

1. What has been the general trend of India's Africa policy? What are your views on the same? Discuss.

Demand of the question:

It expects candidates to observe and write the general trend of India's Africa policy. It also expects to express your views on it.

Introduction:

Africa is world's second largest continent both in terms of land and population with 55 countries which account for about 15 percent of world's population. India and Africa have a long and rich history of interaction marked by cultural, economic and political exchanges based on the principle of south cooperation.

Body:

In the recent years a number of steps have been taken to further strengthen these relations. Speaking at the Valedictory session of the national conference on India Africa Relations in changing global order India's Vice President has said that India and Africa have a lot of common interests and both have vital stakes in each other's progress, peace and prosperity.

- **Political and Economic Engagement:** In the last few years, Africa has been the focus of India's development assistance and also diplomatic outreach, as evident in plans to open 18 new embassies.
- **Also, India-Africa trade** reached \$62 billion in 2018 compared to \$39 billion during 2009-10. India's duty-free tariff preferential scheme for Least Developed Nation (LDCs) launched in 2008 has benefited 33 African states.
- **Grants in Aid:** After South Asia, Africa is the second-largest recipient of Indian overseas assistance with Lines of Credit (LOC) worth nearly \$10 billion (nearly 40% of the total LOC globally) spread over 100 projects in 41 countries.
- **Capacity Building via E-governance Initiative:** India is investing in the capacity building providing more than \$1 billion in technical assistance and training to personnel under the Indian Technical and Economic Cooperation (ITEC) program.
- **India has also invested \$100 million** in the Pan-African E-Network to bridge the digital divide in Africa, leveraging its strengths in information technology.
- **Security Cooperation:** Approximately 6,000 Indian soldiers are deployed in UN peace-keeping missions in conflict zones in Africa.
- **Cooperation on Multiple Fronts:** Bilateral cooperation includes solar energy (Cooperation in International Solar Alliance) development, information technology, cybersecurity, maritime security, disaster relief, counter-terrorism and military training.
- **Support in Fight Against Covid-19:** Under the e-ITEC initiative, India has shared Covid-19 management strategies, training webinars exclusively aimed at training health-care professionals from Africa by Indian health experts.

Hence, on general trend if we see India's Africa policy restricted to traditional sectors of investments and is more of helping in nature. Though the investment is

made in the African countries, this investment has resulted as beneficial for both countries.

Views on the India's Africa Policy:

- India's Africa policy over the past few decades has oscillated between passive and reluctantly reactive at best. Strategic apathy toward the continent was obvious on many fronts.
- Most of the countries in Africa did not feature in India's larger foreign policy matrix, but until recently there wasn't any significant attention paid to the continent.
- Indian leaders seldom travelled to African nations.
- The narrative of India's contemporary relationship with Africa is dominated by the historicity of their interactions. The century old trade partnerships, socio-cultural linkages built by a thriving diasporas, nationalist movements during the Nehruvian era that supported anti-imperial struggles, and shifting geopolitical tides with the Non-Alignment Movement (NAM).
- Beyond this rhetoric, what kept driving this relationship forward was the acquisition of critical assets by State Owned Enterprises (SOE) looking to diversify the energy basket away from West Asian nations and other commercial ventures by Small and Medium Enterprises (SME) and Multi-National Companies (MNC).

However, some changes also have been observed in the recent years as follows:

- Currently, India's forte in the continent has been developmental initiatives such as Indian Technical and Economic Cooperation (ITEC), Team 9, and Pan Africa e-network among others are aimed at building institutional and human capacity as well as enabling skills and knowledge transfer.
- Conscious attempt at evoking morality to reflect an "alternate model of development" by using terms such as "win-win cooperation" to describe New Delhi's approach to Africa.
- A unique factor that sets Indian interactions apart is that there is palpable goodwill for people of Indian origin, a sense of familiarity and cultural connection, with Bollywood movies and songs often acting as a bridge.
- Whereas India's policy has focused on job creation in the countries it has invested in, China has tended to bring in its own labour causing resentment among the locals.
- The Chinese model has often been criticised for creating huge debts for the nation in which it sets up projects, the Nairobi-Mombasa rail link being one example of this.

Conclusion:

India will need to start delivering on the ground if the India-Africa partnership has to move beyond high level visits. Hence, Indian investments in Africa need to expand and diversify towards 'broad' range and not remain restricted to traditional sectors of investments. In order to keep the momentum of building political and economic ties with this increasingly important region, steps should be taken towards tailoring and funding joint projects for the sustainable development of the Africa.

