



India and Globalisation

India's Vision of its Future in the World

Updated June 2005



The Indian Finance Minister P. Chidambaram delivering the keynote address at the launch of the Foreign Policy Centre's India Programme, the Guildhall, 3rd February 2005.

Overview

In February 2005, The Foreign Policy Centre (FPC) launched a new programme of research, publications, forums and public discussions on India and globalisation. The programme aims to engage a broader group of actors with new thinking on the social and economic consequences of globalisation on India and the impact of India's growing influence on the future of globalisation. It will adopt a pan-European focus in exploring the way in which India fits into a changing world order and how the new 'rising powers', notably India and China, can be key actors in shaping it.

The programme will take Indian perspectives as its departure point, focusing on three principal areas:

- how India's government, interest groups and diverse communities see their values and how they project these values to the world;
- outside attempts to understand and engage with the paramount values of the Indian government, leading interest groups, diasporas, civil society and diverse communities; and
- the role of these diverse, often competing, Indian actors in globalisation and in shaping global trends.

A partnership-based programme

The Foreign Policy Centre is working with a number of leading Indian think tanks and other partners in various fields, including:

- Indian investors in Europe
- UK investors in India
- Prominent journalists, academics and opinion formers
- Indian diaspora organisations in Europe, especially the UK
- NGOs, think tanks and research organisations

Aims and context

India's influence on global affairs is evident in a number of spheres – from academia and development theory to business, technology and movies.

As suggested by the Goldman Sachs report, *Dreaming With BRICs: The Path to 2050*, the economies of Brazil, Russia, India and China (BRIC) together could be larger than the G8 in dollar terms in fewer than 40 years. Despite India's small share of world trade at present, its economy could be larger than all but the US and China in 30 years. The rise of the BRICs will be critical for how the world economy evolves.

Two issues will inevitably shape India's rise. First, India's projected economic power will mean that it will be a strong force in determining international market practices and influencing decisions in the multilateral trading system. Second, as the largest democracy in the world, India enjoys unique political legitimacy which means that it is held up as a role model and a progressive influence in global affairs. In the words of Sunil Khilnani, India needs to "make use of the 'democratic dividend'...and be willing to play a role in the global 'battle of ideas'".

Most analysts agree that India has yet to find a voice in world affairs appropriate to its power and potential and that India's role on the world stage remains unclear. In the short term, key questions remain about how it relates to the West and other emerging powers, especially China. More long term, India has yet to stake out its position as a progressive international player, a positive broker in the pursuit of multilateral solutions to global problems and an active player in the promotion of liberal democracy around the world.

Through an interchange between small groups from India, Europe, the US and selected other countries, the Foreign Policy Centre's programme will explore how India will engage with the world over the first decades of the 21st century. It will aim to address clear questions about India's future. How is globalisation shaping India's worldview and sense of itself? How will India look to shape its own global role? How will India's new role impact on the international system?

The programme will examine a variety of cutting edge issues and new ideas focusing on five areas:

- International political values, multilateralism and international security
- Evolving international economic configuration, trade and finance
- Democracy, pluralism and harnessing variety
- Technology, entrepreneurship, competitiveness, corporate governance and the knowledge revolution
- Public diplomacy

The Foreign Policy Centre will be launching four main sets of activities:

- High level forums in London, Brussels and New Delhi engaging senior participants from business, government and academia
- Publication of policy reports and papers from Indian authors under the rubric 'New Thinking from India'
- Publication of policy reports and papers from international observers (business, government, journalists and academics) on the various Indian perceptions of their country's place in the world
- Associated public forums, newspaper articles and public lectures

Themes

International Political Values, Multilateralism and International Security

How do India's concerns and aspirations match with international political values? What are the upcoming global challenges that Europe, the US and India can address together and what are the potential areas of dispute? What is India's evolving attitude towards international law, multilateralism, strategic alliance building, threat, intervention and the use of force? How does India see its role in global issues such as conflict prevention, terrorism, WMD proliferation and the future of the UN? Will the India-Brazil-South Africa (IBSA) coalition reinforce or challenge multilateralism in the future?

Evolving International Economic Configuration, Trade and Finance

Will India be an active player in efforts to promote international cooperation on economic matters? How does India perceive its role within the WTO? How are India's economic reforms likely to impact on the existing regulatory and political barriers to investment, financial stability and the health of the international economy? How is India's trade and investment relationship with other rising economic powers developing and what effect will this have on the current international economic governance and political order? How does India perceive its relationship with major trading blocks including ASEAN, the EU, NAFTA, SAARC, GCC, SACU, COMESA and Mercosur?

