



## Impact of International Relations on the Indian Economy

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DOI : <https://doi.org/10.55248/gengpi.6.0125.0518>

### ABSTRACT

This paper explores the deep impact of international relations on the Indian economy, including the role of diplomatic ties, trade agreements, and geopolitical developments. In the past few decades, India's strategic engagement with global powers and regional partners has boosted the country's economic growth. Foreign direct investment (FDI) inflows, the expansion of trade networks, and participation in multilateral forums like the World Trade Organization (WTO) and BRICS have accelerated industrial development and technological advancements. In addition, India's bilateral relations, especially with countries like the US, China, and Russia, have influenced sectors ranging from IT to defense. But challenges such as fluctuations in oil prices, trade deficits, and protectionist policies also highlight the risks associated with global economic interdependence. This paper seeks to examine what opportunities and vulnerabilities there are for the Indian economy through international relations, in an interconnected world.

**KEY WORDS :** BRICS, World Trade Organization, Protectionist Policies, Vulnerabilities, Regional Partners, Diplomatic Ties, Global Power.

### INTRODUCTION

International relations (IR) are generally understood as a discipline that covers relations of states with each other. It focuses on the working of the international system and involves study of politics, economics, sociology, law, history, etc.. making it an interdisciplinary subject. International relations (IR) are branch of political science that focuses on the study of how countries and other global actor, such as international organization and non-state entities interact on the world stage. this field explores diplomatic , economic, legal and political relationship between nations, analyzing how these interactions shape global affairs. (IR) covers areas such as foreign policy, international law, global governance, trade, security, human rights, and conflicts resolution.

#### Key aspects of international relation include:

**1. Diplomacy and Foreign Policy:** This aspect focuses on how countries interact with each other through negotiations, alliances, and treaties. Diplomacy involves the strategic use of dialogue to manage international relations and resolve conflicts, while foreign policy refers to the specific strategies countries adopt to protect their national interests and achieve their international objectives.

**2. International Organizations:** Organizations such as the United Nations (UN), World Trade Organization (WTO), BRICS, ASEAN, G20, G10, and NATO play critical roles in facilitating cooperation between nations. They address global issues like peacekeeping, trade regulations, and collective security, providing platforms for dialogue and joint action on international challenges.

**3. International Law:** International law comprises rules, treaties, and conventions that regulate the behavior of states and other international actors. It governs issues such as territorial disputes, human rights, trade agreements, and environmental protections, aiming to create a framework that promotes peace, security, and cooperation.

**4. Security and Conflict:** This area examines issues related to national defense, military alliances, war, and peace. It analyzes the causes of conflict, the strategies for conflict resolution, and the role of military power in international relations, as well as efforts to promote global stability through arms control and disarmament.

**5. Economic Relations:** Economic relations involve the study of international trade, finance, investment, and economic cooperation among countries. It looks at how economic policies, trade agreements, and financial institutions shape global markets and influence the wealth and stability of nations.

**6. Global Governance and Human Rights:** Global governance refers to the systems and processes by which international actors address global issues that transcend national borders, such as climate change, human rights violations, and economic inequality. This aspect also examines the role of non-state actors, like NGOs, in advocating for human rights and shaping international norms and policies.

#### Importance of international relation over global economy

Globalization has created an interconnected global economy, where products like phones, laptops, and appliances come from various countries, reflecting our world's economic interdependence. This integration of countries, companies, and individuals results in multinational and transnational corporations operating globally, relying on each other in a web of economic connections. The global economy, at its core, is the combined economic activities of all nations, forming a single, interconnected system driven by globalization.

International relations have a huge impact on the global economy like:

- 1. Trade and Investment:** Strong relations foster trade agreements, reduce barriers, and attract foreign investment, driving economic growth.
- 2. Global Supply Chains:** International cooperation maintains global supply chains, ensuring the smooth flow of goods, services, and resources, crucial for economic stability.
- 3. Peace and Stability:** Good diplomacy reduces conflicts, creating a stable environment that encourages business investments and economic expansion.

