



India's Foreign Economic Policy in The Current Global Impact

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Abstract: This study examines the evolution and current dynamics of India's foreign economic policy within the context of global economic transformations. It traces the historical shift from a protectionist economy to a liberalized and globally integrated framework and highlights the impact of economic reforms on trade, investment, and global economic governance. The findings indicate that India has successfully diversified its trade relations, liberalized foreign direct investment (FDI) regimes, and increased its participation in multilateral economic forums such as the G20 and WTO. Moreover, India has utilized economic diplomacy to promote digital innovation, sustainable energy, and climate-resilient infrastructure. While significant achievements are evident, the study also identifies ongoing challenges related to regulatory hurdles, global trade uncertainties, and geopolitical risks. The analysis concludes that India's foreign economic policy is at a pivotal juncture, with opportunities to further strengthen its role as a key player in shaping future global economic policies.

Keywords: India's Foreign Economic Policy, Global Economic Governance, Trade Policy, Foreign Direct Investment, Economic Liberalization, Atmanirbhar Bharat, Sustainable Development, Globalization, Investment Diplomacy, International Trade Agreements

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INTRODUCTION

Over the decades, India has been able to refine its foreign economic policy that has become flexible according to the requirements of the domestic environment and changing dynamics of the world economy. In recent years, economic diplomacy has become an essential factor to determine a nation in the economic global scenario. As one of the fastest-growing major economies, India has utilised its demographic dividend, its technological capabilities and growth market potential to increase its place in the world economy. There exists a shift in its foreign economic policy to no longer be based only on trade and investment but on the strategic partnerships as well as sustainable development and being members of various multilateral economic forums. The existing world environment is marked by high levels of challenges and opportunities such as geopolitical instabilities, the reorganization of international supply chains, promises of climate change, technological shocks, and economic protectionism (Beretta et al. 2023). As a reaction to such processes, the foreign economic policy of India is aimed at diversifying trades, obtaining energy supplies, improving integration with other regions, increasing collaboration with wealthy and developing countries. Some of the efforts in this direction include initiatives like "Make in India," "Digital India," and production-linked incentives (PLIs) that are meant to promote exports, generate foreign direct investment (FDI) and invest in reducing import types in key areas. Moreover, India has been participating in joining various organizations such as World Trade Organization (WTO), BRICS, G20, and regional systems like ASEAN in order to increase its position in international economic governance (Zhang

et al. 2019). It is concerned with South-South cooperation, which is also an expression of its belief in equitable globalization. In the COVID-19 pandemic and all that followed, economic shocks and the need to drive resilience and self-reliance, India is incorporating a more pragmatic and multifaceted approach towards economic diplomacy.

FOREIGN POLICY OF INDEPENDENT INDIA	
PANCHSHEEL mutual respect for each other's territorial integrity and sovereignty, non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence.	ANT-COLONIALISM India has always opposed colonialism and racism. Whenever any injustice happened, India raised her voice, for instance in favour of Indonesia's nationality fighting the Dutch colonialism in 1947, against South Africa's illegal occupation of Namibia and the infamous apartheid policy in South Africa India fully supported the inclusion of communist China in the United Nations
ARTICLE 51 Article 51 of the Indian Constitution Lays down some Directive Principles of State Policy on Promotion of International Peace and Security. The state shall endeavour to- 1. Promote international peace and security. 2. Maintain just and honourable relations between nations 3. Foster respect for international law and Treaty obligations in the dealings of organised people with one another, 4. Encourage settlement of international disputes by arbitration	NON ALIGNMENT Non-alignment has been an important feature of India's foreign policy. The aim of Non-alignment was to maintain national independence in foreign affairs. Non-alignment was neither neutrality nor non-involvement nor isolationism. It was a dynamic concept. Furthermore, Non-Alignment gained popularity in the developing countries.

Figure 1: Foreign_Policy_of_Independent_India_Overview

The nature of foreign economic policy has changed significantly in India since its independence days, and this is a result of the ambition the country has developed and its changing status in the world economy. Relying on self-centric policies and import substitution policy at the beginning of Indian economic transformation with the world was relatively limited. But with the liberalization reforms of 1991, India became more outward looking and market-oriented and was being incorporated into the global trade and investment and financial systems. In the present day, India has emerged as one of the fastest growing large economies in the world and its foreign economic policy has become an invaluable instrument in attaining long-term growth, gaining global competitiveness and protecting national interests. The global environment now has a combination of unusual opportunities and new waves of complexity. Multilateral economic relations have been transformed by geopolitical tensions, economic nationalism, climate change commitments, technological disruptions within the global supply chains and their rearrangement. India has reacted to the above dynamics by taking a multi-pronged approach to foreign economics including trade diversification, attracting foreign direct investment (FDI), securing energy and other rare earths, advancing digital and green technologies and increasing integration with both developed and developing economies. Plans such as the Make in India, Digital India, and filling such gaps that hold strangleholds over India through Production-Linked Incentive (PLI) devised to strengthen the local production and raise the power of export and lower the countries dependence (Xu et al. 2020). Consequently, the analysis of India as a foreign economic policy is essential when comprehending how this state manages various uncertainties of the global economy, takes advantage of new opportunities, and establishes itself as an actor that is essential in determining the future of the global economic system. The discussion gives an insight into the trade policies, investment agenda, and foreign relations of India as it reacts dynamically to the changing global

issues.



