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DEMOCRACY IN INDIAN FOREIGN POLICY

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INTRODUCTION

India has often branded itself as the ‘world’s largest democracy.’¹ Its very existence as a large, diverse, developing democracy is an extraordinary feat. Yet the conventional wisdom articulated by both Indian commentators and foreign observers is that democracy has rarely played a role in India’s foreign relations.

This reading is somewhat questionable. It is true that for much of India’s independent history its relationships with the United States and other developed democracies in the West were marked by differences and irritants. Like many other countries, New Delhi often prioritized short-term interests over values in its regional diplomacy. Moreover, India was often hesitant about employing the rhetoric of democracy promotion or coalition-building. At the same time, for decades, India supported decolonization movements in Asia and Africa, both rhetorically and through material means.² It was a vociferous proponent of boycotting South Africa for its discriminatory Apartheid policies.³ India also assisted countries in the developing world in establishing governing institutions and in the conduct of elections.⁴

Recent developments – most notably the rise and assertiveness of the People’s Republic of China – have led to a rethink about the role of democracy in Indian foreign policy. In 2005, former Indian prime minister Manmohan Singh joined then-U.S. president George W. Bush in promoting the United Nations Democracy Fund.⁵ More recently, current prime minister Narendra Modi participated in the inaugural Summit for Democracies organized by President Joe Biden’s administration.⁶ At the same time, and to much less fanfare, India has increased support for democratic institutions in its nascent development assistance programs focused on South Asia and Africa and in its international training and capacity building efforts.⁷

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¹ Manmohan Singh, “PM’s remarks at the launching of UN Democracy Fund,” Prime Minister’s Office, Government of India, 2005, <https://archivepmo.nic.in/drmanmohansingh/speech-details.php?nodeid=187>.

² Constantino Xavier, “Unbreakable Bond: Africa in India’s Foreign Policy,” in *The Oxford Handbook of Indian Foreign Policy* (Oxford: Oxford University Press, 2015) and David Brewster, “The Relationship between India and Indonesia,” *Asian Survey* 51, no. 2 (March/April 2011).

³ Muslim Khan, “India-South Africa Unique Relations,” *The Indian Journal of Political Science* 71, no. 2 (Spring 2010).

⁴ Indo-Asian News Service, “Namibia Uses Indian EVMs in Polls,” *Business Standard*, https://www.business-standard.com/article/news-ians/namibia-uses-indian-evms-in-polls-114121101091_1.html.

⁵ “India provides indelible ink to Afghanistan for Presidential elections,” Ministry of External Affairs, Government of India, 2004, <https://www.mea.gov.in/press-releases.htm?dtl/7416/India+provides+indelible+ink+to+Afghanistan+for+Presidential+elections>.

⁶ Singh, “PM’s remarks at the launching of UN Democracy Fund.”

⁷ Narendra Modi, “National Statement by Prime Minister Narendra Modi at the Summit for Democracy,” Ministry of External Affairs, Government of India, 2021, <https://mea.gov.in/Speeches-Statements.htm?dtl/34637/National+Statement+by+Prime+Minister+Narendra+Modi+at+the+Summit+for+Democracy>

⁸ Rani D. Mullen, “India Flexes Its Foreign Aid Muscle,” *Current History*, Vol. 111, No. 744, April 2012, pp. 154-156.

Between December 2021 and March 2022, the Observer Research Foundation America (ORF America) and Observer Research Foundation (ORF) co-hosted a series of five virtual roundtables on the role of democracy in Indian foreign policy. The roundtables, held under the Chatham House Rule, involved participants from the Indian strategic community, including the Indian government, as well as 17 subject matter experts.⁸

This report provides a summary of those discussions as well as broader conclusions; as such, they do not necessarily reflect the views of the authors.

