

## The Strategic Impact of a Rising India: Prospects and Challenges

Kishan S Rana

Former Indian Ambassador;  
Professor Emeritus, Foreign Service Institute, New Delhi;  
Chair, CSCAP-India;  
Senior Fellow, DiploFoundation, Geneva and Malta  
Author

‘The entry of the Asiatic as labourer, trader and capitalist in competition in industry and enterprise not only with, but in, the Western world is a new fact of first importance. Cheap, swift, easy means of communication, the establishment of peace and order over land and sea, the growing inter-dependence of all men and all countries upon one another, have given wing to Asiatic commercial ambition and rendered Asiatic manual labour fluid, as it has never been...’<sup>1</sup>

Winston Churchill wrote this over 100 years back, after an extended East Africa safari in 1907-08, including a 1000-km trek, mostly on foot, along the course of the Upper Nile; Churchill, who was to prove himself to be prescient on a number of world issues, anticipated the era of globalization and a change in Asia’s dealings with the world.<sup>2</sup> Asian resurgence has been long in coming.

My theme here is India in relation to the Asia Pacific. One key question is: how is India perceived in this region? Few objective surveys have been carried out, and the ones that exist cover India in relation to the US and China; SE Asia has not been covered, as far as one has been able to ascertain. It is an axiom of country branding that when the reality changes at a rapid pace, nations need new images because ‘a changing reality is leaving perceptions far behind’.<sup>3</sup> In popular eyes, India is inevitably seen in the optic of the past, and India itself has done rather little by way of re-branding, through any sustained overseas campaign.<sup>4</sup> But as we shall see, the image is shifting slowly, driven in part by the success of Indian entrepreneurship, and the performance of the economy. A number of different activities come into play, affecting image and its evolving perception.

Some SE Asian scholars hold that India is not part of the Asia Pacific, though they consider it relevant to this sprawling region, composed of such complex diversities. Such an attitude is significant against the background of history, and

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<sup>1</sup> Winston S Churchill, *My African Journey*, (Holland, London, 1962) p. 37

<sup>2</sup> Yet, from 1929 onwards, the same Winston Churchill showed himself to be obdurate in refusing to come to terms with the Indian independence movement and the looming end of Empire—the theme of this author’s current research.

<sup>3</sup> Wally Olins, *Trading Identities: Why Countries and Companies are Taking On Each Others’ Roles* (Foreign Policy Center, London, 1999).

<sup>4</sup> A domestic branding campaign under the rubric ‘India Rising’, undertaken by the BJP led coalition government in early 2004, on the eve of a general election, came to haunt its initiators, when the effort boomeranged and played a small role in the election defeat.

the flows of cultural influence that have worked, in both directions, since at least the past two millennia. In the domains of religion, language, art and ethnicity, India and SE Asia are intertwined in unique fashion. The ambitious project, launched last year, to recreate Nalanda University in Bihar, as it existed 2000 years back in the form of a center of Buddhist learning, jointly pursued by ASEAN and India is an emblem of this symbiotic relationship.

Regions as we understand them in international affairs are based on geography, but essentially they are political constructs. If we look to the cultural and historical interconnections between India and the rest of Asia, it seems hard to posit an Asian personality that excludes India. One might therefore conclude that any underestimate of India's Asian role represents inadequate appreciation of these forces, as also perhaps some lack of confidence in the integrative role that we in Asia are destined to play together in the years immediately ahead, in world affairs.

At the dawn of India's independence, a profound consciousness of its Asian destiny suffused the thinking and expressions of Indian policy, as articulated by Jawaharlal Nehru. The provisional government that he led, handling the transfer of power, organized the Asian Relations Conference in March-April 1947. The objectives of the conference were 'to bring together the leading men and women of Asia on a common platform to study the problems of common concern to the people of the continent, to focus attention on social, economic and cultural problems of the different countries of Asia, and to foster mutual contact and understanding.'<sup>5</sup> In his writings and speeches, Nehru had laid great emphasis on the manner in which post-colonial India would rebuild its Asia connections. At the 1947 Conference Nehru said:

...Asia is again finding herself...one of the notable consequences of the European domination of Asia has been the isolation of the countries of Asia from one another... Today this isolation is breaking down because of many reasons, political and otherwise... This Conference is significant as an expression of that deeper urge of the mind and spirit of Asia which has persisted... In this Conference and in this work there are no leaders and no followers. All countries of Asia have to meet together in a common task... Streams of culture have come to India from the West and the East and been absorbed, producing a rich and variegated culture which is India today. At the same time, streams of culture have flowed from India to distant parts of Asia. If you would know India you have to go to Afghanistan and western Asia, to Central Asia, to China and Japan and to the countries of south-east Asia. There you would find magnificent evidence of the vitality of India's culture which spread out and influenced vast numbers of people.<sup>6</sup>

Sometime in the 1950's, after the 1955 Bandung Conference in which India played a significant role, the country lost sight of its Asian vision. India's looming

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<sup>5</sup> Uma Iyengar, ed. *The Oxford India Nehru*, (Oxford, New Delhi 2007), p.513n.

<sup>6</sup> *Ibid*, pp. 512-3.

border issue with China, which gained in salience at this time surely played a role, but the reasons for India's comparative neglect of its Asia connections in the period 1960-90 has not fully been probed. To some extent it was a collateral outcome of the Cold War and the misperceptions of that time. Be as it may, it was only in the early 1990s that India rediscovered for itself a 'look East' policy. Connecting with Asia also became a major element in India's post-Cold War in the re-engineering of its foreign policy.

Barely ten years back, a sympathetic observer called India, under rapid transformation after the 1991 Economic Reforms, a 'stealth economy'; at the time, the fundamental changes underway had attracted insufficient attention in most of the world.<sup>7</sup> Today, few Indians can complain of global neglect. If anything, in response to a flurry of attention, and being made the flavor of the year, our need in India is to avoid irrational moods, of both triumphalism and hubris.<sup>8</sup>

### Opportunity, Threat, or Irrelevant?

A recent World Bank Study concluded that the under most assumptions, the impact of the growth of China and India on most of the world would be beneficial. Reporting this, *The Economist* stated: 'In every case, it came up with positive results for all but a handful of countries in Europe and Asia.'<sup>9</sup>

May I present observations on the theme set out by the organizers of the 22<sup>nd</sup> Asia Pacific Roundtable through several propositions, that address the issues that are inherent in the theme? Let me state these propositions and my responses.

First, **the India's rise is real, but with qualification.**

Indian macro-economic indicators point to a paradigm shift in growth, a consolidation of the results of the 1991 Economic Reforms. Annual GDP growth at around 7.5 to 8% is now sustainable. A few elements are especially relevant to this growth trajectory:

- One key driver is the domestic savings rate. Between 1990-92 and 2005-07, the gross savings rate has steadily risen from 24% to 35.7%, mainly owing to a sharp rise in household savings (17% to 24%), and private corporate savings (2.9% to 7.6%).<sup>10</sup> According to one authoritative

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<sup>7</sup> That expression was coined by Rajat Gupta, then global head of the leading management consultancy enterprise, McKinsey.

<sup>8</sup> An instance of this attention: at the annual 'Aspen Ideas Festival', a six-day feast of morning-till-night sessions of seminars and discussions organized at Aspen, Colorado, by the Aspen Institute, in early July 2008, some nine lectures and panels were offered under the provocative rubric: 'Is India the most important country in the world?' See:

<sup>9</sup> *The Economist*, 15 March 2008.

<sup>10</sup> Shankar Acharya, 'The Savings-Investment Miracle', *Business Standard*, 27 March 2008.

estimate, the rate of domestic capital formation is likely to improve further in the next two years, to reach 40%.<sup>11</sup>

- The year 2007-08 ended with total FDI at about \$20 billion, equal to all the FDI received in the first 9 years of Economic Reforms, 1991-2000. Indian FDI outbound abroad amounted to \$23 billion, truly an unexpected phenomenon, and a growth of 53% over the previous year's figure.<sup>12</sup>
- External trade, merchandise and in services, has been growing in the past 7 years at an annual 20%+. The merchandise trade target for 2008-09 has been set at an ambitious \$200 billion. India's share of global merchandise trade has finally risen to over 1%.<sup>13</sup>