#### **Key factors of international relation regulating Indian economy**

India's international relations are significantly influenced by several factors, including economic diplomacy, foreign policy

**Economic Diplomacy:** India actively engages in economic diplomacy, leveraging trade, investment, and aid to strengthen its relationships with other nations. This approach includes providing financial assistance, such as loans to countries like Sri Lanka and Bangladesh, supporting closer economic ties.

**Economic Reforms:** India's economic reforms have played a crucial role in enhancing foreign investment and driving economic growth. Key measures include reducing import tariffs, lowering taxes, and simplifying regulatory processes, which have made India a more attractive destination for global investors.

**Foreign Relations:** India has strategically developed partnerships with developing countries, including Brazil, Mexico, and South Africa, forming alliances that promote mutual economic and political interests. It also maintains strong ties with Persian Gulf countries, which are crucial for energy security, and with most African Union members, enhancing trade and development cooperation.

**Oil Consumption:** India is the second-largest consumer of oil in the Asia-Pacific region, after China. Its rising oil consumption, combined with relatively stable domestic production, has made India increasingly reliant on oil imports. This dependence on foreign oil underscores the importance of maintaining stable international relations, particularly with oil-exporting nations.

#### **Overview of Indian economy**

At independence, India's economy was weak, primarily serving colonial interests, with low literacy rates<sup>1</sup> (17%) and life expectancy (32.5 years). Despite these challenges, India has grown significantly, now ranking as the seventh-largest economy globally and the third-largest by PPP. Its GDP is \$2.9 trillion, with projections to reach \$5 trillion by 2024 and \$10 trillion by 2030–2031. Under Prime Minister Narendra Modi, India is emerging as a global superpower, driven by a growing middle class, youth demographic, and a 7.7% growth rate. Pro-business policies, digital initiatives, and infrastructure development further enhance India's position as a key player in the global economy.

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## **PERSPECTIVE OF INTERNATIONAL RELATION IN INDIA**

### **Evolution in India**

Indian foreign policy has evolved significantly since independence in 1947, transitioning from Nehruvian Idealism to Strategic Realism and, most recently, to Economic Pragmatism. This evolution reflects changes in India's approach to international relations based on global dynamics and national interests.

#### **1. Nehruvian Idealism (1947-1959)**

The initial phase of India's foreign policy under Prime Minister Jawaharlal Nehru was heavily influenced by idealism. Nehruvian Idealism was rooted in the belief that ethics, morals, and international laws should guide global relations. Idealism emphasized peaceful conflict resolution, non-violence, and cooperation between nations, viewing all countries as rational players who could resolve disputes through dialogue rather than war.

#### **Key Examples of Nehruvian Idealism:**

**Kashmir Issue (1947):** Nehru brought the Kashmir conflict to the United Nations, believing that international players would mediate a fair resolution. However, this approach soon proved naïve as the complexities of international politics became apparent.

**Relations with China (1950-1954):** India was quick to recognize communist China in 1950, and despite China's invasion of Tibet, India signed the Panchsheel Agreement in 1954, promoting peaceful coexistence. The slogan "Hindi-Chini Bhai Bhai" ("Indians and Chinese are brothers") reflected Nehru's optimism. However, India's idealism was shattered by China's aggressive actions, culminating in the Sino-Indian conflict of 1962.

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<sup>1</sup> <https://www.investindia.gov.in/team-india-blogs/indian-economy-overview>

**Non-Alignment Movement (NAM):** Post-World War II, the world was divided between two superpowers, the United States and the USSR. India chose a path of non-alignment, aiming to maintain autonomy in its foreign policy without aligning with either bloc. Nehru's policies were also marked by anti-imperialism, anti-colonialism, and anti-racism, reflecting India's historical experiences under British rule

## 2. Strategic Realism (1959-1991)

With the disillusionment of Nehruvian Idealism, India's foreign policy became increasingly driven by Strategic Realism. Realism is grounded in the notion of 'national interest,' focusing on power dynamics, security, and realpolitik rather than ideals or moral considerations. It emphasizes that there are no permanent friends or enemies in international relations—only permanent national interests.

