

## **NAVIGATING THE NEW GLOBAL ORDER: THE MULTIDIMENSIONAL IMPACT OF INDIA'S FOREIGN POLICY ON NATIONAL PROSPERITY AND DEVELOPMENT**

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### **ABSTRACT**

*This paper examines the evolution of India's foreign policy from "non-alignment" to "multi-alignment" and its direct correlation with national development. It analyses how strategic partnerships, neighbourhood diplomacy, and global leadership roles (like the G20 presidency) serve as engines for domestic economic growth. The study concludes that India's proactive global engagement is no longer a peripheral activity but a core determinant of its national prosperity.*

*Key words: Global Order, Foreign policy, prosperity, development etc.*

### **1. INTRODUCTION**

In an era of shifting geopolitical plates, India has transitioned from a passive rule-taker to an active rule-maker. "Navigating the New Global Order" refers to India's ability to balance competing interests—such as its ties with both the US and Russia—while prioritizing its own developmental needs. This policy shift is designed to secure the resources, technology, and capital required to transform India into a \$5 trillion economy.

### **2. REVIEW OF LITERATURE**

Current academic discourse emphasizes the "Security-Development" nexus. Scholars like S. Jaishankar argue that foreign policy is essentially "domestic policy with an external face." Previous studies have focused on bilateral trade, but recent literature highlights "minilateralism" (e.g., QUAD, BRICS+) as a tool for securing supply chains and energy interests.

### **3. SIGNIFICANCE OF THE STUDY**

While traditional research treats foreign policy and domestic economy as silos, this paper bridges the gap. It is significant for understanding how diplomatic manoeuvres directly impact the "common man" through job creation, digital infrastructure, and energy security.

### **4. SCOPE OF THE STUDY**

The study focuses on the last decade of Indian diplomacy. It covers, the impact of the foreign policy, its shift from traditional to self-autonomous, "Neighbourhood First" and "Act East" policies. Digital public infrastructure (DPI) as a soft power tool.

### **5. OBJECTIVES OF THE STUDY**

To evaluate the shift from ideological to pragmatic foreign policy.

To analyse the impact of strategic alliances on India's technological and industrial growth.

To identify how India’s global standing influences its domestic investment climate.

To discuss about the “Vishwa Mitra” Effect on growth and development t of India.

**6. FINDINGS AND DISCUSSIONS**

**6.1 THE SHIFT FROM IDEOLOGICAL TO PRAGMATIC FOREIGN POLICY**

In the mid-2020s, India’s foreign policy is defined by a decisive transition from the ideological neutrality of Non-Alignment to a pragmatic doctrine of Multi-Alignment and Strategic Autonomy. This shift prioritises national interest and "issue-based" partnerships over rigid bloc-based commitments, allowing India to engage with competing global powers simultaneously.

**Core Pillars of India's Pragmatic Shift**

India now maintains parallel, high-level engagements with seemingly opposing blocs. It is a member of the Quad (with the U.S., Japan, and Australia) to address Indo-Pacific security while remaining active in BRICS and the SCO alongside Russia and China. India has mastered "strategic de-hyphenation," maintaining robust ties with Israel while simultaneously strengthening partnerships with Iran, Saudi Arabia, and the UAE. For instance, India elevated ties with Israel to a "Special Strategic Partnership" in 2026 while managing the Chabahar Port in Iran. Foreign policy is increasingly driven by domestic developmental needs. The iCET (now known as TRUST) initiative with the U.S. and the India-Middle East-Europe Economic Corridor (IMEC) are pragmatic efforts to secure critical technology and resilient supply chains. India’s refusal to weaponize trade or take a singular side in the Russia-Ukraine conflict reflects its pragmatic focus on energy and food security. India imported nearly \$2 billion in crude oil from Russia in January 2026 while also providing significant diesel imports to Ukraine.

**Present Relevance and Outcomes**

The pragmatic turn has transformed India into a "Vishwa Mitra" (Friend of the World) and a pivotal bridge between the Global North and South.