The slowdown in the world economy, following what appears to be a recession in the US and the surging price of oil at \$120 to 140 per barrel in mid-2008 must affect India as it does the rest of the world. The Indian economy has the depth and resilience to ride this out, with a relatively small decline in the growth rate.<sup>14</sup>

As before, the Indian problem is that the glass is part full—and it is getting fuller all the time—and yet it remains empty in significant ways. The achievements of nearly two decades of post-1991 systemic transformation are dwarfed by the problems that persist. India remains a developing country, facing immense social, economic and political challenges.

- Agriculture growth is weak. Indian average yields of food and commodity crops are well below world average levels; within the country, the gap between the best producer states and the worst is large. Both these facts suggest an unrealized potential. But India has so far not managed to unlock that, mainly owing to the poor performance of rain-fed crops. India cannot afford to depend on food imports, and needs to achieve 4% growth in agriculture over a period of time.
- Some Indians speak of a 'demography dividend', in that the up to about 2035, the 'dependency ratio' will continue to fall (i.e. the proportion of the working age population will grow, in relation to dependents). That is in stark contrast to the developed world, where the drop in the birth rate to below the replacement level, means an aging population will depend on the fewer that are of working age, say 16 to 60. China is also caught in that same trend, to a much sharper degree.<sup>15</sup> Yet, India's potential asset will

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<sup>11</sup> Prof. Dr. Norbert Walter, Chief Economist, Deutsche Bank, offered this estimate at a lecture in New Delhi on 6 July 2008.

<sup>12</sup> Reserve Bank of India, cited in *The Times of India*, 21 July 2008.

<sup>13</sup> During the phase of India's disconnect with the global economy, 1970-90, this figure had fallen to 0.5%.

<sup>14</sup> Estimates place the growth rate for 2008-09 at around 7.5% (Walter, 6 July 2008).

<sup>15</sup> China is paying the price for its long pursued 'one child' policy, with a huge rise in the dependency ratio, and a sharp gender disparity. Against a 'natural' male to female birth ratio of 106:100, it is now approaching 126:100. This will leave it bereft of manpower at a structural level (Walter, 6 August 2008).

become a huge burden unless jobs are found for the growing numbers, i.e. the economy achieves sustained, job-creating growth. Improving education, especially vocational training, is the key; an ambitious public-private partnership is now under implementation to upgrade the existing 1000+ industrial training institutes (ITIs, not to be confused with the high grade IITs that provide university level technical training), in partnership with industry.

- India's social indicators remain dismal: i.e. those under the poverty line, the figures of malnutrition, infant mortality, literacy and the rest. Inclusive growth remains elusive, with the result that with the approach of national elections, as right now, tough economics-dictated decisions become impossible, and short-term palliatives dominate. At root, India needs much better education, health and social policies.<sup>16</sup>

Is India's high GDP growth sustainable over time? The available data confirms that it is. These past 18 years have seen paradigm change, amounting to an unleashing of latent energies. Yet, while exhibiting some features of a developed economy, India is going to remain a developing country for many years to come.

**Second, India's foreign relations in most regions, and its ties with the great powers, have become exceptionally fecund, covering the political, economic and the other segments.**

After 1990, India's adjustment to the post-Cold War world order, and the demise of the Soviet Union was smooth. As C Raja Mohan observes in *Crossing the Rubicon*, looking back to six decades since Independence, the country now enjoys better ties with all the major power centers of the world than any time in the past.<sup>17</sup>

Following India's May 1998 nuclear tests, the intensive talks between Jaswant Singh, then Minister of Planning and later External Affairs Minister in the BJP coalition government, and Strobe Talbot, Deputy Secretary of State, produced a high level of strategic understanding with the US; it took this crisis in bilateral relations for the two countries to hold the most intensive talks in their history; these covered the totality of relations, including global affairs, and laid the foundation for a new strategic partnership. It is another matter that the civilian nuclear deal painstakingly negotiated in 2007 ran into domestic opposition in India, and faced serious danger of failing to win support at home. On 22 July 2008 the ruling Congress-led coalition won a vote of confidence in parliament, centered on this accord; as this is written, the deal now awaits approval the

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<sup>16</sup> Indian paradoxes abound. Even while the standards of rural health service are dismal, and need substantial improvement, the quality of health services at the top end, for those that can afford to pay, have improved dramatically. Earnings from 'health tourists' coming from abroad for treatment stood at \$1.2 billion in 2007, and are set to grow to \$2.2 billion by 2012; *Economic Times*, 18 July 2008.