### Key Aspects of Strategic Realism:

**National Interest as the Core Principle:** Strategic realism means that national interest was given first importance in India's foreign policy. Idealistic values that were followed earlier such as international law, morality, and non-alignment were now sacrificed for national security, sovereignty, and economic growth. India's main focus was to secure its geopolitical interests, even if it had to compromise on ethical considerations. Territorial integrity, defense capabilities, and economic strength were made priorities.

**Cold War Dynamics:** During the Cold War, India maintained a balance in its foreign policy between the US and the USSR. This balancing act was a part of India's non-aligned stance, but in practical terms India bowed more to the Soviet Union for strategic and military support. The main focus of India's foreign policy was to derive benefits from both superpowers without taking sides. Due to this pragmatic diplomacy, India got military and economic help from the Soviet Union, and also maintained relations with the US for trade and technology.

**Nuclear Policy:** India's nuclear policy was also a part of strategic realism, which focused on maintaining autonomy and deterrence. India needed to develop nuclear weapons so that it could protect itself from nuclear powers like China and Pakistan. Strategic autonomy was a very important factor for which India refused to sign the Nuclear Non-Proliferation Treaty (NPT) because India felt that the treaty was unfair. India's nuclear program focused on credible minimum deterrence so that it could secure its strategic independence and defense capabilities.

## 3. Economic Pragmatism (1991-Present)

Since the early 1990s, India's foreign policy has increasingly been driven by Economic Pragmatism. This shift aligns with India's economic liberalization in 1991, which opened up the economy and integrated India more deeply into the global market. Economic Pragmatism prioritizes economic growth, trade, and investment as key pillars of foreign policy, seeking to enhance India's global influence through economic strength.

### Key Aspects of Economic Pragmatism:

**Economic Diplomacy:** India's foreign policy now reflects economic pragmatism, with the main focus of foreign engagements being economic partnerships, trade agreements, and technological cooperation. India now views its foreign relations as mutually beneficial relationships in which both parties benefit from economic growth. India seeks to strengthen its economy through trade and investment and has therefore signed multiple Free Trade Agreements (FTAs) and Comprehensive Economic Partnerships (CEPs). This approach is based more on practical economic goals than traditional ideological diplomacy.

**Strategic Partnerships:** India has developed strategic partnerships with major economies, including the US, European Union, Japan, and ASEAN countries. These partnerships are not just limited to trade and investment, but also extend to security and technology cooperation. India has strong defense and technology agreements with the US, while there is collaboration on trade and infrastructure projects with Japan and the European Union. India has also strengthened its trade and economic ties with ASEAN countries, especially under its "Act East" policy, to promote regional economic integration and stability.

**Act East and Neighbourhood First Policies:** "Act East" and "Neighbourhood First" policies are a core part of India's regional engagement strategies. The focus of the Act East policy is to strengthen relations with Southeast Asian nations to enhance regional economic integration and safeguard strategic interests. India's trade and connectivity projects with ASEAN are very important. In addition, through the "Neighbourhood First" policy, India is also collaborating with its immediate neighbours such as Nepal, Bangladesh, Bhutan, and Sri Lanka on economic and infrastructure projects to promote regional stability and mutual development.

### Current scenario of international relation in India

In the last decade, there has been a clear but less discussed trend in India that the importance of foreign policy is increasing as a domestic political issue. Earlier, foreign policy was considered an elite class subject, discussed only in cocktail parties, think tanks seminars and urban metropolises like Delhi, Mumbai and Bengaluru. This was considered a very complicated and distant matter for the common man, whose thoughts were more related to the Indian Prime Minister's cabinet or the daily needs on multilateral platforms than the global situation of India.

But today, the political situation in India has changed. Foreign policy has come down from its special place. Now, discussions about India's global role are taking place in streets, dining tables and even in informal office conversations. Although, foreign policy is still given shape by the elite class, now it has reached the common people.