**Table .1: shift from Ideology Approach to Pragmatic Approach**

Policy Area	Shift from Ideology (Past)	Pragmatic Approach (Present)
Global South	Anti-colonial rhetoric & moral leadership.	Functional leadership through Digital Public Infrastructure (DPI), vaccine diplomacy, and debt relief advocacy.
National Security	Diplomatic restraint & moral positioning.	Assertive "red lines" on cross-border terrorism, evidenced by operations like Operation Sindoor (2025).
China Relations	Panchsheel (Peaceful Coexistence).	Reciprocal disengagement and "de-risking" while maintaining economic interdependence.
Climate Action	Focus on historical responsibility only.	Proactive leadership via the International Solar

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(Source: – Annual Reports. Ministry of External Affairs (MEA), Government of India)

**CHALLENGES TO PURE PRAGMATISM**

Critics argue that an over-reliance on transactional "short-term gains" can erode the moral legitimacy India once held. Additionally, managing “multi-vector” diplomacy risks overstretch and perceptions of unreliability among long-term partners. Balancing U.S. expectations in the Indo-Pacific with deep-seated defense ties to Russia remains India’s most complex diplomatic tightrope in 2026.

**6.2 THE IMPACT OF STRATEGIC ALLIANCES ON INDIA’S TECHNOLOGICAL AND INDUSTRIAL GROWTH.**

In the current global landscape (2025–2026), strategic alliances have become the primary engine for India’s technological and industrial maturation. These partnerships have shifted from simple "buyer-seller" transactions to deep co-development and co-production models, directly fuelling India’s ambitions in semiconductors, defence, and green energy.

**1. The Semiconductor & AI Surge: "TRUST" and "iCET"** The evolution of the India-U.S. Initiative on Critical and Emerging Technology (iCET) into the broader TRUST framework (2025) has anchored India’s position in the global tech value chain.

**Fabrication and Design:** 2026 is a pivotal year for commercial semiconductor production in India, supported by U.S.-led investments in fabrication, assembly, and testing.

**AI Infrastructure:** Under the Indian AI Mission, over 38,000 GPUs have been deployed as of early 2026 to support start-ups and research, projected to add \$1.7 trillion to the economy by 2035.

**Supply Chain De-risking:** Alliances are actively reducing dependence on single-country sources (China) for pharmaceutical APIs and critical minerals.

**2. Defence Industrial Revolution: Co-Production Models**

**Strategic partnerships**, particularly with France and the U.S., have transformed India into a regional defence manufacturing hub.

**India-France Special Global Strategic Partnership (2026):** This landmark upgrade focuses on co-developing precision-guided missiles (HAMMER), advanced jet engines, and the first private-sector helicopter assembly line (Tata-Airbus).

**Indigenous Modernization:** 75% of India’s record \$78.57 billion defense budget for 2025-26 is reserved for domestic sources, incentivizing global partners to set up local "Make in India" facilities.

**Maintenance & Repair (MRO):** India is emerging as a global hub for LEAP and M88 engine services through French major Safran, employing over 1,000 local technicians.

**3. Industrial Integration & Market Access: The UAE Axis**

The India-UAE Comprehensive Economic Partnership Agreement (CEPA) has achieved unprecedented results, hitting the \$100 billion trade target five years ahead of schedule.

**High-Tech Exports:** India's exports of electrical machinery, reactors, and smartphones to the UAE grew by over 25% following CEPA, with smartphone exports alone reaching \$2.57 billion.

**Logistics & Connectivity:** The India-Middle East-Europe Economic Corridor (IMEC), backed by several strategic partners, is designed to integrate Indian industrial hubs directly with European markets, bypassing traditional bottlenecks.

#### 4. Green Energy and Sustainable Industry

Alliances are driving the transition toward "Industry 4.0" and green manufacturing.

**Nuclear Innovation:** Recent reforms (SHANTI Act, 2025) have opened the nuclear sector to private investment, with India and France collaborating on Small Modular Reactors (SMRs) to power industrial zones sustainably.

**Resource Dependency:** Strategic минерал alliances (e.g., with Australia and the U.S.) secure the lithium and rare earths necessary for India's EV and battery manufacturing sectors.