Figure 2: Make in India

Significance of the Study

The research on the topic of India foreign economic policy in current global impact bears a lot of importance to the policy makers, researchers, business houses and the stakeholders in the world economy. In the face of the fast-changing modern world economy, there is a great need to understand how India develops and implements foreign economic strategies as this gives a valuable insight into its domestic development and international positioning. The paper throws light into how India is undergoing the process of adopting the challenges and opportunities of economic globalization. The current trends that have been shaping the world economy include geopolitical strains, trade wars, climate change pledges, digitalization, and reshoring of global supply chains (Zhang et al. 2019). The discussion of the foreign economic policy reveals how India can cope with these external forces and yet sustain growth and economic strength. It gives an analysis of the increasing influence of India in multilateral and regional bodies like the WTO, G20, BRICS and ASEAN. Insight into this engagement is important to evaluate the strength of India to represent the interests of the emerging economies, participate in the global economic governance, and take a critical role in establishing a fair and inclusive international economic order.

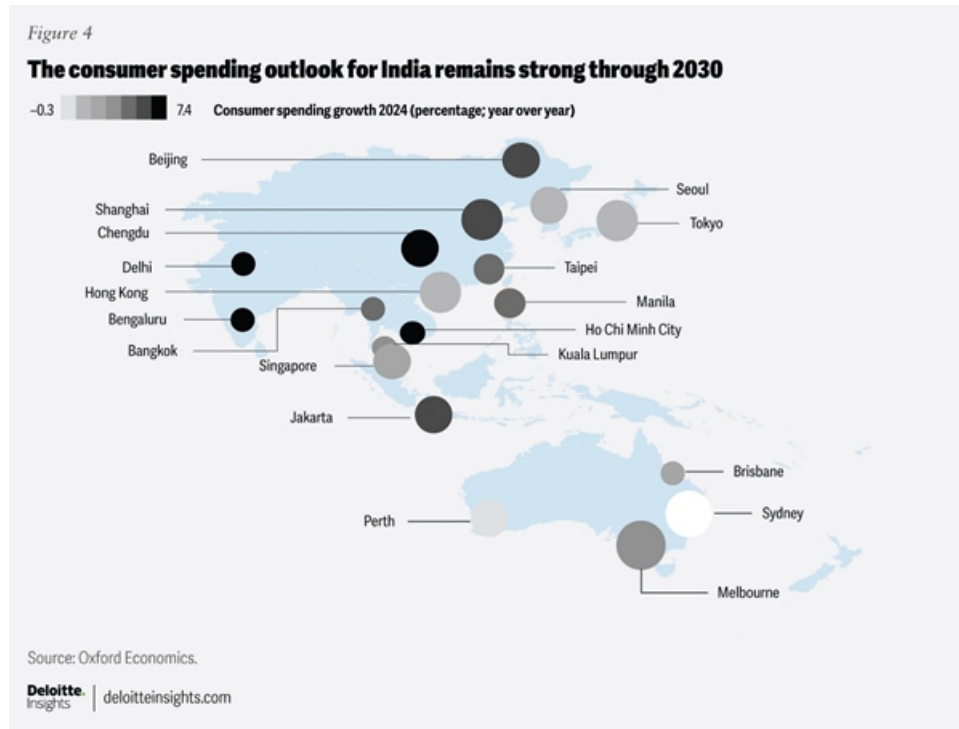


Figure 3: The Consumer spending outlook for India remains strong through 2030

Furthermore, the study is significant for business and industry leaders, as it highlights opportunities and risks in India's global economic engagements. By understanding India's foreign economic priorities, investors and corporations can make informed decisions on trade, partnerships, and investments. The study is important for evaluating the effectiveness of India's trade and investment policies. With initiatives like *Make in India*, *Digital India*, and *Atmanirbhar Bharat*, India is aiming to boost exports, attract FDI, and reduce dependence on imports in critical sectors (Sutradhar, 2020). Analyzing these efforts provides insights into their actual impact and areas where policy reforms may be needed. This study is not only important for analyzing India's present strategies but also for anticipating its future role in the global economic system, helping guide both national and international stakeholders in navigating an increasingly complex economic landscape.