The major conclusions were:

- **Democracy is an important aspect of India's foreign policy outlook**, even if it is not – and is unlikely to become – the leading determinant.
- **The alignment of values and interests is most pronounced in India's near neighborhood**, as weak institutions compounded by growing Chinese influence have adversely affected Indian interests.
- **The primary tools of Indian democratic support for other countries include development assistance and capacity building**, but also aspects of diplomatic and military support.
- **Sharper geopolitical alignments create opportunities for deeper democratic cooperation involving India**. This has been reinforced by the Russia-Ukraine war, growing ties between Moscow and Beijing, and the development of the Quad.
- **India has often had to balance short-term interests with longer-term values**, as is most evident in recent policy towards Russia, Myanmar, and Afghanistan. In this respect, India is hardly alone among major powers.
- **There is a strong generational divide in India's strategic community on the role of democracy in foreign policy**; by and large, an older generation adheres to a more values-neutral approach to international affairs while younger professionals place greater emphasis on the importance of democracy.

THE CATALYST: CHINA IN SOUTH ASIA

Over the past two decades, China has begun to play a bigger role in the world, including in India's neighborhood. Pakistan, Bangladesh, and Myanmar are three of the largest recipients of Chinese military support, and Pakistan and Sri Lanka are among the most significant recipients of Chinese institutional lending, both through the Belt and Road Initiative (BRI) and emergency central bank lending. For the Maldives, China became an important source of revenue from tourism as well as other forms of loans and financing, while for Nepal's communist

⁸ The experts consulted included: Asanga Abeyagoonasekara of the Millenium Project; Ruchita Beri of the Manohar Parrikar Institute for Defence Studies and Analyses; Rajiv Bhatia, former Indian Ambassador to Myanmar; Sachin Chaturvedi of Research and Information System for Developing Countries (RIS); Sreeradha Datta of Vivekananda International Foundation; Riva Ganguly Das, former Indian High Commissioner to Bangladesh; Ashok Malik of the Ministry of External Affairs; Nivedita Kapoor of HSE University Moscow; Deep Pal of Carnegie India; Nishchalnath Pandey of the Centre for South Asian Studies; Sanjay Pulipaka of the Delhi Policy Group; Rajesh Rajagopalan of Jawaharlal Nehru University; Nilanthi Samaranyake of the Center for Naval Analyses (CNA); Tarun Sharma of Exim Bank India; Rakesh Sood, former Indian Ambassador to France; Nandan Unnikrishnan of the Observer Research Foundation; and Constantino Xavier of the Center for Social and Economic Progress.

parties, the political relationship with China's Communist Party (CCP) carries considerable weight. China's primary regional influence in South Asia is as an investor, lender, and trade partner, but it has widened to infrastructure, telecommunications, students, and other forms of people-to-people contact involving public officials, businesspeople, journalists, and academics. While initially engaging with a smaller subset of actors in each country, China's outreach has widened to encompass minority groups, opposition parties, and youth groups.

Initially, China's new role was seen as no different to other major powers, such as India, Japan, the United States, or European countries and institutions, both by host countries in South Asia and competitors. In fact, in some cases, China was perceived as playing a useful role that other actors could not or would not, such as long-term infrastructure investments that were perceived to be risky by commercial lenders or international institutions.

However, several developments resulted in a shift, both in perceptions and realities on the ground. Major recipients of Chinese investment have witnessed increases in corruption, poor accountability, volatile politics, and economic distress. Additionally, domestic economic factors in China have led to adjustments, including a tightening of Belt and Road investments. Finally, the strategic dimensions of Chinese outreach have become more evident, particularly in the Indian Ocean. For India, this has resulted in the risk of political spillover, unstable economies in its vicinity, and an increase in security risks.

India remains the primary actor in South Asia, and retains advantages when it comes to geography, cultural and social links, and capacity building efforts. It also has structural constraints, including domestic politics which often plays out at the state level, difficulties in absorbing setbacks due to competitive domestic politics, and an absence of party-to-party engagement that the CCP enjoys. Consequently, India could do more to recognize the links between economic resilience and political resilience, establish stronger political links with parties, strengthen civil society, work with like-minded democracies (the Quad, European Union, and United Kingdom), and address disinformation in the regional media landscape.