2. What are India's economic and strategic interests in the ASEAN? Has India been able to tap the potential that Indo-ASEAN engagement offers? Critically comment.

Demand of the question:

It expects candidates to write about India's economic and strategic interest in ASEAN. It also expects to write about whether India is successful in tapping the potential that Indo-ASEAN offers or not.

Introduction:

The Association of Southeast Asian Nations is a regional organization which was established to promote political and social stability amid rising tensions among the Asia-Pacific's post-colonial states. ASEAN works with motto of "One Vision, One Identity, One Community".

Body:

Economic and strategic interests of India in the ASEAN:

- 3 Cs—Culture, Connectivity and Commerce— will shape India's ties with the ASEAN bloc. India's trade with ASEAN stands at approx. 10.6% of India's overall trade.
- ASEAN is India's fourth largest trading partner. Bilateral trade between ASEAN and India has crossed US\$ 80 billion mark.
- Singapore has become India's investment and trading hub in the East.
- ASEAN occupies a central place in the security architecture of the Indo-Pacific region due to Maritime cooperation in terms of connectivity, safety and security.
- India's export to ASEAN stands at 11.28% of our total exports. The ASEAN-India Free Trade Area has been completed.
- India and ASEAN can collaborate to combat terror financing, cyber security threats, tax evasions and many more.
- India needs ASEAN support in achieving a rules-based regional security architecture. Partnership with ASEAN nations might help India counter the growing presence of China.
- ASEAN is seen as the most successful regional organisation next only to the EU. ASEAN India-Business Council (AIBC) was set up in 2003 to bring key private sector players from India and the ASEAN countries on a single platform.
- To develop connectivity through water, ASEAN and India are working on the Kaladan MultiModal Transit Transport Project. ASEAN-India cooperation in maritime domain is one of the key focus areas for growth and development of the Indo-Pacific region.
- Under New Delhi's 'Act East Policy', India has been increasing its engagements with the ASEAN.
- Delhi Declaration: To identify Cooperation in the Maritime Domain as the key area of cooperation under the ASEAN-India strategic partnership.

Potential of Indo-ASEAN relations and India's performance:

- ASEAN commands far greater influence on Asia-Pacific trade, political, and security issues than its members could achieve individually.
- It constitutes 3rd largest population in the world, of which more than half is below thirty years of age. It is also the Fourth most popular investment destination globally.
- ASEAN's share of global exports has also risen, from only 2 percent in 1967 to 7 percent by 2016, indicating the rising importance of trade to ASEAN's economic prospects.

Hence, ASEAN has tremendous potential in terms of economic and strategic partnerships. However, India's performance is of complex nature when it comes to tap potential of ASEAN:

- One major reason, among many, is a lack of agreement over product standardisation between India and most other countries in Asia.
- Exporters many times complain they are not able to sell, as their products do not meet the required quality standards required in a foreign land.
- At a time when the world economy is doing well, it is ironic that India's trade deficit has widened to \$14.88 billion in December 2017 from \$10.55 billion a year earlier.
- Between 2008 and 2016, India's trade with ASEAN region has increased faster than two of its two largest trading partners, namely, European Union and the United States
- Two way trade between India and ASEAN has moved from \$65.1 billion in 2015-2016 to \$71.6 billion 2016-2017. However, this figure is meagre in comparison to China's \$452.3 billion in 2016.
- Interestingly, in spite of all non-tariff measures and higher tariffs directed against Chinese exports, the country's trade with ASEAN has flourished. Over the last 15 years, China has emerged as first or second largest trading partner with almost all Southeast Asian countries.