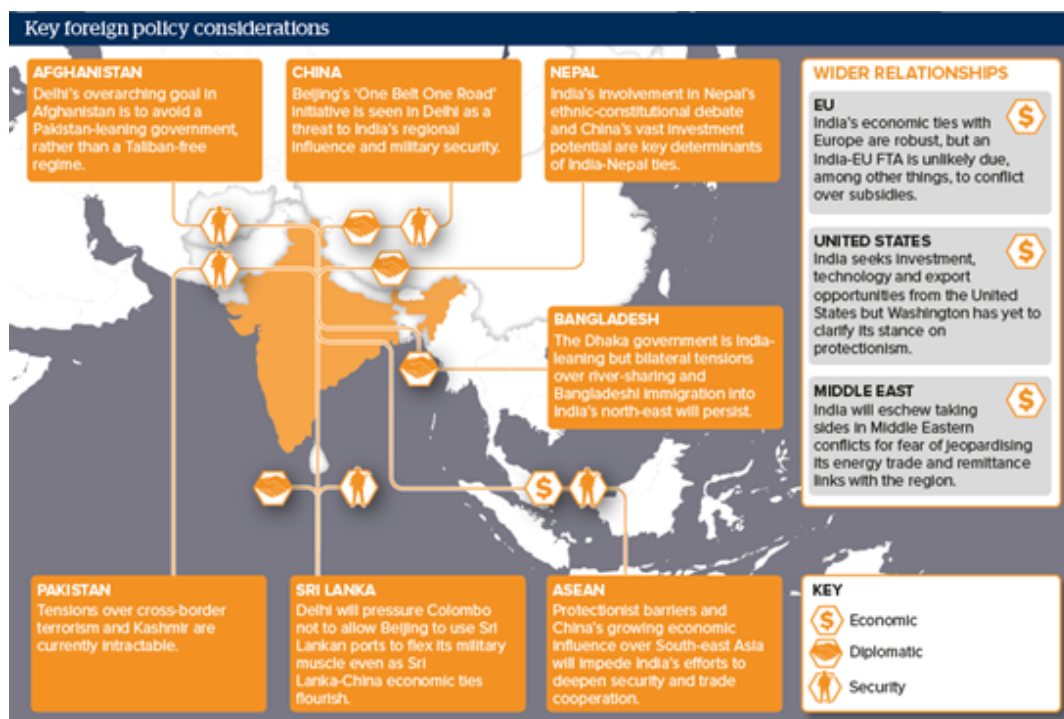


Figure 4: India_Key_Foreign_Policy_Considerations

Justification of the Study

The justification for undertaking a study on “India’s Foreign Economic Policy in the Current Global Impact” arises from the need to critically examine how India is navigating an increasingly complex and interconnected world economy. The global economy is currently shaped by multiple disruptive trends geopolitical conflicts, trade wars, digital transformation, climate change, and supply chain realignments. These shifts directly impact India’s trade, investment, and economic diplomacy strategies. Understanding how India adapts to these dynamics is essential for assessing its resilience and competitiveness. India is one of the fastest-growing major economies and aspires to become a \$5 trillion economy in the near future. Its increasing participation in multilateral organizations like the WTO, G20, BRICS, and ASEAN underscores its influence in shaping global economic governance. A detailed study provides clarity on how India is leveraging its economic diplomacy to advance national interests while contributing to global economic stability.

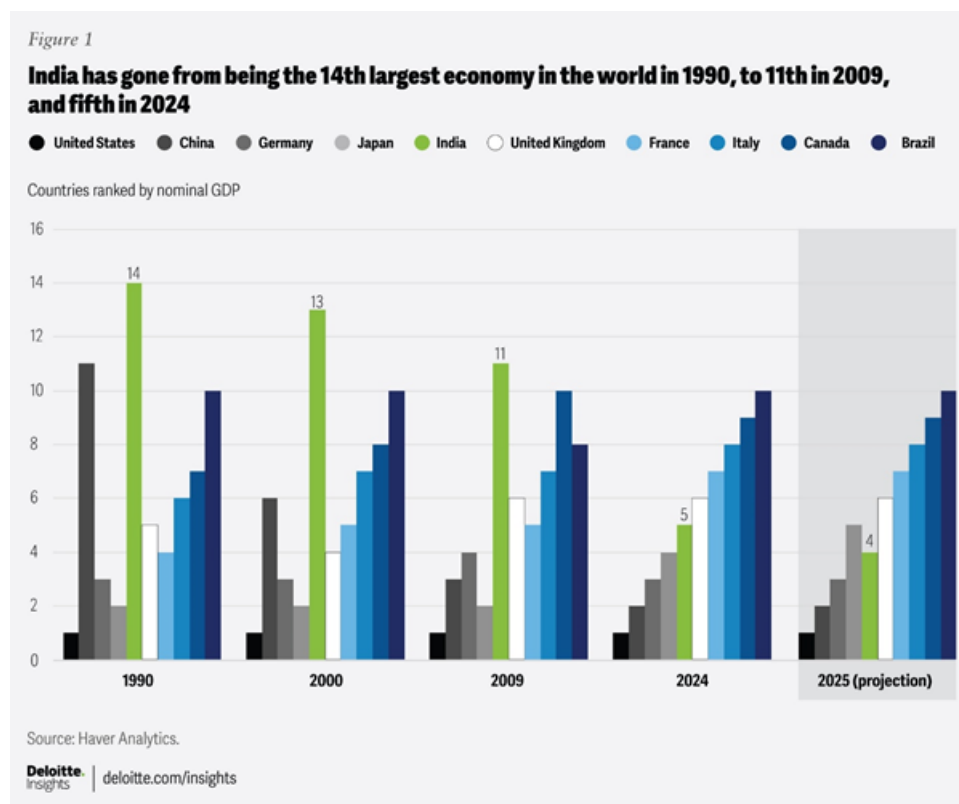


Figure 5: India has gone from being the 14th largest economy in the world in 1990, to 11th in 2009, and fifth in 2024