<sup>17</sup> See C Raja Mohan, *Crossing the Rubicon: India's New Foreign Policy Options*, (2005)

‘Nuclear Suppliers Group’, and then by the US Congress. If that happens, India can go ahead with global cooperation on civilian nuclear power, which the country deems essential to its energy needs in the years ahead. But even if this deal fails, that is unlikely to affect India’s core relationship with the US.

In other regions and with the other major partners, India’s political and economic relations are more productive than before, be it Central Asia, Africa or Latin America.

The neighborhood remains a weakness; SAARC and South Asia carry the label of ‘the world’s least integrated region’.<sup>18</sup> Intra-SAARC trade represents only 5% of the global trade of the member states—contrast that with intra-Asia trade among all the Asian countries, which is 40% of their global trade. It remains to be seen if the opening up of SAARC, with the inclusion of China, Japan, South Korea and the US as observers, and the membership of Afghanistan, will give new impetus to break the logjam. In the past, India has been seen by others as a reluctant convert to regionalism, and needs to work to overcome that sobriquet.

Since January 2004, India and Pakistan have been negotiating about negotiations. This has produced better atmospherics, and a few positive small steps. With the completion of elections in Pakistan, high level contacts now resume, and the Indian External Affairs Minister’s May 2008 visit Islamabad, the mood remains hopeful. The economic growth momentum in India is such that neighbors have the option of joining in or not, but they cannot block it, even if disputes, such as the one over Kashmir remain unresolved for a while.<sup>19</sup> It is likely that the restoration of democracy in Pakistan may help in forward movement in bilateral relations, the more so because in the past three or four years, India has appeared less and less as a factor in Pakistan’s domestic politics.

Similar flux, with positive overtones, is visible in the ties with Bangladesh and Nepal, where too, internal developments in those countries have thrown up new opportunities. The new direct Kolkata-Dhaka train service symbolizes a new trend—but did it have to take four decades to achieve this? In the case of Katmandu, the election of a new government through a transparent democratic process is a good sign. A few of the long blocked hydro-project (with a potential power capacity of 80 Giga watts), are slowly moving forward on new commercial formulas that bring in the ADB and other third country partners. These projects have the potential of transforming Nepal into a middle-income country, on the kind of hydro-power led growth vector that has been exploited so well by Bhutan.

These neighborhood trends have strengthened India’s capacity for wider external engagement. Two examples: Around 2000, the notion that Brazil, India and South Africa might exploit their shared global interests, to establish a framework of

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<sup>18</sup> Comment by the World Bank Managing Director at a business conference at Mumbai, January 2007, reported in the Indian press.

<sup>19</sup> See Sumit Ganguli, ‘Would Kashmir Stop India’s Rise?’ *Foreign Affairs*, Vol. 85, No. 4, August 2006.

direct cooperation, started as a glimmer in the eyes of the three foreign ministers who met periodically at the UN headquarters in New York. In a few years, IBSA has taken shape, covering trade, transport and other forms of collaboration. A free trade arrangement to cover COMESA, MERCOSOR and India is under implementation. Another triangular dialogue is moving forward, between China, India and Russia, started as an exchange among scholars, and having moved forward to a T/1 process with three meetings held so far among the foreign ministers, besides a short summit level meeting at St. Petersburg on the margins of the October 2006 an extended G-8 gathering. Here again the driver is mutuality of interests, and a desire for stronger direct, economic, energy and other exchanges among the three large states.<sup>20</sup>

India's capacity to contribute to stability and development in the Asia Pacific has been strengthened by its external policy, economic and political. This has produced buoyancy in political engagement and economic exchanges between India and its partners in SE and East Asia, as well as in the trade and investment ties with the other countries.