This change is visible in both big and small ways. In cities and towns, posters celebrate the leader of India on June 20. The regional political leaders of the ruling party are asking the foreign minister to inform their party members about the global situation of India. The opposition is also paying attention

to this. While Rahul Gandhi's international travels are being mocked on social media, his party Congress recognizes the importance of outlining its vision of foreign policy. In fact, there are many pages dedicated to foreign policy, defense and internal security in the 2024 election manifesto of the Congress. As the Indian voters are ready to vote in the elections to be held from April to June, foreign policy will definitely play a central role in the affairs of the BJP, in which the party will try to make the most of its 10-year track record to maintain its political hold. The growing importance of foreign policy is part of India's larger ambition to make it a major player in the rapidly expanding world. This new interesting change in global geo-strategy is inspired by the magical desire of Bhajapa's spiritual values and Pradhan mantr mode. However, existing evidence suggests that foreign policy is yielding strategic benefits from above, but the long-term consequences are not yet clear.

Foreign policy has become a domestic political issue in India due to two key factors: structural changes in the international order and the worldview of the current government.

### 1. Structural Factors:

The post-Cold War unipolar moment, dominated by the U.S., is fading, with deep domestic divisions and foreign interventions undermining America's global influence. China has emerged as a strategic competitor, and Russia's aggressive foreign policy under Putin has further destabilized the global order. This fragmentation has opened opportunities for India. China's assertiveness, especially after the 2020 border clashes, has pushed Western nations to strengthen ties with India. India's strategic importance has grown due to its rising economy and geopolitical position. Although India has maintained neutrality on the Russia-Ukraine conflict, Western nations are trying to distance India from Russian defense imports, providing India with leverage in global diplomacy.

### 2. Government's Worldview:

The BJP government, led by Prime Minister Modi, views foreign policy as a key pillar of India's resurgence as a civilizational power. Modi's vision emphasizes liberating India from centuries of foreign domination and guiding it into a new era of global prominence. The BJP contrasts its active, assertive foreign policy with Congress's previous approach, which Modi criticized as weak and restrained, especially in response to terrorism. Modi's personal popularity and strategic communication skills have effectively linked his leadership to India's growing global role. The BJP has used India's G20 presidency to highlight its foreign policy achievements, employing extensive physical and digital marketing to project the event as a reflection of India's rise under Modi's leadership.

### Role of International Organization in Indian economy

International organizations (IOs) like the United Nations (UN), established in 1945, serve various functions, from monitoring global trends (e.g., World Meteorological Organization) to settling disputes (e.g., World Trade Organization). The UN, headquartered in New York, remains the most prominent IO, with universal membership and a mission to foster cooperative behavior between states.

India has consistently advocated for reforms in the UN, particularly regarding the structure of the Security Council. The Council's composition has remained largely unchanged since 1965, despite the growing membership of the UN General Assembly, where developing nations now dominate. India argues for broader representation in the Security Council, proposing an increase in both permanent and non-permanent members, especially from developing countries.

India itself aspires to permanent membership in the Security Council, citing its large population, democratic values, economic growth, and long-standing participation in UN peacekeeping missions. However, this bid faces resistance from various quarters. Pakistan, India's neighbor, and others express concerns about India's nuclear capabilities and its strained relations with Pakistan. Additionally, there are debates about whether other emerging powers like Brazil, Germany, and Japan should also be included, as well as calls for representation from Africa and South America.

Despite India's contributions and growing influence, securing permanent membership may remain a complex and challenging process, given these global considerations.

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## IMPACT OF INTERNATIONAL RELATION ON INDIA

### Positive impact of international relation on India economy

International relations have had a very positive impact on the Indian economy such as:

- 1. Foreign direct investment:** Due to India's foreign investment policy, India has attracted a lot of money from countries across the country like America, Japan, and South Korea. All of these have invested a lot of money in industries like manufacturing, technology, and infrastructure. All of these have boosted economic growth, created new jobs and improved the industrial base of the country.
- 2. Trade agreement:** India's participation in global trade agreements like ASEAN, European Union, and other bilateral agreements has opened new markets for India's goods and services. All of these have increased India's exports. Especially in textile, pharmaceuticals and IT sectors, it has helped in the growth of the country's GDP.
- 3. Technology and knowledge transfer:** By partnering with other technologically advanced countries, India has made the transfer of cutting-edge technologies possible in India. These collaborations have enhanced India's capabilities in industries like IT, aerospace, pharmaceuticals, and renewable energy.