Examining India's foreign economic policy helps policymakers and economists identify strengths, weaknesses, and opportunities for improvement. By analyzing trade diversification strategies, FDI policies, and initiatives like *Atmanirbhar Bharat*, the study can offer valuable recommendations for sustainable growth and self-reliance without isolating India from global markets. Foreign economic policies have a direct bearing on businesses, industries, and investors. This study is justified as it highlights how India's external economic engagements open new avenues for trade and investment, while also addressing potential risks posed by volatile global conditions (Gereffi et al. 2021). There is a growing academic and policy interest in understanding how emerging economies like India shape and respond to global economic challenges. This study contributes to that discourse by offering a comprehensive analysis of India's foreign economic strategies, historical evolution, and current trends. India's foreign economic policy is not just about trade and investment; it also integrates climate diplomacy, digital economy frameworks, and inclusive growth (Mehrotra, 2020). Examining these aspects is justified as they have implications for sustainable development and global cooperation. this study is justified because it bridges the gap between theoretical analysis and practical implications of India's economic diplomacy in a rapidly changing world. It provides actionable insights for policymakers, businesses, to understand and navigate India's evolving role in the global economy.

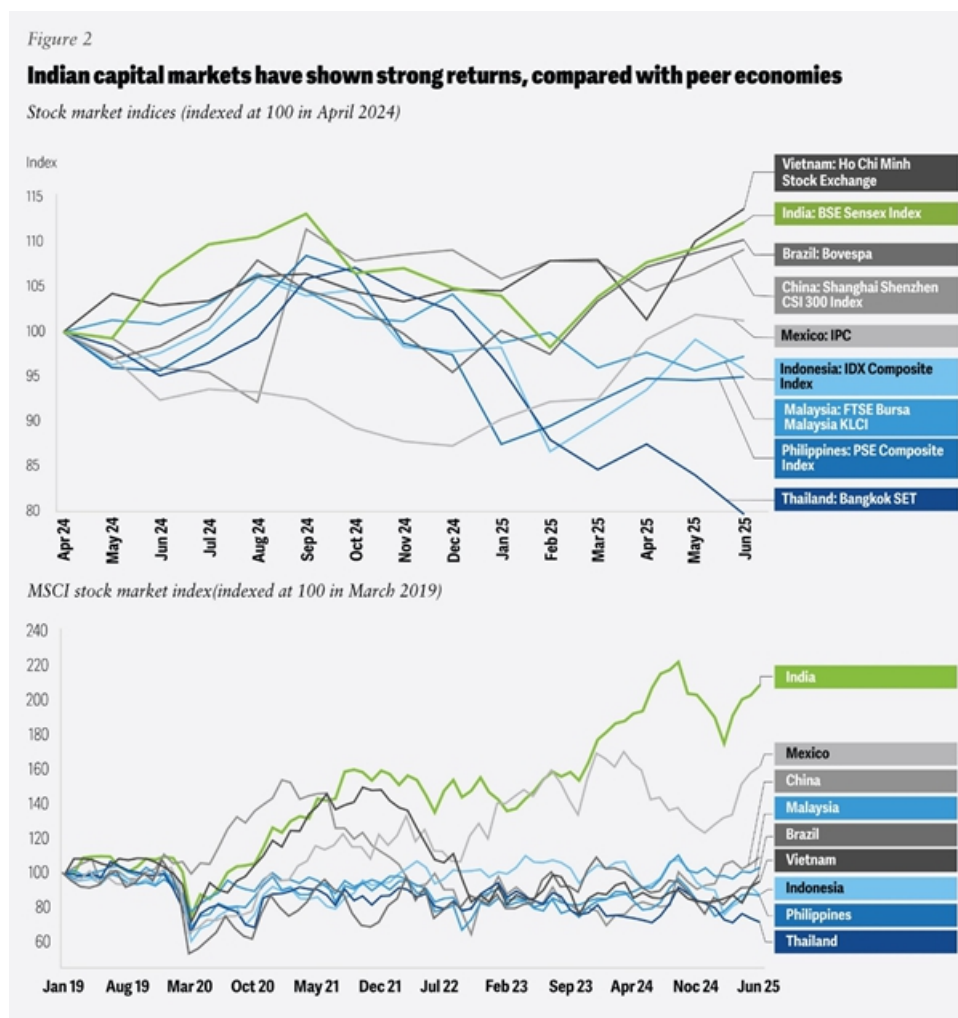


Figure 6: Indian capital markets have shown strong returns, compared with peer economies