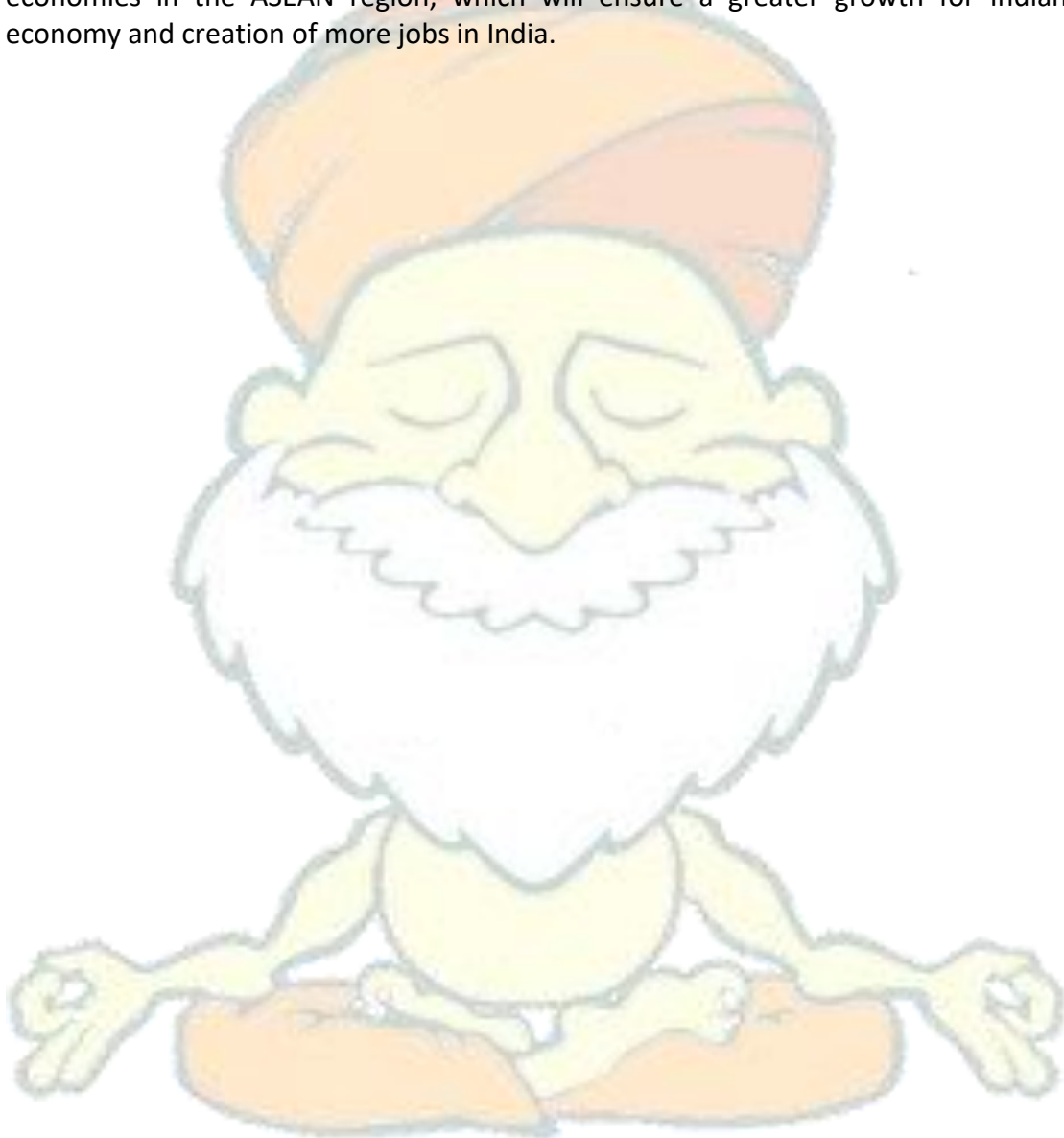
Following steps are needed to be taken to improve relations with ASEAN countries:

- First, as cost of production is lower in Laos, Cambodia, and Myanmar, it means that Indian firms can gain significantly by investing in these countries.
- Investing in these regions meant a bigger market for Indian firms. ASEAN region has a combined GDP of \$2.7 trillion.
- Indian firms can evade protectionist measures targeted against their exports if they start exporting from ASEAN region.
- Investing in these regions will also ease out some of India's energy requirements, enabling the Indian to access cheaper foreign energy (oil and power) and minerals from Cambodia, Myanmar and Vietnam.
- Participating in the South-east Asian production network will allow India to increase its manufacturing base besides creating jobs for its young population.
- Also we need to open dialogue with ASEAN countries to modify the terms of Regional Comprehensive Economic Framework in such a way that it should

not harm India's economy much, as India stood away from RCEP citing this reason.

Conclusion:

ASEAN region due to its demographic dividend advantage, technological advancement and wide market economy hold immense potential for growth and development of Indian sectors of economy such as horticulture, dairy etc. Hence, it's a great opportunity for India to mingle its objectives of Make in India with needs of economies in the ASEAN region, which will ensure a greater growth for Indian economy and creation of more jobs in India.



3. With many global powers getting disillusioned with the Chinese promise, India has a golden window of opportunity to become the global manufacturing hub. Comment.

Demand of the question:

It expects candidates to write about how global powers are getting disillusioned with Chinese promise and put forward both sides views that whether it's a golden window of opportunity for India to become the global manufacturing hub.