**4. Job creation:** India has created lakhs of jobs by setting up many operations in international companies. The IT and service sectors have benefited especially from outsourcing and global partnerships, which are providing employment to a large population.

**5. Tourism and travel:** Due to strong international relations, international relations have promoted tourism to a great extent and also India's rich culture.

### Challenges faced by the India economy

India's economy, which is deeply integrated into the global system, is significantly affected by international relations.

**1. Trade Disputes and Tariffs:** India faces trade disputes, especially with large economies such as the U.S. and China. Disagreements over tariffs, quotas, and subsidies can escalate to trade restrictions, which affect key sectors such as agriculture, textiles, and IT services.

**2. Global Supply Chain Disruptions:** Global geopolitical tensions, such as between the U.S. and China, can disrupt the supply chains on which Indian industries depend. India's reliance on imports, for essential components such as semiconductors, machinery, and raw materials, becomes vulnerable to these crises.

**3. Foreign Direct Investment (FDI) Uncertainty:** International relations directly affect FDI flows. If diplomatic ties are strained or bilateral agreements are unfavorable, investments slow down, which impacts sectors such as manufacturing, real estate, and infrastructure.

**4. Oil Price Volatility:** India, a major oil importer, faces economic challenges when diplomatic tensions in the Middle East affect oil prices. Fluctuations in oil prices create inflationary pressures and can widen India's current account deficit.

**5. Sanctions and Export Restrictions:** India's relations with some countries can bring it into exposure to international sanctions or export restrictions. For example, buying oil or defense equipment from Iran or Russia can lead to diplomatic and economic retaliation by Western nations.

**6. Impact of Global Economic Policies:** India's economy is influenced by the economic policies of major international players such as the U.S. Federal Reserve or the European Central Bank. For example, if U.S. interest rates rise, capital outflows start to occur from India, which creates volatility in the stock market and currency depreciation.

**7. Pressure to align with global standards:** When India seeks to integrate further into global trade networks, it faces pressure to align its standards (labor laws, environmental regulations, etc.) with those of developed nations. This can be challenging for domestic industries, which find it difficult to adapt to these global benchmarks.

**8. Dependence on Global Technology:** India relies heavily on global technology, especially in sectors such as telecommunications and defense. International tensions or restrictions on technology transfer, such as with China, can slow down growth in critical sectors, especially advanced tech areas such as AI or 5G infrastructure.

**9. Regional Instability:** Political instability in neighboring countries (e.g., Pakistan, Afghanistan) creates challenges for India's trade routes, security, and energy supplies, especially in the South Asia region. This also affects the aspirations of India's regional economic leadership.

### Influence of international relation on the Indian economy

International relations have a significant impact on India's economy in a number of ways, including:

**1. Economic growth:** International trade has had a positive impact on India as India's economic growth has grown to a considerable extent.

**2. Access to markets:** Globalization has given India access to new markets and technologies advancement as there have been tremendous changes in India's technologies.

**3. Exporting and importing:** India exports 7,500 commodities to 190 countries and imports from 140 countries.

**4. Foreign policy:** The government uses foreign policy to absorb economic pressures, take advantage of opportunities, and defend its interests.

**5. Trade routes:** 95% of India's foreign trade is done via sea routes through 12 major ports, which increases India's geographical power and because of this India is currently working more on the Navy Force.