**Table: 2 Summary of Impact Drivers**

Alliance/Initiative	Key Technological Impact	Industrial Outcome
India-U.S. (TRUST)	AI compute, Semiconductor fab, Quantum	Silicon-to-AI ecosystem
India-France (Horizon 2047)	Jet engines, Submarines, SMRs	First private helicopter FAL
India-UAE (CEPA)	Fintech, Digital Trade, Logistics	\$100B+ bilateral trade
QUAD Alliances	Maritime surveillance, 5G/6G	10,000+ MSMEs in defense

(Source: – Annual Reports. Ministry of External Affairs (MEA), Government of India)

### .6.3 INDIA'S GLOBAL STANDING INFLUENCES ITS DOMESTIC INVESTMENT CLIMATE

In early 2026, India's elevated global standing—anchored by its "Multi-Alignment" strategy—has become a direct catalyst for a more robust domestic investment climate. By positioning itself as a neutral, "indispensable" partner, India has transformed geopolitical volatility into a competitive advantage for attracting capital.

#### Geopolitical Standing as an Investment Magnet

**Strategic Neutrality ("The Hiding Place"):** As trade tensions between major powers (U.S.-China) persist, India is increasingly viewed as a "safe haven". A 2025 survey showed that 42% of Asia-Pacific fund managers were overweight on Indian equities, significantly outperforming regional peers.

**Supply Chain "Friend-Shoring":** India's active role in the Quad and other Western-aligned frameworks has facilitated the "China-plus-one" strategy for multinationals. This is evidenced by a 73% surge in FDI inflows in 2025, reaching \$47 billion, primarily driven by services, IT, and manufacturing.

**Global Leadership & Institutional Trust:** India's leadership in initiatives like the International Solar Alliance and its 2023 G20 Presidency have bolstered its macroeconomic credibility. The IMF-World Bank Financial Sector Assessment Program 2025 recently validated the resilience of India's financial system.

### **Policy Reforms Strengthening the Link**

India's foreign policy goals of "strategic autonomy" are now tightly integrated with domestic industrial policies:

**Sectorial Liberalisation:** To attract high-tech investment, the government recently raised FDI caps to 100% in insurance and 74% in defence under the automatic route (January 2026).

**Tax and Regulatory Certainty:** The Union Budget 2026-27 introduced measures like rationalising the Minimum Alternate Tax (MAT) to 14% and launching an Investment Friendliness Index for states to ensure a predictable environment for global firms.

**Infrastructure Connectivity:** Strategic corridors like the India-Middle East-Europe Economic Corridor (IMEC) are designed to link Indian manufacturing hubs directly to global markets, reducing logistics bottlenecks.

### **Critical Challenges to Sustained Growth**

Despite these gains, India's investment climate faces significant external and internal pressures:

**Energy Vulnerability:** India's pragmatic "energy realpolitik"—balancing Russian oil imports with Middle Eastern ties—was tested in early 2026. Tensions in the Strait of Hormuz briefly exposed supply chains, leading to domestic price hikes for LPG.

**Trade Deficits:** The rush to sign Free Trade Agreements (FTAs) for geopolitical bonding has occasionally widened trade deficits, as seen in the 23% year-on-year rise in deficits with FTA partners by late 2025.

**Execution Gaps:** While global interest is high, persistent "regulatory touch points" and high logistics costs remain hurdles. Critics argue that unless India aligns its domestic capacity with its global ambitions, it may lose out to competitors like Vietnam or Malaysia

## **6.4 "VISHWA MITRA" EFFECT ON GROWTH AND DEVELOPMENT T OF INDIA**

The "Vishwa Mitra" Effect: Positioning itself as a "Friend to the World" has made India a preferred alternative for global supply chain diversification (the "China plus One" strategy). In the current global landscape of 2026, the "Vishwa Mitra" (Friend of the World) doctrine has evolved from a diplomatic slogan into a tangible driver of India's overall development. By positioning itself as a reliable partner and a "bridge" between the Global North and South, India has successfully leveraged its international goodwill to accelerate domestic economic and social progress.