**Three, India has neither the will, nor the capacity, to play a dominant role in the Asia Pacific; it depends on cooperative relations with all.**

India is not, and has never been, a revisionist state, pursuing a transformational international agenda. It works pragmatically to build cooperative relations with all countries.

India's arms profile is essentially of a defensive character. It devotes about 1.99% of its GDP to defense, and this figure has declining in recent years.<sup>21</sup> Most of this goes for the upkeep of its sizable standing armed forces; the country's weapons-related expenditure is modest, when seen in the context of the size, environment and its defensive responsibilities.

How will India accommodate itself to a China that is rising even faster? A couple of years back a Chinese scholar conducted interviews in India with this query, during his sabbatical at one of India's leading universities; he reported three kinds of responses, ranging from appeasement to confrontation, and observed: 'While both "appeasement" and "concirclement" are seen as failing or useless, a balanced (constructive, strategic or structural) will be the most possible strategy to deal with the rise of China... There will be competition as well as reciprocity and cooperation between them.'<sup>22</sup>

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<sup>20</sup> Yet another instance of a novel grouping is the BRIC format, a term coined by a Goldman Sachs report of 2000, which identified Brazil, Russia, India and China as newly emerging economies that were expected to grow dramatically by 2050. That has now inspired a meeting of the foreign ministers of these four countries, and a stated desire to deepen their mutual economic cooperation.

<sup>21</sup> On 10 June 2008 Indian Defence Minister AK Anthony said that India's defence spending is much below the world average of 3% of GDP, and is now likely to rise (*Times of India*, 11 June 2008).

<sup>22</sup> Zhang Guihong, 'The Rise of China: India's Perceptions and Responses', *South Asian Survey*, Vol. 13, No. 1, January 2006.

SE and East Asia is the meeting point of all the world's great powers since they are integral to the region, with the exception of the EU and its leading member states, which register their presence via their strong economic and political interests. It is unrealistic to posit future equations in the region through a simple analysis of likely relations between pairs of countries, without taking into account the complex interplay among all these players, notably China, Japan, Russia and the US, to say nothing of all the other leading regional powers. What we witness in effect is a three-dimensional chess game, where moves and anticipation of pre-emption, produces a series of eddies and crosscurrents.

ASEAN is too important to be left out of the equation. As a builder of constructive relationships, it has been the fulcrum of balance and moderation. ASEAN's role in creating a web of concentric circles of soft security and multiple partnerships has no parallel, in terms of regional diplomacy as practiced around the world. Two examples are the ARF, and its Track/2 counterpart, CSCAP. Some critics argue that ASEAN has much to learn from the OSCE process in Europe; some ideas from other regions are indeed 'transportable', but for the main part it is for the genius of the region to evolve its own methods. The history and the context of regions are key factors in the manner in which such evolution takes place.

How does China see India, as a dynamic player in this region? That question is perhaps for China and the region to answer. One test will be how well the East Asia Summit (EAS) process develops, or whether China or any other country blocks it, preferring the ASEAN Plus Three (APT) process. India has a growing capacity to contribute to a stronger Asia, and remains committed to the EAS process. But it is still not clear if EAS will develop into the kind of multi-track mechanism that APT has become, or if APT will migrate to EAS.<sup>23</sup>

A rising India is thus nested in such an emerging Asian framework, where cooperation is the dominant trend. The prevailing ethos and the self-interests of each, place a limit on the downside for bilateral relationships, as also on the potential danger of competition degenerating into contestation. Economics is a powerful driver in this process. What we are likely to see is a growing mosaic of sub-regional arrangements, and a clustering of activities built around shared interests among individual countries, many of them overlapping, and none of them exclusive. For the main part, it is likely that economic cooperation would lead to improved political ties, and in the process, ameliorate the security environment.

**Fourth, the knowledge industry, entrepreneurship, and skilled manpower represent a special Indian strength, increasingly relevant in its external**

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<sup>23</sup> In 2006 one had heard from an ASEAN member-state official that more than 40 different functional groups meet regularly under the APT format.