AN IMMEDIATE CHALLENGE: THE CASE OF MYANMAR

Not all regional engagement is so clear cut. In the case of Myanmar, India saw its influence diminish in the 1990s after initially supporting Aung San Suu Kyi's democratic movement against the military junta. Following the February 2021 coup in Myanmar, India has had to balance democratic considerations with immediate interests including cross-border refugee flows, counter-terrorism concerns, public health challenges, and regional connectivity. Publicly, India has called for a return to democracy and peace and has refrained from political-level engagement with the military (Tatmadaw). However, it has retained working-level ties with the junta and is continuing its economic and government-to-government engagement.

There is a broad consensus within India's strategic community that India must use its influence to nudge the military junta to return to some form of democracy, including elections. But there is also an understanding that the military will remain a potent political force, and that India will have little choice but to engage it. The Tatmadaw has demonstrated staying power even during periods of democratization and has not worked to directly undermine Indian security interests along the porous border. While broader economic engagement with the people of Myanmar is still desirable, it has been complicated by the prospect of international sanctions against Indian companies operating in Myanmar.

Furthermore, China is an additional factor: while China has a better record than India of investment in Myanmar and using the renminbi in transactions, there is significant distrust of China among both the military and broader public in Myanmar. At the same time, Chinese firms have been the target of violence and arson; too date, Indian economic activity in Myanmar has not been significantly targeted.

Two major points of difference exist within India's strategic community with regard to framing policy toward Myanmar going forward. One is to what degree Myanmar changes in the post-2015 period. For some, India's policy has always been a two-track approach of simultaneous engagement with the military and civil society. For others, the people of Myanmar's experience with democracy requires a different approach of using positive and negative incentives to urge the Tatmadaw towards a path to democracy. This in turn would require greater coordination with the Association of Southeast Asian Nations (ASEAN), Japan, the United States, and Europe. The Tatmadaw is more cognizant of India's role as a political and economic actor than in the past. A second area of divergence concerns whether India's approach to supporting democracy in Myanmar should be more active or passive. For some, the weakness of democratic forces and their prior outreach to China suggest a passive approach is in order. But others argue that the severity of junta violence against the civilian population necessitates a more active response on the part of New Delhi. Overall, these dilemmas and debates illustrate the complications of India's democratic engagement in its neighborhood.

INDIA'S EXPANDING TOOLKIT: FOREIGN ASSISTANCE AND TRAINING

Beyond rhetoric, India has an existing and growing toolkit that can be used to support democratic governance in partner countries. One significant and expanding area involves development efforts encompassing (a) grants, (b) concessional financing including lines of credit, (c) technical assistance, (d) capacity building, and (e) preferential market access. Because of India's focus on the developing world and its traditionally small scale, such efforts have received little attention in Western capitals. Yet, the amounts of financing involved, and the scale of programs have grown rapidly over the past decade.

Foreign grant and some lending assistance is delivered through the Development Partnership Administration (DPA) housed within the Ministry of External Affairs, established in 2012. The DPA's mandate encompasses grants, low-interest loans, and humanitarian assistance and is granted overwhelmingly to neighboring countries in South Asia and the Indian Ocean region, with smaller amounts to select others. India began playing the role of an aid provider in 1952 with an Indian aid mission in Kathmandu. Financing by DPA has amounted to a little over \$2 billion per annum over the past two decades.⁹ Significant amounts go into infrastructure projects such

So far, over 300 LoCs have been provided to 65 countries worth over \$30 billion.

⁹“Grant-in-Aid projects Development Projects,” Ministry of External Affairs, Government of India, 2022, <https://mea.gov.in/Grant-in-Aid-projects-Development-Projects.htm>.

as hydropower projects in Nepal, roads and hospitals in Bhutan, and connectivity projects in Bangladesh. A conscious effort has been made to ensure that these projects meet certain standards of accountability, transparency, and financial and environmental sustainability.