LITERATURE REVIEW

Evolution of India's Foreign Economic Policy

The foreign economic policy of India has seen a tremendous transformation since its independence and this was due to changes in domestic priorities and environmental factors in global economy. India pursued an inward-looking and protectionist policy in the direct post-independence years influenced by the colonialism legacy and goal of economic self-reliance. The policies were directed towards the government import substitution where the government placed high tariff barriers, industrialization and very low response on the international markets. The bilateral trading agreements were largely aimed to reinforce socialism economies, and India played an important role as part of the Non-Aligned Movement that demonstrated its strategic autonomy instead of the strong connection with the whole world (Ahmed et al. 2021). By the mid-to-late 1970s and the 1980s, however, the nation slowly opened up to modest foreign partnerships and lowered taxes incrementally, but the state still retained several market controls. The balance of payments crisis of 1991 has been a point of departure which ushered fundamental structural changes in the country as part of the New Economic Policy. These changes lowered trade obstructions, deregulated businesses, and made the economy open to foreign direct investment (FDI), as well as promoting the exportation oriented

growth. In 1995 India became a member of the World Trade Organization as well; an indicator of further integration with the world economy.

In the 21st century, the foreign economic policy of the country has changed again towards more deliberated and diversified model of engagement, which considers both the country goals of development as well as the global opportunities. Efforts such as Make in India, Digital India and Production-Linked Incentive are made to promote exports and investments, and policies like Act East and Neighbourhood First pave the way to regional integration economically. India economic diplomacy today does not only respond to trade and investment but also digital economy structures, climate engagements, and sustainable growth. The post-pandemic (Atmanirbhar Bharat or Self-Reliant India), has shifted to a broader target: constructing resilience without losing engagement in global supply chains (Gereffi et al. 2021). Foreign economic policy of India has changed to move out of protectionism to globalization and now to strategic economic diplomacy as the changing global conditions compel its adoption.

India's Trade Policy and Global Integration

India's trade policy has progressively evolved from a highly protectionist stance to one that increasingly emphasizes global integration and competitiveness. In the decades following independence, the country adopted inward-looking trade strategies, characterized by high tariff and non-tariff barriers designed to protect nascent domestic industries. However, with the economic reforms of 1991, India shifted towards trade liberalization, lowering tariffs, easing import restrictions, and embracing an export-led growth model. This transformation was reinforced by India's accession to the World Trade Organization (WTO) in 1995, marking a deeper commitment to the multilateral trading system and global trade norms (Manur, 2021). Over time, India has actively pursued bilateral and regional trade agreements to diversify its trade partners, such as the Comprehensive Economic Partnership Agreement (CEPA) with Japan, the Comprehensive Economic Cooperation Agreement (CECA) with Singapore, and various initiatives with ASEAN nations.

The trade policy of India is also one which goes hand in hand with its general geopolitical strategy as well. The Act East Policy tries to foster stronger economic relations with Southeast Nations and East Asia and the Neighbourhood First Policy tries to integrate trade in the region with South Asia. Simultaneously, India is a member of international economic blocs like the WTO, BRICS, and G20 in order to facilitate fair dissemination of international trade, and to protect the interests of the developing economies. Over the recent years, India has invested in domestic competitiveness enhancement, especially in the form of Make in India, Production-Linked Incentive (PLI) schemes and export promotion in high value segments like pharmaceutical medicines, IT and electronic hardware. The role of resilient and diversified supply chains has also become crucial following the post-pandemic period and there has also been a need to increase trade engagements in the Indo-Pacific and work on emerging areas such as digital trade and green technologies among others. The Indian policy is cautious about economic nationalism and unequal gains of globalization despite its elevated position in the world trade. Its withdrawal in 2020 of signing the Regional Comprehensive Economic Partnership (RCEP) demonstrates a measured course of action of protecting domestic industries and pursuing other trade relations (Goldberg and Reed, 2023). India is currently pursuing the balance between the global integration, strategic autonomy and inclusive growth and this has placed India as an increasingly significant player in the international trading system.

Foreign Direct Investment (FDI) and Investment Diplomacy

Foreign Direct Investment (FDI) has emerged as a cornerstone of India's foreign economic policy, playing a crucial role in its integration with the global economy and driving domestic industrial growth. In the early post-independence era, India maintained strict regulations on foreign capital, with limited participation of foreign investors due to concerns about economic sovereignty and exploitation. However, the liberalization reforms of 1991 marked a turning point, leading to significant deregulation and opening of various sectors to foreign investors. Since then, India has progressively eased FDI norms, reduced equity caps, and streamlined approval processes to attract greater inflows (Singh, 2020). The government has permitted 100% FDI in many sectors under the automatic route, including key industries like telecom, e-commerce, renewable energy, and infrastructure. In recent years, India has actively used investment diplomacy as a strategic tool to attract foreign capital and technology. Initiatives such as *Make in India*, *Digital India*, and the *Production Linked Incentive (PLI)* schemes have been designed to encourage multinational corporations to invest in manufacturing and innovation within India. Bilateral Investment Treaties (BITs) and economic partnership agreements have been leveraged to provide legal protections and investor confidence. India has also focused on fostering ties with major global economies like the United States, Japan, the European Union, and Gulf nations, not only for FDI but also for technology transfers, joint ventures, and capacity building.

