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Analytical Evaluation of the Foreign Policy of Indian Government in Different Stages

Dr. Jayashree. K.,
Assistant Professor of Political Science, Government First Grade College Sullia, D.K-574239, Email:

Abstract: *India's Economic Policy: The comprehensive objective of foreign policy is to further the country's economic objectives. An unrestricted and neutral international trading system, consistent, reasonable energy supplies are a few of the foreign policy objectives needed to further the economic development of a country. 8 A sound and robust economy is one of the prime factors which impacts the formulation and implementation of a country's foreign policy. Since its independence, India has earmarked sound economic development as one of the primary goals. India's economic foreign policy is, thus, influenced by its domestic economic determinants. India is the second-largest populous country and geographically seventh largest country in the world. The British administrative policies on theoretical, behavioural and institutional levels influenced the Indian economic system at the time of independence.*

Keywords: *Foreign policy, Populous, Economic, Development, Domestic, Robust*

I. Introduction:

Developing the country, whose economy was mostly rural and traditional, was one of India's greatest domestic challenges. Also, the Indian economy was one of the poorest in the world. Annual economic growth indicators were stagnant. Added to it was the sluggish agricultural production, which was unable to feed the mounting population. The petered out industrial development added to owes. At the time of independence, the Indian economy was predominantly agrarian. The economy was inert, industrial development was stuck, and the agricultural production was so meagre that India could not feed a rapidly growing population. The recurring and widespread famines added misery to the already stagnant economy.9 The five-year plans were started in 1952 to develop the Indian economy. The Five-year plans steered the investment made by the government in industries and agriculture. The Industrial Policy Resolutions of 1948 and 1956 established the mixed economic model. This facilitated both public and private ownership of means of productions. It gave the government a monopoly in armaments, atomic energy and transportation, and various physical infrastructure based economic activities. Through this model, the objective was to establish a good relationship with capitalists and The Ministry of External Affairs (MEA) is the primary institution of foreign policy decision making in India. The primary responsibility of the MEA is to look after matters related to the country's external affairs. Through various agencies and actors who have been involved in the foreign policy decision-making process, the MEA takes policy the final decision on any of the issues and determines the course of foreign policy. The ministry plays a major role in the planning and formulation of Indian_s foreign policy. The ministry manages and coordinates other stakeholders' foreign decision-making efforts and channelizes their efforts to maximise India_s foreign policy objectives.

While the Foreign Minister, and ultimately the Prime Minister and the Cabinet, are responsible for actual decision making concerning the fundamentals of foreign policy, the MEA is responsible for feeding them with detailed and adequate information, analysing and evaluating the available data, and recommending concrete measures for an effective formulation of foreign policy.1 The MEA, therefore, plays a vital and indispensable role in the making and implementation of foreign policy. Foreign policy is an integral part of a sovereign state system and is considered as the life-blood of a state's outlook in its external dealings. It is an instrument through which a state will protect and promote its national interests. The main emphasis of a nation-state's national interests is to defend territorial integrity and sovereignty. The Foreign policy of a country is a continuously evolving process. The task of framing foreign policy, primarily, rests with the Foreign Ministry. The Foreign Ministry drafts foreign policy, considering internal and external dynamics. Accordingly, India's foreign policy is based on the core principles of protecting its national interest.

Analysis: The MEA has been bestowed with the task of making and implementing its foreign policy. The career diplomats implement foreign policy. The changing technological progress in information and communication technologies and transport has played a significant part in changing diplomacy dynamics. Secret diplomacy practised during the earlier times has paved the way to more transparent

However, during the 1960s Indian economy went through the phase of laggardness internally and suffering from external setbacks leading to slow economic progress. The 1962 war with China and the 1965 war with Pakistan led to deficit spending. It was at around 24% of total expenditure. To counter it, the Indian government took the unpopular step of devaluation. Independent research of the devaluation reported that even though it was much needed, the timing was inappropriate. 12 The devaluation was believed to have implemented to adhere to the condition imposed for the resumption of US aid. Commenting on devaluing currency, T N Srinivasan, a noted economist, termed it a capitulation to external pressure. 13 On the agricultural front, the food shortages during the 1960s raised a sense of anxiety. The governmental machinery was pressed upon to overcome chronic food shortages. Indira Gandhi agreed upon the experimentation with hybrid grain seeds that could help increase agricultural production.