Although DPA funding has not grown significantly, India relies increasingly on Lines of Credit (LoCs) administered by the Export-Import Bank of India (EXIM Bank) since 2003-04 to bolster its options. These LoCs benefit Indian companies, but also allow for the delivery of goods and services to developing countries at low cost as a form of assistance. These loans are concessional and have a small fiscal impact for India, amounting primarily to the difference in cost between borrowing and lending. Projects are requested by host countries to the Indian embassy or diplomatic mission and are referred to the territorial division in the Ministry of External Affairs. From there, the requests are passed to a standing committee composed of officials from the Department of Economic Affairs, Ministry of External Affairs, and EXIM Bank. Successful applicants are then referred to the cabinet level for approval. So far, over 300 LoCs have been provided to 65 countries worth over \$30 billion.¹⁰

Such projects have faced complications and difficulties, including in their design. This led to the creation of a Project Preparation Facility which facilitated feasibility studies. Today, 16% of Bangladesh's energy and a quarter of Rwanda's electricity generation have been enabled by Indian LoCs. India also discovered big gaps between commitments and delivery of projects, resulting in Quick Impact Projects (QIPs), which were smaller development efforts. Over the past two decades, India conducted 327 small development projects in Afghanistan and 524 in Bhutan, with the aim of improving timelines.¹¹ Other LoCs, including in Africa, have focused on improving agriculture, health, and energy. For example, they helped Senegal produce a six-fold increase in its rice production and boosted Ethiopia's sugar production. In 2015, guidelines for Lines of Credit were revised, with the assistance of professional organizations, in an effort to improve delivery. Quarterly assessments are made to ensure accountability and progress. Some Indian aid programs have also worked with regional organizations such as the ASEAN Secretariat and African Development Bank. Overall, EXIM Bank has managed to deliver at lower costs than its Chinese counterpart and with greater transparency.

In addition to grants and loans, India engages in large-scale capacity building programs. India's training of governing professionals from foreign countries includes scientific researchers (such as in agriculture), but also electoral, judicial, and parliamentary administrative staff, diplomats, and military officers. The largest and most long-standing signature program is Indian Technical and Economic Cooperation (ITEC), but additional programs are administered through the Defence Services and Staff College (DSSC), Sushma Swaraj Institute of Foreign Service (SSIFS), and India International Institute of Democracy and Election Management (IIIDEM). Thousands of foreign judicial officers receive training in Bhopal, and India also engages in police training. ITEC programs have been used to train officials from Africa in the use of electronic voting machines and organizing polling booths.

Today, these tools – along with bilateral and multilateral diplomacy – offer potentially effective ways to support democratic governance and principles in other countries, without the rhetor-

¹⁰ "Lines of Credit for Development Projects," Ministry of External Affairs, Government of India, 2022, <https://mea.gov.in/Lines-of-Credit-for-Development-Projects.htm>.

¹¹ ANI, "India Commits ₹4,500 Crore for Development Projects in Bhutan," *Mint*, June 28, 2021, <https://www.livemint.com/news/india/india-commits-rs-4-500-crore-for-development-projects-in-bhutan-11624897390548.html>; "Development Cooperation," Embassy of India, Kabul, 2022 <https://eoi.gov.in/kabul/?0707?000>.

ical evangelism of democracy support. India still has obvious limitations, including questions of scale and delivery, and the fact that its assistance is premised on government-to-government engagement. Nonetheless, India's ability to provide aid, concessional lending, technical assistance, capacity building, and preferential market access to smaller developing countries in South, Central, and Southeast Asia, Africa, Latin America, and the South Pacific ought to lead to better coordination and cooperation with other democracies with which its values and interests align.

THE BROADER LANDSCAPE: THE UKRAINE WAR AND GREAT POWERS

If Myanmar presented India with a dilemma in 2021, another crisis broke out with the Russian invasion of Ukraine in February 2022. Russia is the largest provider of Indian defense equipment and the legacy of security cooperation dates to the Cold War. Additionally, India is vulnerable to volatile commodity prices – including energy, food, fertilizers, and mineral resources – and had over 20,000 Indian citizens in Ukraine who were affected by the outbreak of war. India consequently adopted a neutral posture, refusing to condemn Russia's aggression at the United Nations or participate in international sanctions against Russia. At the same time, India called for an investigation into alleged human rights abuses by Russian forces and provided some humanitarian assistance to Ukraine.

