



# At ease with the world

Under PM Modi, a new synergy between India's economic and foreign policy

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PRIME MINISTER Narendra Modi has been able to leverage India's economic advantages to improve international relations and vice versa. He recognises that India's ambition to become a \$10-trillion economy and create 175 millions jobs by 2032 will depend on linking the country's foreign policy to domestic transformation. The Modi government's policies have been geared to attract foreign capital and towards regional stability, peace and prosperity.

The prime minister's personal rapport with international leaders has significantly enhanced India's profile and given it a confidence never seen before. Western economies are facing serious challenges. Global economic growth is seeing a downward trend. However, Modi has been successful in convincing the international community that India will realise its true potential as an economic power. He has removed apprehensions about corruption and showed commitment to reforms in tax and corporate laws, better resource allocation, faster government clearances, removal of bureaucratic hurdles and retrospective taxation. Two major apprehensions under the UPA regime — policy paralysis and large-scale corruption — have been effectively checked.

The government has embarked on initiatives like Make in India, Digital India, Smart

Cities, Clean India, Clean Ganga, GST and the bankruptcy law, speeded up project clearances and revived stalled projects.

Over the years, bilateral trade relations and agreements have gained enormous significance in the international business arena and are now more influential than multilateral pacts like the WTO and GATT. It is becoming more and more difficult to bring developing countries to common agreeable points at multilateral platforms and, therefore, small trade blocks like ASEAN, SAARC and BRICS and bilateral Free Trade Agreements have gained prominence. PM Modi has leveraged this trend to India's economic and strategic advantage. Over a span of two years, he has visited more than 42 countries and nurtured new developmental and economic blocks. The Act East policy, connecting Bhutan Bangladesh India Nepal (BBIN) through GPS and common licensing policy, a road corridor from the North East to Myanmar are commendable initiatives.

The Modi government ratified the Land Border Dispute Agreement (LBA) and addressed the maritime boundary dispute with Bangladesh. It fast-tracked development projects in Afghanistan. India's participation in the development of the Chabahar port in Iran and forging a trilateral pact to build a land transit-and-trade corridor through

Afghanistan are stepping stones for bigger future involvement. The PM's Tehran visit underlined the changing context of Iran, now a stable and resourceful country and important for our energy security.

India-Japan relations are at their best. India hopes to attract \$5.5 billion of investments from Japan. Modi has built a good rapport with the German chancellor. Germany is the key provider of high-end technology and has surplus capital. India is looking forward to both technology and capital investment from Germany. In partnership with France, India has established the International Solar Alliance, with the head office in Gurgaon. This alliance, with 120 countries as members, aims to harness the country's solar power potential.

Modi's reconnect with Central Asia has also been a crucial intervention: Uzbekistan has strong cultural ties with India, Turkmenistan is rich in energy, Kazakhstan has huge hydro potential while Tajikistan is historically significant. Africa offers India a massive opportunity to expand our global economic footprint. The continent is an important market for the Indian economy. The 54 African states have a combined GDP, which is larger than that of India. The third India-Africa Summit in New Delhi in 2015 focused on enhancing India's engagement

with Africa.

A visionary step of PM Modi was leveraging India's powerful diaspora. While empowering the diaspora in their domicile countries, the government has coordinated with them for advocacy and building influence. He sought to connect directly with NRIs in a unique fashion. His first outreach in New York — at Madison Square Garden — attracted 15,000 NRIs. About 5,000 people attended his meeting in Beijing whereas over 60,000 people turned up for the Wembley Stadium programme. The significance of the diaspora is self-evident in the flow of remittance to India: According to the World Bank, India received \$72 billion in 2015 as foreign remittance, making it the world's largest remittance-receiving country.

India is now among the world's top destinations for FDI flows. It has attracted investment of close to \$200 billion from foreign investors. In 2014, India's total trade was 46 per cent of the GDP. India plans to double its aggregate global trade over the next decade. Our targets for 2019 include becoming the top start-up destination in the world, achieving 60 per cent digital penetration and increasing the share of manufacturing in GDP from 16 per cent to 25 per cent by 2022.

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