### **1. Economic Acceleration and Investment**

India's status as a trusted global partner has directly influenced its investment climate, contributing to its rise as the world's 4th largest economy.

**FDI Surge:** High trust in India's "Vishwa Mitra" stance has attracted record Foreign Direct Investment (FDI), particularly in critical sectors like semiconductors and green energy. In early 2026, major global players have committed billions to local manufacturing hubs, such as the semiconductor fabrication plants in Gujarat.

**Trade Integration:** Strategic alliances under the "Vishwa Mitra" framework have unlocked new markets. For instance, the India-UAE CEPA reached its \$100 billion trade target ahead of schedule, facilitating a 25% growth in high-tech exports like electrical machinery and smartphones.

### **2. Technological Maturity and Innovation**

India is utilizing its global standing to secure technology transfers and co-development opportunities that were previously inaccessible.

**Critical Technology:** Initiatives like iCET (now TRUST) with the U.S. and co-production agreements with France (e.g., for jet engines and submarines) have transformed India into a high-tech manufacturing hub.

**AI Leadership:** By 2026, India has emerged as a global leader in AI adoption, with OpenAI identifying it as its fastest-growing market. The India AI Mission has deployed over 38,000 GPUs to support a booming start-up ecosystem.

**3. Human-Centric Development and Social Impact**

The "Vishwa Mitra" effect emphasizes that India's development is not just about GDP, but is human-centric, focusing on "leaving no one behind".

**Digital Public Infrastructure (DPI):** Successes like the JAM trinity (Jan Dhan-Aadhaar-Mobile) and UPI have been shared globally as a model for inclusive growth, bolstering India's soft power while digitising domestic services.

**Healthcare and Education:** Building on the legacy of Vaccine Maitri, India continues to provide affordable pharmaceuticals and tele-education (e.g., e-VBAB) to dozens of nations, particularly in Africa, while strengthening its own medical infrastructure through these global partnerships.

**4. Strategic Security and Resilience**

By maintaining "multi-alignment," India has secured its national interests without being entangled in external conflicts.

**Energy Security:** India's pragmatic diplomacy allows it to procure energy from diverse sources, such as Russia and the Middle East, ensuring domestic price stability during global volatility.

**Defense Self-Reliance:** Strategic partnerships have accelerated Atmanirbharta (self-reliance), with defense exports reaching a record ₹23,622 crore in FY 2024–25.

**Table .3: impact of Vishwa Mitra (2025-2026)**

Development Pillar	"Vishwa Mitra" Impact (2025–2026)
Growth Engine	Projected to be the world's 3rd largest economy by 2027.
Tech Hub	Leading in AI adoption and semiconductor co-development.
Stability	Viewed globally as an "important pillar of stability" and a "trusted friend".
Social Welfare	13.5 Crore people lifted out of poverty in recent years through inclusive policies.

(Source: – Annual Reports. Ministry of External Affairs (MEA), Government of India)

Despite these successes, India faces challenges in balancing competing global interests and managing regional tensions, which require constant diplomatic agility to ensure that its "Vishwa Mitra" status continues to yield domestic dividends.

**7. RECOMMENDATIONS**

**Institutionalize DPI:** Formalize the export of **Digital Public Infrastructure (UPI/Aadhaar)** to Global South nations to build long-term diplomatic leverage.

**Diversify FTAs:** Prioritize concluding the **India-EU FTA** and **India-UK CETA** to insulate MSMEs from global supply chain shocks.

**Educational Mobility:** Create "Migration and Mobility" pathways for the Indian workforce to match the aging demographics of Western partners.

**Security Decoupling:** Further invest in **Indigenization (Aatmanirbharta)** of defence to ensure foreign policy remains independent of military supply pressures.

## **8. CONCLUSION**

India's foreign policy has successfully moved beyond rhetoric to become a pragmatic tool for national upliftment. By leveraging its unique position in the Global South and its growing influence in the West, India is effectively navigating the complexities of a multipolar world. The "New Global Order" presents risks, but India's multidimensional approach ensures these risks are converted into opportunities for long-term prosperity.

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