Critical Evaluation: The resultant Green Revolution assisted India to become one of the world's leading agricultural producing country. The policy of economic development under Indira Gandhi steadfastly formulated land reform in 1969. It imposed an upper limit on personal income, private property and corporate profits. The economic policy aimed to promote savings too. Apart from it, major commercial banks were nationalized too. 14 In 1984, the Rajiv Gandhi government attempted to liberalise the economy from red-tapism and excessive economic control by the government. It removed price controls and reduced

The economic instruments of foreign policy, like foreign aid or economic aid, serve as a potent instrument to induce friendly states' behaviour. Economic aid is one where the developed countries share their experience and expertise with less developed countries. Carol Lancaster defines foreign aid as "a voluntary transfer of public resources, from a government to another independent government, to an NGO, or an international organization, to better the human condition in the country receiving the aid."1 Economic aid encompasses the donor countries' activities involving the use of the material and human resources to achieve the ends of the foreign policy of a state eventually designed to achieve the donor nations' national objectives. 2 Foreign economic aid pertains to the government-sponsored flow of resources made available on liberal terms to foreign governments. Foreign aid is considered a vital element for financing the formative projects of creating nations. Foreign aid means grants or concessional aid, wherein the funds transferred is given without expectation of repayment. But these grants or concessional aid is not just for enhancement of humanitarian cause. The donor states also strive to achieve political objectives. Hans Morgenthau suggested that the basic function of all types of aid is political. He advocated that foreign aid is a mechanism to secure the national interest, and traditional powers have been using aid to pursue their interests for many years.3 The new millennium's turn offered India the opportunity to augment its power position amongst the nation's comity. The new-found impetus due to the opening up of the economy aided India‟s economic development. With the growing need for economic development, Indian foreign policy orientation too had to be changed. This led to an increasing emphasis on economic diplomacy. One of the economic instruments used by the nation-states has been aid diplomacy. India is no exception to Soon after the II World War, many of the Afro-Asian countries were freed from the colonial yoke.

Importance: These newly independent countries faced challenges of socioeconomic development. Adequate finances and necessities needed for socio-economic infrastructure were the need of the hour. This led to the dependency of these nations on the developed countries of the period. The socio-economic development of these countries was as important as seeking aid from the developed world.4 Like the USA and the then USSR, developed countries initiated programmes to provide financial and technical assistance to developing countries. The developed countries' financial and material aid to provide the less developed countries was also a vehicle to meet the donors' political ends. So these aid programmes were embedded in phrases such as "service of humanity", "helping mankind", or "sharing" economic benefits etc. But the intention of these aid programmes was intended to pursue foreign policy goals of the donor nations.5 The USA was the first country to initiate development assistance programmes.

The European Recovery Program, or Marshall Plan, the world‟s largest aid programme, was launched in 1948. The programme's objective was to strengthen the wartorn West European states to tide over the II World War devastation. It was also aimed to contain the influence of the USSR in the Western European States. Implemented by the Economic Cooperation Administration (ECA), the Marshall Plan also expanded its reconstruction finance to the Middle East and Asia's strategic parts. 6 In 1948, the Organisation for European Economic Co-operation (OEEC) was established to help administer the Marshall Plan. It was to be a permanent organisation for economic cooperation. The principles of the organisation were to promote cooperation between member countries for the reconstruction of Europe. The goal of the committee was to coordinate development aid amongst the The OEEC was reformed into the Organisation for Economic Co-operation and Development (OECD), and membership was extended to non-European states.7 Until the late 1970s, the goal of development aid was to transfer resources, remove savings or current account gaps, and raise the poor's standard of living. Transfers were made to three main areas: infrastructure, agricultural extension and technical assistance for capacity building. The North-South aid relationship was formalized through a committee mechanism in 1961. The group mandate was to improve development assistance through enhanced delivery aid methods and the aid's terms and conditions. The DAG adopted the concept of Official Development Assistance (ODA). It defined it as technical cooperation and financial flows at concessional financial terms undertaken by official agencies, intending to promote economic development and welfare.8 The development assistance witnessed a drastic change. The developed countries to usher in liberal economic policies at the global level started imposing condition while granting foreign aid. It was reinforced through the World Bank and the IMF. The recipient countries had to adhere to the structural adjustment programme to receive aid. But it was altered with the condition of adherence to good governance principles.9 The developing countries realised that assistance in kind and cash attached to the developed world's strings would not serve their economic development. It was apprehended that the bipolar politics of the Cold War would encroach on the national sovereignty of the newly independent countries. Therefore, India, Egypt, Indonesia, and other developing countries, through the Non-Alignment Movement (NAM), felt the need to establish South-South Cooperation. The Bandung Conference (1955)