Moreover, India has sought to position itself as an attractive destination for sustainable and green investments by promoting renewable energy, electric mobility, and climate-friendly infrastructure projects. The International Solar Alliance (ISA) is an example of India's diplomatic initiative to link climate goals with economic cooperation. Despite these efforts, challenges remain, including regulatory bottlenecks, land acquisition hurdles, and concerns about policy stability. Nevertheless, FDI inflows into India have shown a consistent upward trajectory over the last decade, reflecting growing investor confidence in its economic potential and market size. Today, India's FDI policy is not merely about capital inflows; it is embedded in a broader strategy of economic diplomacy aimed at enhancing global competitiveness, reducing import dependency, creating jobs, and fostering technological advancement. As India aspires to become a \$5 trillion economy, attracting high-quality foreign investments and strengthening investment partnerships will continue to be central to its foreign economic policy and global positioning.

India's Role in Global Economic Governance

India has become a progressively influential participant in global economic governance, that is, an economy ranking among one of the largest economies of the world and a significant voice in the grouping of developing countries. Through its participation in multilateral and regional organizations, it counters prevailing economic policies and global trade standards and at the same time protects its strategic interests. India has actively participated in the World Trade Organization (WTO) and has been seeking a favorable place in the trading order as well as special and differential treatment of developing countries and issue of agricultural and livelihood interest of the poorer nations. Simultaneously, India has tried to avert protectionist trend and also has attempted to secure a global trading regime based on rules rather than being development friendly to the emerging economy. In addition to the WTO, India has been taking an increasingly active role in global dialogues on such critical issues as financial stability, climate change, and

regulations of the digital economy in G20 and BRICS.

It is on these platforms that India has championed against such an inclusive and equitable globalization, where it has pushed reforms in global financial institutions such as the IMF and the World Bank to represent better interests of the Global South. One of the ways that India has utilized is through South-South cooperation and partnerships in technology, health, and sustainable development by positioning itself as a bridge between the advanced economies and the developing countries. India Indian economic governance As a regional leader, India has risen through various initiatives like the Act East Policy and Indo-Pacific Economic Framework (IPEF), as well as the economic links with ASEAN countries. Energy security is also intertwined with environmental commitments in the context of sustainability, as India leads the global climate efforts, including the International Solar Alliance (ISA) (Namdeo and Goveas, 2021). Its presidency of the G20 later in 2023 further spells out its potential to host international discussions on the resilience of supply chains, digital trading, capital funding of green economies, and sustainable growth inclusivity.

While India has strengthened its influence in global governance structures, challenges remain in balancing domestic priorities with global expectations, especially regarding trade liberalization, climate commitments, and digital economy regulations. Nevertheless, India's active participation and leadership in shaping multilateral agendas reflect its growing ambition to play a decisive role in the future architecture of global economic governance. India's position in global economic governance has strengthened over the past three decades, transitioning from a largely peripheral player to an influential voice shaping global trade and financial norms. This rise has been driven by sustained economic growth, expanding trade and investment linkages, and strategic participation in multilateral forums. At the World Trade Organization (WTO), India has consistently championed the cause of developing nations by advocating for fair trade rules, food and agricultural subsidies to support small farmers, and safeguarding policy space for industrial growth. Its leadership in negotiations on intellectual property, e-commerce, and public stockholding for food security reflects its commitment to ensuring that globalization works for vulnerable economies as well as major powers.

In addition to WTO, India has become a active participant in its global financial governance through its active involvement in G20, where it has taken an active role in debates pertaining to global financial stability, debt restructuring in developing countries, regulation of the digital economy, and financing development. This was demonstrated by India presiding at the G20 in 2023 as the nation demonstrated that it can be a bridge between the Global North and South. Among the themes that India focused during this period included: inclusive and sustainable growth, green transitions, women-led development, and digital public infrastructure. These priorities showed India was intent on shaking up the global economic governance to focus not only on liberalizing the markets but on equality and sustainability (Roy, 2020). India today does not play a passive role but is a participant of initiatives, which are defining global economic governance shapes. India is taking steps towards inclusive globalization, the reform of Bretton Wood institutions and the promotion of South-South cooperation not just to protect its own interests but also to bring into existence a more equal and strong global economy.

METHODOLOGY

This study adopts a qualitative and descriptive research methodology to analyze India's foreign economic policy in the context of the current global economic environment. The research primarily relies on secondary data sources, including academic journals, government reports, policy papers, international trade databases, and publications from multilateral institutions such as the WTO, IMF, and World Bank. A historical-comparative approach is used to trace the evolution of India's foreign economic policy from a protectionist framework to its present liberalized and globally integrated structure. Content analysis is employed to examine policy documents, economic reforms, trade agreements, and FDI trends, focusing on their implications for India's economic integration with global markets. Data related to India's participation in global economic governance platforms such as the G20, BRICS, and WTO is also reviewed to understand its diplomatic and strategic positioning. Furthermore, the methodology involves synthesizing multiple perspectives from scholars, policymakers, and industry experts to identify both opportunities and challenges associated with India's foreign economic policy.

