The Economist*, 30 September 2010). Finally, from the perspective of today's most important democracies and influential countries, India shares with them common values and beliefs and in a joint effort will maintain and promote stability and development in South Asia and will contribute positively to strengthen multilateralism in the world.

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