Introduction:

As tensions between India and China over the Indo-Chinese border grow, Indian government has come up with a strategy for self-reliance. Boycotting Chinese products, shifting towards local products is an essential component of that strategy. Replacing Chinese imports with the Indian home brands and gradually replace China as a global manufacturing hub in the post-COVID-19 world.

Body:

Disillusionment of global powers with China:

- The whole world is currently reeling from the effects of the recent novel coronavirus pandemic.
- It is now a well-known fact that the coronavirus pandemic has dealt a big blow to the credibility of China. Due to its hiding of data regarding Coronavirus pandemic.
- China has been one of the biggest retailers in the world but the situation has changed today due to the visible denial of the shipment entry to the ports of the US.
- China's sustained selling position in the global market is due to its lower prices and larger volumes; however, this position is expected to change depending upon the relations of China with the US and other advanced economies in the post-COVID 19 phase.
- According to the 'US- India Strategic and Partnership Forum', around 200 of American firms have thought of shifting their manufacturing from China to India. For instance, US firms like Mastercard may shift its base from China to Uttar Pradesh (India), as UP is claimed to be the hub of '90 lakh MSMEs and skilled labor'.

Hence, it opens up a golden window of opportunity for India to become a global manufacturing hub in following ways:

- Creating alternate source of manufacturing is a difficult challenge but small but systematic steps in that direction can help it to become self-reliant under the proposed 'Atmanirbhar Bharat' project. 'Make in India' schemes for promoting manufacturing of products in India shall in the short run result the replacement of production of low technology goods from China to India thereby encouraging production of local goods at a much lower price.

- This could be possible due to the announcement of the comprehensive Rs. 20 lakh crore relief and reboot economy package which would result in huge relief in taxation for small businesses.
- This will provide an incentive for the domestic manufacturing of products. This package will be particularly helpful for the MSMEs in carrying out their operations because of the collateral-free assistance worth Rs. 3 lakh crore that is being provided.
- There is a huge opportunity for India in the electronic segment including export base. The China smartphone market overtook the US market to become the second-largest smartphone market with the growth of 7 per cent.
- According to ICEA, the Indian position in terms of electronic exports has remained flat with staying at \$5 billion. A new scheme to promote electronic manufacturing, and have a worth of Rs 48,000 crore, will help India utilise the opportunity and make India a desirable alternative to China.
- Although many global manufacturers are moving out of China, their relocation to India is dependent upon the increased capacity of India in terms of manufacturing. Electric two-wheelers, e-rickshaws run from lithium-ion batteries that are imported from China.
- India succeeded in convincing Suzuki for establishing a factory of lithium-ion batteries in Gujarat. In a similar manner it needs to convince Hyundai, Panasonic, and LG for the investment plans in India in terms of the lithium-ion batteries.

However, there are some structural and infrastructural challenges which exist in the way to boost the manufacturing sector in India:

- While a massive working-age population gives India the chance to become the world's next growth titan, the country will have to work hard to translate its demographic windfall into much higher standards of living for average Indians. Economic productivity is the key.
- China has been built on infrastructure, investment and manufacturing; India has barely scratched the surface on all three.
- Today, India lags far behind China on all three fronts. India invests about 30 percent of its GDP, compared with about 50 percent in China. Manufacturing is about 20 percent of the Indian economy; it is about 30 percent of China's.
- China has arguably the best physical infrastructure outside the Western world. India's looks more like the poor country that it still is.
- Indian democracy is beyond vibrant, whereas China remains a one party state. For instance, When the Chinese government wants to build a high-speed rail line, they just acquire the land and move and compensate the adversely affected people.
- However, acquisition of land and building of project with this much of speed is less likely to happen in India.
- The manufacturing capabilities of South Asian countries also pose a challenge for India to expand its market. e.g. Vietnam; The biggest factors

contributing to the Vietnam's development is proximity to China, availability of cheap labour and its business friendly policies.

The government can replicate best practices from the South Asian countries to improve India's ranking on competitiveness. Incentives for export of electronic goods will also help. There is a need to push through long-pending legislation that aims to address the structural bottlenecks (in 4Ls: Land, Labour, Law, Liquidity) that continue to plague and hinder domestic competitiveness.

Conclusion:

India's strategy should be to boost manufacturing competitiveness and increase its share in world trade. In this pursuit, there is a need to create an infrastructure that raises the competitiveness of India's exports. Hence, the coronavirus pandemic and trade war between USA and China has opened up a golden window of opportunity for India to be the manufacturing hub of the world.