RESULTS AND DISCUSSION

The findings derived from the literature review suggest that India's foreign economic policy has undergone a significant transformation, moving from an inward-looking, protectionist model to a more outward-oriented and strategically diversified approach. Historically, India relied heavily on import substitution and state-led industrialization, which limited its global economic participation. However, the economic liberalization reforms of 1991 marked a turning point, resulting in reduced trade barriers, deregulation of industries, and increased openness to foreign direct investment (Gereffi et al. 2021). These reforms facilitated India's deeper integration into the global economy, enabling it to participate actively in multilateral trade systems and expand its export capabilities. India's trade policies now reflect a broader diversification strategy, targeting new markets and forging bilateral and regional trade agreements to reduce overdependence on a few economies (Manur, 2021). Its participation in forums such as the WTO, BRICS, and the G20 demonstrates its commitment to shaping global trade rules while safeguarding the interests of developing countries. Moreover, India's cautious approach—such as opting out of the Regional Comprehensive Economic Partnership (RCEP)—illustrates its attempt to balance domestic industrial interests with global integration.

Table 1: Evolution of India's Foreign Economic Policy

Phase	Period	Key Characteristics
Protectionist Era	1947–1980	Import substitution, high tariffs, state-led economy, limited foreign trade and FDI
Gradual Liberalization	1980–1990	Partial tariff reductions, limited technology collaborations, growing need for reforms
Liberalization & Globalization	1991–2010	Deregulation, WTO membership (1995), FDI inflows, export-led growth

Strategic Global Engagement	2010–Present	Trade diversification, digital economy, climate diplomacy, <i>Atmanirbhar Bharat</i> , PLI schemes
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The paper also outlines the ascending importance of foreign direct investment and investment diplomacy as a pillar of the Indian economic policy. The presence of acts such as, Make in India, Digital India, Production Linked Incentive, etc. have guided multinational corporations, boosted domestic manufacturing, and enabled technology-transfer schemes. Further enhancement of investment ties has been seen in India as it proactively engages other nations like US, Japan, and member states of ASEAN (Goldberg and Reed, 2023). Meanwhile, the international efforts of the country into green investments such as the International Solar Alliance indicates the convergence of climate diplomacy and the economic policy. The other important observation is the increasingly greater presence of India in the economic governance of the world. Such platform leadership as in the G20 and pursuance of Global South interests underscores its pursuance of an intermediary role between developed and developing countries. It is also evident that India enjoys a wide range of diplomatic influence used to promote talks on inclusive globalization, fair trade, regulations on digital economy and climate finance. Nevertheless, the discussion identifies certain obstacles that are still present, such as regulatory barriers, trade imbalances and a need to match domestic developmental prioritization with international undertaken promises (Singh, 2020).

Table 2: Major FDI Trends in India

Year/Period	FDI Policy Changes	Impact
Pre-1991	Highly restricted, approval-based FDI	Minimal inflows, limited foreign participation
1991–2000	Liberalization reforms, automatic route introduced	Rising FDI, entry of MNCs in telecom, energy
2000–2015	100% FDI in multiple sectors, SEZs, BIT agreements	Surge in inflows, tech and service sector boom
2015–Present	PLI schemes, e-commerce and digital economy focus	Record FDI inflows, renewable energy and startups attract global investors

The results indicate that India’s foreign economic policy has evolved into a multi-dimensional framework that integrates trade, investment, technology, and sustainability concerns. The discussion emphasizes that while India has made substantial progress in strengthening its global economic footprint, its future success

will depend on addressing internal policy challenges, maintaining supply chain resilience, and continuing its balanced and strategic engagement in the evolving global economic order. The analysis of the literature clearly demonstrates that India's foreign economic policy has evolved as a dynamic response to both domestic priorities and shifting global economic realities (Roy, 2020). One of the key findings is that India has moved from a highly protectionist and state-controlled economic framework to a liberalized and strategically outward-looking policy. In the early decades after independence, trade policies emphasized import substitution and protection of domestic industries, limiting foreign participation. However, the economic liberalization reforms of 1991 marked a structural transformation. These reforms reduced tariffs, deregulated key sectors, encouraged export-led growth, and opened the economy to foreign direct investment. As a result, India has experienced sustained economic growth and significantly increased its integration into the global economy.

Table 3: Key Trade Agreements and Global Integration Efforts

Agreement/Forum	Partner/Region	Focus Area
CEPA	Japan	Comprehensive trade and investment
CECA	Singapore	Services and trade facilitation
ASEAN Agreements	Southeast Asia	Regional economic cooperation
WTO Participation	Global	Multilateral trade and fair practices
G20 & BRICS	Global (developed & emerging)	Financial stability, inclusive growth
Indo-Pacific IPEF	US, Japan, ASEAN	Supply chain resilience, digital economy

The study also reveals that India's trade policy has broadened from dependence on a few traditional markets to a deliberate strategy of diversification and value addition. Bilateral and regional trade agreements with countries in Asia, Europe, and Latin America have strengthened its global market presence. Participation in forums such as the WTO, BRICS, G20, and ASEAN has provided India with platforms to influence trade rules and advocate for equitable globalization, ensuring that the interests of developing nations are represented. At the same time, India's cautious approach to certain mega-trade agreements, such as opting out of RCEP, reflects its attempt to safeguard domestic industries while pursuing global integration. This shows a nuanced balance between strategic autonomy and economic openness.