**relationships, creating win-win situations.<sup>24</sup> These people relationships are underpinned by India's cultural strength that has plurality as its hallmark.**

India's software industry, IT-enabled services and R&D have maintained annual growth rates of around 30%. In the financial year 2007-08, this software industry was worth \$63 billion, of which \$40 billion was exported. In like fashion, IT-Enabled Services (ITeS) have grown, progressively shifting up the value chain, from call centers to 'knowledge process outsourcing' (KPO) activities.

This services sector is a natural asset for India, recognized also in the large number of multinational companies that have established research centers, the leading example of which is GE that has over 2000 engineers and high level scientists at Bangalore, in what is one of the world's largest R&D facilities. It is said sometimes that just as China is the world's workshop, India is the back-office and design center. This statement overlooks the fact that the Indian manufacturing industry is also in the process of improving efficiencies, in emulation of the Chinese model and responding to the opening up of the Indian economy. Lean manufacturing and lean design are new Indian attributes, increasingly being refined, as a result of the need to meet global standards of competitiveness, and an old ingrained habit of economizing in the use of capital. This is especially visible in the automotive industry where India is now at a world standard.

The high rate of overseas acquisitions by Indian companies noted above—surpassing China's outbound FDI—is evidence of a very healthy entrepreneurial spirit.<sup>25</sup> The same business leadership skills are evident in the relatively visible number of Indians that head Fortune 500 companies, especially in the US and in the UK, where ethnic factors are comparatively much less relevant in corporate boardrooms, than they are, for instance, in continental Europe.

Overseas Indians are increasingly recognized and valued for their entrepreneurship, though the degree of their business focus is less intense, compared with the Chinese. Yet, in many countries, the Indian diaspora plays a prominent role in business, academia, other professions and in public life in the adopted countries. India has told these communities, since its independence movement commenced a hundred years back, to identify with their countries of residence. Despite occasional turbulence, these overseas Indians have contributed to India's close relations with different countries. At many places they drive and contribute to good bilateral relations. This is notable in SE Asia, where despite their relatively modest number, Overseas Indians play a visible role in business and in the professions. Singapore, for instance, gives high priority to recruiting high quality Indian talent.

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<sup>24</sup> See Tarun Khanna, *Billions of Entrepreneurs: How China and India are Reshaping Their Future and Yours*, (Harvard Business School, 2007)

<sup>25</sup> This is one of the principal conclusions of Khanna, *Billions of Entrepreneurs* (2007).

People-to-people networking ability is a major aspect of India's soft strength, contributing to deeper understanding with the countries concerned. This is an aspect of the rather high level of intercultural communication skill that seems to come naturally to many Indians, perhaps as a result of the fact that the high level of heterogeneity and diversity that exists within their country.

**Fifth, India's regional diplomacy is undergoing refinement and expansion.**

India has been a late convert to regional and bilateral trading arrangements, having earlier nailed its flag to the mast of the WTO process and its multilateral trading arrangements. It was only in 1999, India signed its first free trade agreement (FTA), with Sri Lanka, and that has turned out to be a learning experience with a very positive outcome. It has produced beneficial consequences for both countries, not only in merchandise trade, which is the prime focus of that FTA, but also unexpectedly in investments, communications and people exchanges. The two countries are now negotiating a comprehensive economic agreement (CECA or CEPA).

Experience with the subsequent FTAs, with Thailand and Singapore (the latter a comprehensive CECA covering multiple economic segments) has been equally positive, despite the apprehensions of some domestic business lobbies. The more ambitious India-ASEAN FTA is now close to finalization and is to be signed this year. Elsewhere too, India is pursuing FTA accords, notably with Japan.

On the wider political canvas, India is engaged with this region through its comprehensive relationship with ASEAN and ARF, as also since 2005, the East Asia Summit (EAS) mentioned earlier, and ASEM, which it has joined this year. India's relationships with other sub-regional and cross-regional groups such as BIMSTEC are moving forward. The building of transport links between India's eastern states and Myanmar, which is gathering pace, will multiply sub-regional exchanges between India and all the proximate countries that lie to its east, including the landlocked south-western region of China.