Indian Economic Assistance: Origin and Development: The newly independent Asian and African countries needed to tackle socioeconomic liability after they came from colonialism's clutches. These countries had faced the challenge of catering to the mass poverty, underdeveloped socio-economic infrastructural system and were far behind in utilising technological and industrial skills. Since then, India began engaging with other countries through multilateral and bilateral economic assistance programmes.11 India benefitted from various bilateral and international aid schemes. By the 1960s, India had emerged as a major partner in Asia, Africa and Latin America. India established co-operational links with many Afro-Asian countries through bilateral and multilateral development assistance. Prominent economic agencies included the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation. India collaborated through the Colombo Plan, the Special Commonwealth African Assistance Plan (SCAAF), the Commonwealth Fund for Technical Cooperation (CFTC), the United Nations Development Programme (UNDP), the Asian Development Bank (ADB), the Economic Commission for Asia and the Pacific (ESCAP formerly ECAFE - Economic Commission for Asia and the Far East) and the World Bank's Technical Assistance Special Fund (TASF). India‟s objective of providing technical and economic assistance is its struggle as a British crown colony. Thereby, India sensed the struggle the other countries has to face during their colonial past. To create common ground and discuss the issue of these countries, the Asian Relations Conference was organised in 1947. Contemplating the need for such a conference, Pandit Nehru argued that the ndia‟s development partnership model amalgamates development instruments such as grants and technical assistance with commercial instruments such as export credits, trade and investment. The blending of instruments is sometimes referred to as a „development compact‟. Trade, investment, technology transfer, and market access are conceptualized as forming a comprehensive approach towards addressing aid receiving countries' development needs. The development partnership programmes rest on the principle of mutual benefit. The goal of the development partnership initiatives is to stimulate economic growth in India and the partner country. The increased use of Lines of Credit (LOC) supports this proposition. Export credits offer an alternative financing mechanism for developing countries while creating opportunities for India‟s public and private sector to enter new markets. The development cooperation intends to achieve development through economic growth. Most of the assistance is concentrated in the infrastructure, agriculture, energy, and increase the science and technology-related sectors. Through the developmental cooperation programmes, private sector enterprises are trying to play a central role in investment and establishment of business partnerships. Since 2003, private and state-owned Indian companies have invested $ 35 billion in LDCs and extended $4.3 billion in credit lines while importing goods worth $10 billion.74

II. Conclusion:

A futuristic plan of India‟s development partnerships and economic diplomacy must be built around three strata of India‟s strategic interest and influence. The first strata should include India‟s immediate neighbourhood and the big powers; the second should contain its extended neighbourhood extending across Asia and Africa. The third should take account of distant geographies, all global commons and vital global issues and institutions to manage them. Moreover, development partnerships and economic diplomacy should be developed to achieve a specific set of interests, capabilities and priorities. Development partnerships built around these three concentric circles will allow India to build direction, specificity, and flexibility into its initiatives; to create a differentiated approach across various geographies; to build alliances and institutions that cut across the north and south; to find a balance between its immediate economic and strategic interests and its global responsibilities, and to manage and respond to the complex and multifarious requirements of a global development provider.

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