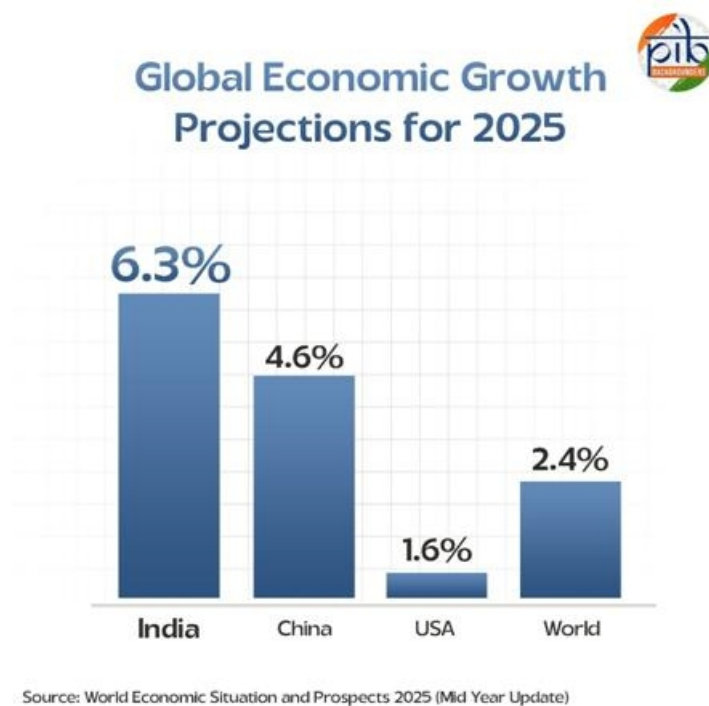


Figure 7: Global_Economic_Growth_Projections_2025

The second critical finding is the primary position of foreign direct investment (FDI) in the determination of economic diplomacy in India (Namdeo and Goveas, 2021). The liberalisation of FDI regulation, along with the idea of Make in India, Digital India, and the Production Linked Incentive schemes, has brought a plethora of investment in various industries such as technology, e-commerce, infrastructure, and renewable energy. The evidence indicates that investment diplomacy not only supports inflow of capital but also supports transfer of technologies, enhances competitiveness in domestic product markets and create employment. In addition, its active outreach with the US, EU, Japan, Gulf countries and ASEAN has increased investment connections thereby adding resiliency to the economy.

The results also indicate the growing importance of India in the global economic governance. Diplomatic and economic strength has given India the role in influencing global policy directions on trade, digitalised economy, and climatic issues. This leadership role at G20 in 2023 has seen it advance the agendas of inclusive growth, digital public infrastructure, and green financing in the global discourse. The International Solar Alliance and Coalition for Disaster Resilient Infrastructure are some of the most remarkable cases of India associating its economic diplomacy with sustainability. Such move shows that India is an active participant of the globalization process rather than being a mere beneficiary of the process. The findings and the discussion emphasize that India is no longer confined to trade and investment in its foreign economic policy since it also involves areas of the digital economy framework, green diplomacy, as well as strategy level geopolitics. Its transformational journey towards strategic integration as opposed to protectionism is an indication of its desire to become a global economic power. The path ahead would be determined by how well India is able to resolve internal policy dilemmas and make use of international opportunities to improve its influence in the development of international economic governance systems.

CONCLUSION

India's foreign economic policy has undergone a remarkable transformation over the decades, shifting from an inward-looking, protectionist model to a more liberalized, globally integrated, and strategically dynamic framework. This evolution has been driven by domestic economic reforms, geopolitical shifts, and the need to strengthen India's position within an increasingly interconnected global economy. Liberalization reforms initiated in the early 1990s significantly boosted trade flows, attracted foreign investment, and enhanced India's competitiveness on the world stage. Today, India plays a proactive role in shaping global economic governance through platforms like the G20, BRICS, and the WTO, while advancing initiatives such as the International Solar Alliance and Coalition for Disaster Resilient Infrastructure that align economic policy with sustainable development goals.

The discussion also underscores India's efforts to balance economic openness with strategic autonomy, illustrated by its cautious participation in trade agreements and policies such as *Atmanirbhar Bharat*. While the progress has been notable, persistent challenges like regulatory bottlenecks, infrastructure gaps, and global economic uncertainties remain. Nevertheless, India's foreign economic policy continues to prioritize growth, digital transformation, sustainable energy, and inclusive development. If these initiatives are effectively implemented, India is well-positioned to become one of the leading voices in shaping a more equitable and resilient global economic order.

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