## CASE STUDIES

### Impact of international relation of India with U.S.A or CHINA

#### India relations with China

India and China marked the 70th anniversary of diplomatic relations on <sup>2</sup>April 1, 2020. Key milestones in their relationship include **1950** India became the first non-socialist country to establish ties with China. **1955** Both nations attended the Bandung Conference, advocating decolonization and leading

<sup>2</sup> <https://www.drishtias.com/daily-news-analysis/india-china-70-years-of-diplomatic-relations>

to the formation of the Non-Aligned Movement. **1962** The border conflict caused a significant setback in relations. **1976** Ambassadorial ties were restored. **1988** Indian PM Rajiv Gandhi's visit marked the normalization of relations, focusing on resolving boundary disputes. **1996** Both nations signed a confidence-building agreement on military measures along the border. **2000** President K.R. Narayanan visited China to commemorate 50 years of diplomatic ties. **2019** India and China held their second informal summit in Mamallapuram, reaffirming the Wuhan consensus. Both nations agreed to strengthen their partnership, enhance strategic communication, and promote cooperation. They also met at the SCO Summit in Bishkek and the 11th BRICS Summit. **2020** China and India marked the 70th anniversary of diplomatic relations with the China-India Year of Cultural and People-to-People Exchanges, planning 70 activities to highlight their historical ties and growing bilateral relationship.

#### **Cooperation Areas:**

**Political/Diplomatic:** CPC has long-standing exchanges with major Indian political parties. There are 50 dialogue mechanisms and 20 inter-parliamentary friendship groups.

**Economic/Trade:** Trade has increased from \$3 billion (2000) to nearly \$100 billion (2019). The two countries represent 20% of global GDP.

**Science/Technology:** Joint research and IT corridors foster collaboration.

**Defense:** Joint anti-terror exercises and consultations in defense.

**Cultural/People-to-People:** Exchanges in media, arts, tourism, and sister-city relationships (e.g., Fujian-Tamil Nadu).

#### **Way forward :**

India-China relations have progressed through the efforts of multiple generations. To continue advancing, both nations must focus on four key aspects:

- 1. Leading:** Leaders should guide bilateral relations by building consensus and setting a clear direction.
- 2. Transmitting:** The consensus must be implemented at all levels and translated into real cooperation.
- 3. Shaping:** Move beyond managing differences and work actively to build positive momentum in relations.
- 4. Integrating:** Foster exchanges, promote shared interests, and drive mutual development.

Reflecting on 70 years of diplomatic ties, both countries should rekindle the spirit of friendship, cooperation, and unity

#### **India relation with U.S.A**

The U.S.-India relationship is strategically vital in the 21st century, with the U.S. supporting India's rise as a global power and partner in promoting peace and stability in the Indo-Pacific. The 2+2 Ministerial Dialogue, involving the U.S. Secretaries of State and Defense and their Indian counterparts, serves as the key platform for advancing initiatives across their broad partnership.

#### **Defense and security**

The United States and India have developed robust defense industrial cooperation, focusing on co-development and co-production of critical military capabilities. This year, the U.S. approved the co-production of GE F414 engines in India. Both nations are also launching educational programs to prepare startups and innovators for the defense sector. Additionally, they collaborate through the U.S.-India Counterterrorism Joint Working Group and the Defense Policy Group.

#### **Clean energy**

The United States and India share a vision to scale clean energy deployment, aligning with their ambitious 2030 climate and clean energy targets. They are enhancing minerals security cooperation via the Minerals Security Partnership to support these goals. In August 2023, the inaugural meeting of the India-U.S. Renewable Energy Technologies Action Platform (RE-TAP) facilitated lab-to-lab collaboration, piloting, testing, and policy coordination for renewable technologies. Additionally, both countries work together through the Strategic Clean Energy Partnership and the Climate Action and Finance Mobilization Dialogue.

#### **Space**

With India signing the Artemis Accords in June, both countries have aligned on a common vision for space exploration benefiting all humanity. Key priorities include enhancing cooperation in human spaceflight, commercial collaboration, and space exploration. NASA will provide advanced training to Indian astronauts at the Johnson Space Center in Houston, aiming for a joint mission to the International Space Station in 2024. Additionally, India has approved a \$318 million investment for a Laser Interferometer Gravitational-Wave Observatory, collaborating with similar facilities in the U.S., Europe, and Japan to detect gravitational waves. The U.S. and India also work together through the Civil Space Joint Working Group and the Quad Space Working Group to improve climate information sharing and space situational awareness.