Democracy, Pluralism and Harnessing variety

Can India's experience in institutionalising its religious, cultural and economic diversity become a model for the world? What role can India play in promoting democracy in its immediate neighbourhood / globally? What are the major constraints and principal drivers of change in India and where are they headed – urbanisation, education, communal violence, HIV/AIDS?

Technology entrepreneurship, competitiveness, corporate governance and knowledge revolution

Is India's education system catering for the global market? What are the key reforms to drive competitiveness and higher levels of innovation? Is India a source of know-how for other emerging markets? Is outward migration detracting from or contributing to India's pool of skills? What is India's role in international co-operation and exchange in good practice in science and technology, education, health and other wealth creating sectors? How important is the integration of women into the labour market in increasing India's competitiveness? How will India impact on the digital divide? What is the role of key industries -- including pharmaceuticals, IT and space technology -- in India's development?

Public Diplomacy

What is the current state of perceptions of India internationally? How are these perceptions likely to evolve? How do these perspectives shape India's current and future international role? What is the role of mass-culture in shaping India's future and its relations with the world? What is the role of India's global civil society / diaspora in portraying India's growing influence in the world? What role can Indian brands, cultural icons, and the Indian diaspora, as well as government institutions, play in projecting India's influence?

Recent Activities

- 14 December 2004: Lecture by Professor Sunil Khilnani, John's Hopkins University (SAIS)
- 19 January 2005: Lecture by H.E. Kamallesh Sharma, Indian High Commissioner to the United Kingdom
- 2 February 2005: Round-Table seminar with Indo-British Parliamentary Forum
- 3 February 2005: Launch of the India programme by Shri P. Chidambaram, the Indian Finance Minister

Launch publication: Released on 3 February 2005
INDIA AS A NEW GLOBAL LEADER



This is a collection bringing together new essays by four internationally-acclaimed thinkers on India. Contributions include:

India as a Bridging Power

Author: Sunil Khilnani, School of International Studies (SAIS), Johns Hopkins University

Sunil Khilnani analyses what role India could play in the emerging uncertain global order. According to him, although the conventional indices of power may not be India's strength, it could still play a unique "bridging role" between the various competing forces, based on its accumulated strengths.

Bollystan: The role of the Indian Diaspora in India's economic and political emergence

Author: Parag Khanna, The Brookings Institution

Parag Khanna delves into the subject of the role 'India's Diasporic Community' could play in enhancing regard and respect for their country of origin. Globalisation and technology have helped forge close links within the community and with India. Their role as potential "diplomatic force multipliers" is a new phenomenon, one that India watches with interest.

India and the Knowledge Economy: the "Stealth Miracle" is sustainable

Author: Prasenjit K. Basu, Managing Director, Robust Economic Analysis Pte. Ltd.

Prasenjit K. Basu analyses the potential of India's economic progress in the coming decades. He is optimistic and has reasons to be so with faith firmly placed in the "stealth miracle", fuelled by achievements in education, demographic dividend, sound financial system, growing services exports and a more sustainable buoyant manufacturing sector.

India's future real security challenge: Energy security?

Author: Brahma Chellaney, Centre for Policy Research (Delhi)

Energy security is a crucial issue for all countries today, even more so for India at its current stage of development. Lack of energy resources could jeopardise not only economic progress but also security and strategic interests. India is increasingly playing a more active role to secure its future needs. This has implications both for domestic and foreign policy. Prof. Brahma Chellaney analyses the options available to India and the imperative need to hone its energy diplomacy, more so in the immediate neighbourhood, to make some of these options viable.

Work Plan 2005

High Level Forums

The FPC's India programme enjoys strong support from the British High Commission in India, the British Council in India, the Indian High Commission in the UK and the Corporation of London.

- On 2nd February, the FPC hosted a seminar on 'Knowledge Economies' with a 12-person delegation from the Indo-British Parliamentary Forum (IBPF)
- On 3rd February, the Indian Finance Minister Shri P. Chidambaram launched the FPC's India programme

The FPC is working with key constituencies, such as the Confederation of Indian Industries (CII) in London, to identify similar high profile public events or private opportunities to open up a diversity of new contexts for its corporate and governmental partners. We have for example discussed in preliminary terms the possibility of some involvement in the CII CEO's forum in May. As the FPC's China programme has shown, we can consistently deliver ministerial level involvement in our events both in Europe (London and Brussels) and in key foreign countries of interest to us. (See FPC China prospectus for details).