As noted above, India needs to move forward in more active fashion in developing and exploiting all its regional options, treating the different groupings as parallel and overlapping conduits to eco-political cooperation. In a world where some elements of multipolarity are in evidence, the ethos is conducive to regionalism, and regional groups themselves, in their diversity and plurality, become expressions of multipolarity.

**Sixth, India's unique experience with democracy, as well as its political and societal governance, is relevant to its neighborhood and to Asia.**

Countries construct their constitutional and governance structures to suit their own genius and needs. Indians hesitate to tell the world that they have a working model of democracy that merits replication elsewhere. Indians do not believe that

they have a responsibility to export democracy to other parts of the world. This reserve flows not from lack of faith in our system, but from a realization that there are many paths in establishing accountability to domestic publics, and to governments that genuinely represent their people. India is one of the original members of the Convening Group of the Community of Democracies, an organization that came into existence after the first meeting of this Community in Warsaw in June 2000, but the country is fairly passive at the biennial summit meetings of this group.<sup>26</sup> During the visit of President George W Bush to India in 2006, a leading Indian paper reported that his public speeches where he exhorted India to do more on the democracy front: ‘It’s the prospect of aggressive peddling of democracy in various parts of the world that makes India uncomfortable.’<sup>27</sup>

Nevertheless, the Indian experience with democracy, i.e. accountable, representative governance, practiced through a system of democratic elections where governments at the center and in states are routinely voted in and out of power, is relevant to Asia. This takes place in large country that is endowed with multiple pluralities of religion, ethnicity, culture, language and communities, offering a model that deserves notice in other countries. The Indian policy of mutual tolerance and coexistence among different religions, languages, regions, cultures and ethnicities, is of enormous value in our shrinking, interconnected, and globalized world. In like fashion, India has also much to learn from the experience of others.

Take a comparatively minor instance: the practice of external relationships, at bilateral, regional and global levels, that goes under the rubric of ‘diplomacy’; this is one subject in which there exists rich scope for comparative learning among different countries. Other areas, such as development administration, local governance, financial management, offer even richer scope for mutual learning. Using the formula of public-private partnerships, the countries of the Asia Pacific have much to gain through deeper and more robust mutual exchange mechanisms, that get away from government dominated actions, to the creation of multiple, real epistemic communities that share their domain knowledge. India offers rich prospect as a full partner in such actions.

To sum up, India is a partner of choice in its external relationships, bringing value and offering itself as a dynamic interlocutor. It seeks: balanced, cooperative, relations with the major powers, claiming neither exclusivity nor affinity with any restrictive groupings. It is not identified with narrow agendas. India’s economic growth buttresses its position, especially in Asia. India works to reinforce

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<sup>26</sup> The summit meetings of the Community of Democracies have been held in Poland, Chile, South Korea, Mali and Portugal; the next one is scheduled for 2009 in Lithuania. In 2007 a secretariat was established in Warsaw.

<sup>27</sup> Front page article in *The Times of India*, March 4, 2006, cited in Rana, *Asian Diplomacy: The Foreign Ministries of China, India, Japan, Singapore and Thailand* (DiploFoundation, Malta and Geneva, 2007), pp. 162-6.

relations with small and medium states, sharing their commitment to stability, autonomy, mutual non-interference, and non-exclusive cooperation with all states.

Is it not strange that of all the world's continents and major regions, Asia is the only one that does not have a credible movement for unification, or even serious attempts to move in that direction? The very concept of a 'pan-Asia' identity seems novel, unfamiliar. And yet, for all its differences, Asia has strong elements of cultural unity and intrinsic affinities among its peoples. The economic success that is the hallmark of so many states in the region, plus the prospect of continuation of growth trajectories further legitimizes our search of greater unity. We should expect that the rise of individual countries and sub-regions in Asia can become a platform for new trends towards stronger unity. In that sense, the East Asia Summit mechanism may be the harbinger of this pan-Asian sense of unity, and a demonstration of latent will on the part of Asian states, to work more closely together.

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