#### **Multilateral cooperation**

India and the United States collaborate closely in various multilateral organizations, including the UN, G20, ASEAN-related forums, IMF, World Bank, and WTO. The U.S. recognizes India's successful G20 presidency, highlighted by the September summit, which focused on enhancing connectivity

from Europe to Asia, economic development, and strengthening multilateral development banks. Together with Australia and Japan, the U.S. and India form the Quad, promoting a free and open Indo-Pacific. India is also one of 12 partners in the Indo-Pacific Economic Framework for Prosperity, aiming for connected, resilient, clean, and fair economies, with anticipation for the finalization of the IPEF Supply Chain Agreement. Additionally, India is a member of the Indian Ocean Rim Association, where the U.S. is a dialogue partner, with a meeting held in <sup>3</sup>October 2023 in Colombo.

### People-to-people ties

The strong people-to-people ties between the United States and India significantly enhance their strategic partnership. Over 200,000 Indian nationals study in U.S. universities, and new higher education partnerships are being developed through a bilateral working group. Additionally, the Indian diaspora of over 4 million in the U.S. plays a vital role in fostering collaboration, innovation, and job creation in both nations.

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## FUTURE IMPLICATIONS

### Potential benefits of strengthening international relation

- 1. Economic Growth:** Stronger ties can increase trade and investment. For example, the United States and Canada have a free trade agreement, which expands their economies and helps goods transfer easily.
- 2. Security and Stability:** Alliances help prevent conflicts. NATO (North Atlantic Treaty Organization) is an example where member countries work together to increase security and confront threats, preventing aggression from other countries.
- 3. Cultural Exchange:** Improved relations increase understanding between cultures. Programs such as the Fulbright Program allow students and professionals to study and learn abroad, which increases cross-cultural understanding.
- 4. Addressing Global Issues:** Countries need to work together to solve big challenges. The Paris Agreement is an example where nations work together to reduce greenhouse gas emissions to fight climate change.
- 5. Increased Influence:** Countries with good international ties have more influence in global matters. Such as G7 and G20 summits, where influential economies discuss global issues and shape policies.
- 6. Promoting Human Rights:** Collaboration makes it easier to uphold human rights. The United Nations works through various treaties and organizations to promote human rights, which encourages countries to protect the rights of individuals.
- 7. Sharing Knowledge and Technology:** Good relations lead to sharing of innovations. The Global Health Security Agenda helps countries work together to share knowledge to improve health systems and prevent disease outbreaks.
- 8. Better Crisis Management:** Countries that cooperate are better at responding to crises. The World Health Organization (WHO) coordinates the quick sharing of information and resources with countries during health emergencies, such as the COVID-19 pandemic.

Strengthening of international relations provides huge benefits to the country's economic growth such as improved security, effective collaboration on global challenges, cultural understanding, and good crisis management, which creates a more connected and peaceful world.

### Role of legislation and policy in promoting international relation

Legislation and policy plays an important role in shaping and promoting international relations by establishing frameworks for cooperation, conflicts resolution, and diplomacy between nations

#### 1. Create Legal Frameworks for Cooperation

**Bilateral and Multilateral Agreements:** Through legislation, countries formalize their treaties, trade deals, and security pacts. International agreements, such as the Paris Climate Accord or Bilateral Trade Agreements, World Trade Organization (WTO) are legally binding agreements that help countries work together on shared goals.

**International Law:** Bodies such as the United Nations (UN) and the International Law Justice (ICJ) use international laws to regulate countries' behavior and follow common norms for diplomacy.

#### 2. Promote Peace and Security

**Defense and Security Policies:** National defense policies (such as NATO agreements) and disarmament laws promote global security and help prevent military escalation. For example, arms control agreements such as the Nuclear Non-Proliferation Treaty ensure that an arms race does not occur.