Themes

The following list identifies priority subjects for the FPC's work programme for the year 2005. Some authors have been confirmed, others remain to be identified and confirmed. The selection of authors and lead speakers in seminars is an area where the FPC invites the active input of its partners either corporate or government.

- 1. India-China 2020: Great Leap Forward?**
- 2. Overcoming Challenges in a Globalising Economy: Managing India's External Sector**
- 3. Expanding the UN Security Council: India's Perspectives**
- 4. India's development strategy in the information age: successes and challenges**
- 5. 'Banking the Missing Middle': Strategies for Expanding Micro-credit**
- 6. The Rising Powers Debate**
- 7. 'Pipeline diplomacy' and Energy Security: The Role of Foreign Investors**
- 8. Patent Protection and Policy: Finding the Right Balance – The case of China and India**
- 9. India's Legal System**
- 10. India's Services Revolution**
- 11. India and the EU: Models of Regional Integration?**
- 12. Playing the Green card: India's Global Environmental Responsibility**
- 13. The Little G3: A New Trilateralism?**

Seminars and Publications

1. India-China 2020: Great Leap Forward?

Breakfast Discussion, 23 March 2005, Foreign Press Association, London

Speakers:

Dr. Charan Wadhva, former Director of Centre for Policy Research, New Delhi

Prof. Zhang Jun, Fudan University

Discussant: Ms. Elizabeth Wright, Executive Chair, China Policy Institute

(Event report available on website: <http://fpc.org.uk/fsblob/425.pdf>)

2. Overcoming Challenges in a Globalising Economy: Managing India's External Sector

Seminar and Drinks reception, 23 June 2005, Guildhall, London

Speaker:

Dr. Y. V. Reddy, Governor of Reserve Bank of India

(Event report available on website: <http://fpc.org.uk/fsblob/515.pdf>)

Proposed seminars and publications

3. Expanding the UN Security Council: India's Perspectives

Pamphlet, July 2005

Author:

Shairi Mathur, Project Officer for India, FPC

The pamphlet will explore India's claim to a permanent seat in the UN Security Council, what India has on its agenda if it were to become a permanent member and India's efforts in this endeavour. The reactions of the international community especially the P5 will also be briefly examined. Much of the research is based on contemporary newspaper articles from India and interviews with prominent journalists and UN diplomats in India, the UK and the US.

4. India's development strategy in the information age: successes and challenges

Policy Brief, July 2005

Author:

Seema Desai, Director Rising Powers Programme, FPC

5. 'Banking the Missing Middle': Strategies for Expanding Micro-credit

One-day conference, 8th September 2005, The Oberoi, New Delhi

In the microfinance sector, attention is increasingly being focused on small and medium enterprises in the developing world, which are often excluded from conventional microfinance initiatives as well as mainstream commercial bank lending, creating a "missing middle". This conference will explore initiatives to increase access to finance for this sector in India.

6. The Rising Powers debate

Seminar, 15 November 2005

Speaker:

Gurcharan Das, CEO Proctor and Gamble, New Delhi

This seminar will examine the different models of growth in China and India. In Das' words, 'China's is a state induced success whereas India's achievement is that of its private economy within a chaotic democracy'. He will illustrate the

difference by showing China and India's different approaches to the English language.

7. 'Pipeline diplomacy' and Energy Security: The Role of Foreign Investors

- What are the prospects for foreign investors under the new exploration licensing policy? What has been the experience of investors to date?
- How can an independent regulatory regime in the sector be brought into place?

8. Patent Protection and Policy: Finding the Right Balance – The case of China and India

- What are the implications on domestic industry and R&D of the new patent regime?
- What would a win-win policy look like - to create a balance between intellectual property protection, and the need to maintain provision of drugs at reasonable prices to the poorest?

9. India's Legal System

- What is driving India's xenophobia of foreign lawyers in the legal sector? Does India have any prospects of opening up its market to foreign lawyers in the next 5-10 years?
- What is the impact on the legal system of India's signing up to international conventions?

10. India's Services Revolution

- How do off-shoring and outsourcing fit into the new economic policies? In what ways have they redefined bilateral relations?
- What would be the likely impact of an India and China alliance on the development of the Information, Communications and Technology (ICT) sector?

11. India and the EU: Models of Regional Integration?

- Can the Indian model help the EU improve its internal appeal and democratic accountability? What can regional organisations such as SAARC learn from the EU and its democratic deficit?
- To what extent is India in Sunil Khilnani's words a 'Bridging power'? Can India play a role in mediating between Islam and the West?