**Conflict Resolution Mechanisms:** International law and diplomatic policies provide mechanisms for dispute resolution for peace, such as the International Court of Justice (ICJ) and the United Nations Security Council (UNSC).

#### 3. Economic Diplomacy

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<sup>3</sup> <https://www.state.gov/united-states-india-relations/#:~:text=The%20relationship%20between%20the%20United,and%20prosperous%20Indo%2DPacific%20region>

**Trade Policies:** Economic legislation, such as tariffs and sanctions, can create or restrict economic ties between countries. Free trade agreements (such as NAFTA, now USMCA) promote commerce, while sanctions can influence a country's foreign policy decisions.

**Foreign Aid Legislation:** Policies related to developmental aid (such as USAID, World Bank policies) enhance diplomatic ties, promote economic stability, and goodwill.

#### 4. Human Rights and Global Governance

**International Human Rights Laws:** Policies that protect human rights, such as the International Criminal Court (ICC), enforce them, and set a global standard for justice. Such legislation influences respect and diplomatic relations between countries.

**Environmental Policies:** International environmental policies, such as the Kyoto Protocol or the Paris Agreement, allow countries to collaborate on issues such as climate change, and show how legislation promotes cooperation on global challenges.

#### 5. Soft Power and Cultural Diplomacy

**Cultural Exchange Policies:** Legislation that promotes cultural exchanges, education programs, and international collaboration of science and technology (such as the Fulbright Program, Erasmus+), strengthen diplomatic ties through soft power, and promote mutual understanding.

**Immigration and Tourism Policies:** Immigration laws and visa policies either facilitate or hinder international exchanges, which affect diplomatic relations and the global workforce.

#### 6. Global Health and Safety:

**Health Agreements:** Global health legislation, such as that promoted by the World Health Organization (WHO), ensures cooperation between countries on pandemics, medical research, and public health issues. For example, International Health Regulations (IHR) provide a legal framework that helps respond to global health emergencies.

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## CONCLUSION

### Summary of key findings

Finally, inter-national relations have played an important role in shaping India's economy. Key findings are that political ties and strategic partnerships have facilitated expansion of trade, foreign investment, and technological advancement. India's support with multilateral organizations such as the World Trade Organization (WTO) and economic understandings such as free trade agreements (FTAs) is expanding its export markets, which is promoting growth in sectors such as IT, pharmaceuticals, and manufacturing. The influence of Foreign Direct Investment (FDI), through strong political and economic ties, is accelerating job creation and infrastructure development, which is helping to modernize the country's economy. At the same time, India's ties with emerging economies such as the U.S., the European Union, Japan, and Brazil and South Africa have given it a strong place in global value chains. Still, there are some challenges, such as trade imbalances, dependence on energy imports, and the need to maintain relations with opposing world powers. Overall, India's active politics and inter-national cooperation strengthen its economic stability and globalization.

### Recommendations for Future Implications:

**Strengthen diplomatic ties for trade expansion:** Political ties must be deepened with a developing and growing economy. This can open up new markets, boost exports, and reduce trade imbalances.

**Attract more Foreign Direct Investment (FDI):** To sustain growth, India must create a favorable business environment for FDI. Emphasis will be on simple regulations and ease of doing business, especially in the green energy and infrastructure sectors.

**Take advantage of technology and innovation:** India can accelerate its digital transformation by strengthening partnerships with global leaders in technology and innovation. Cooperation with countries leading the way in AI, renewable energy, and biotechnology will be beneficial.

### Suggestions :

**Promoting Green Energy Diplomacy:** India can take advantage of its renewable energy initiatives to foster international partnerships in green technologies, and become a leader in sustainable economic development. Collaborations in this sector will attract green investments.

**Strengthening Regional Trade:** India should engage more with regional economic groupings like BIMSTEC ( Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) and ASEAN (The Association of Southeast Asian Nations) . Through these regional pacts, better economic cooperation can be fostered and regional trade benefits can be availed.

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