12. Playing the Green card: India's Global Environmental Responsibility

- As a non-signatory to the Kyoto Protocol, how does the international community view India's global environmental efforts?
- What is the impact of the environment on rural-urban people flows?

13. The Little G3: A new trilateralism?

- What are the prospects for the India-Brazil-South Africa (IBSA) coalition in advancing south-south cooperation?
- How does this coalition interact with other international multilateral blocs? How does the international community perceive this new emerging bloc?

Press Coverage

The Foreign Policy Centre receives over 2 million hits a year or 8,000 per day on its website, <http://www.fpc.org.uk>. All FPC publications are available via the website and they are also widely disseminated to leading politicians and decision-makers. The FPC regularly receives op-ed coverage in leading newspapers, including, in 2004, *The Financial Times*, *The International Herald Tribune*, *The Wall Street Journal Europe*, *The Guardian* and *The New Statesman*. Recent coverage of the India programme includes:

- New realities mean we need a fresh approach to India
Keith Didcock, *Labour Friends of India newsletter*
- Investing in India: Is the UK doing enough?
Shairi Mathur, *India News in Europe Programme*, 31 March 2005
- World set for "Indian Century", say experts
By Vijay Dutt, *The Hindustan Times*, 4 February 2005
- Business Analysis: Brown Shifts G8 goal posts with poverty agenda
By Philip Thornton, *The Independent*, 4 February 2005
- FM Raps West over Globalisation
Rediff.com, 4 February 2005
- Make Globalisation more inclusive
New Kerala, 3 February 2005
- Outsourcing: the acid test for India's liberalisers
Phoebe Griffith, *Global Thinking*, Spring 2004

Implementing Staff

Seema Desai is Director of the Rising Powers Programme at the Foreign Policy Centre. Prior to this, she worked for Schroders plc in Singapore as Asia economist for six years, during the years of the Asian financial crisis. She has degrees in economics and Asian history and politics from Oxford and London universities. Seema was born in the United States and raised in New Delhi, India.

Shairi Mathur is Project Officer for India at the Foreign Policy Centre. She recently completed her second Masters at Kings College (London) in War Studies. Her first Masters was in the History of International Relations at the LSE on a Chevening scholarship. Before moving to the UK she worked for WISCOMP (Women in Security, Conflict Management and Peace) - a Women's NGO in New Delhi.

Dr Greg Austin is the Director of Research at The Foreign Policy Centre. He has written many books on China and Asian Security including *China's Ocean Frontier: International Law, Military Force and National Development* (1988), *Japan and Greater China: Political Economy and Military Power in the Asian Century* (2001), and *The Armed Forces of Russia in Asia* (2001). His appointments have included senior posts with the International Crisis Group, academia, and the Australian government and a diplomatic post in Hong Kong. He holds a PhD and a Master's degree in International Law.

About The Foreign Policy Centre

The Foreign Policy Centre is an independent think tank launched by **Prime Minister Tony Blair** in 1998 in order to inject fresh thinking into debate about global issues. Through our research, publications and events, we aim to develop innovative policy ideas which promote:

- Effective multilateral solutions to global problems
- Democratic and well-governed states as the foundation of order and development
- Partnerships with the private sector to deliver public goods
- Support for progressive policy through effective public diplomacy
- Inclusive definitions of citizenship to underpin internationalist policies

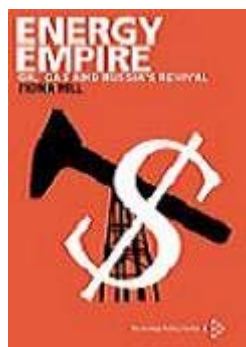
In the six years since the launch of its research programme, the FPC has developed an international reputation for pioneering work on global governance, Europe, the future of diplomacy, public opinion, the Middle East, corporate social responsibility and international security.

THE RISING POWERS AT THE FOREIGN POLICY CENTRE

The Centre recently launched a high-profile programme of work on **China and globalisation** which was launched last May by Chinese Premier Wen Jiabao and Tony Blair. The first event included a series of seminars, held at 10 Downing Street, the Treasury, Parliament and the Guildhall. The participants came from the top levels of UK politics, business, academia and the media and a group of senior policy advisers from the Chinese Academy of Social Sciences (CASS), China's most authoritative agency for



sciences research and policy, decision-making and consultancy. The programme's inaugural publication, *The Beijing Consensus* by Joshua Ramo, has been received with widespread international acclaim.



The Centre launched a similar programme on international efforts to engage Russia in Autumn 2004. The programme was launched with a publication by leading expert Fiona Hill on **Russia's Energy Empire**.