The outbreak of war has reinforced the notion that both India's balancing act between Russia and the West as well as its dependence on Russia for defense equipment will prove unsustainable. There is a broad view in Indian strategic circles that defense independence would take approximately a decade to achieve, both through diversification of sources and through indigenization. India's major imports on order from Russia include the S-400 missile defense system, six frigates (with gas turbine engines made in Ukraine), automatic rifles, nuclear submarines on lease, and jointly developed Brahmos missiles. Furthermore, there are concerns after the China-Russia joint statement of February 4, 2022, that Russia will become more dependent on China at India's expense.

The implications of all this will be sharper alignments in global politics. Russia's pro-China tilt, in particular, would be to the long-term benefit of India's relations with Europe and the United States. This could manifest itself most directly in defense industrial cooperation, but also in other strategic technologies such as civil nuclear energy and space. Additionally, multilateral and minilateral alignment (e.g. the Quad) could be expected to assume greater importance.

A NEW GLOBAL PLATFORM: THE SUMMIT FOR DEMOCRACY

Given these new dynamics – the alignment of regional security imperatives with democratic governance, India's growing capabilities particularly in foreign assistance, and sharper geopolitical alignments driven by the Ukraine conflict – what are the prospects of India playing a more active role on the global stage? In late 2021, the U.S. government led by the Biden administration, organized a Summit for Democracy. India's prime minister Narendra Modi participated and gave a national statement. In it, he highlighted three things: first, that democracy is a continuous work of progress: “[W]e all need to continuously enhance inclusion, transparency, human dignity, responsive grievance redressal and decentralization of power.” Secondly, he emphasized the need for a distinctly democratic model of development. And finally, he briefly touched upon some emerging challenges to democracy: “We must also jointly shape global

norms for emerging technologies like social media and crypto-currencies, so that they are used to empower democracy, not to undermine it.”¹²

Despite India’s rhetorical support, and inclusion in new groups focused on democratic cooperation such as the Quad and the Global Partnership on Artificial Intelligence, Indian officials have made it clear that despite its own democratic credentials it is wary of being part of an exclusive camp and will continue to adhere to its own principles and interests: “pragmatism in the pursuit of democracy promotion” in the words of one official. Part of India’s challenge involves showing how democracy can deliver, not just abroad but at home. Using technology in a democratic framework to improve the delivery of social services is one line of effort. India’s success with biometric identification, direct cash transfers, and mobile banking has produced interest among other developing democracies besides reinforcing the need to learn best practices and strengthen cooperation among democracies.

CONCLUSION: COORDINATION, PARTY ENGAGEMENT, AND MEDIA SUPPORT

The very idea of discussing democracy as a factor in India’s foreign relations is in its infancy. During the Cold War, first decolonization and then non-alignment prevented cooperation with the established Western democracies led by the United States. Later, India’s alignment with the Soviet Union after 1971 resulted in a much more values-neutral foreign policy, extending to Afghanistan and a transformed Non-Aligned Movement. During the immediate post-Cold War period, India often lacked resources and was preoccupied with domestic considerations.

New geopolitical trends, primarily the rise and growing assertiveness of China, have begun to alter calculations in New Delhi. India’s growing capacities as a donor, lender, capacity builder, diplomatic actor, market, and provider of humanitarian assistance and disaster relief presents an opportunity for it to play a bigger role, including coordinating with developed democracies on a case-by-case basis. Sharper geopolitical alignments may also contribute to greater clarity, most evident in recent years by the establishment and development of the Quad.

For younger professionals, India can be more confident in speaking about democracy in foreign policy; for a generation that came of age during the late Cold War, there is still considerable skepticism.

Democracy is an important part of India’s foreign engagement today. Yet its strategic community reflects strong generational differences in their approach to democracy in foreign policy. For younger professionals, India can be more confident in speaking about democracy in foreign policy; for a generation that came of age during the late Cold War, there is still considerable skepticism.

¹² Modi, “National Statement by Prime Minister Narendra Modi at the Summit for Democracy.”

In practical terms, the consequences of these developments are apparent. There are opportunities for coordination with like-minded countries on a range of issues including development assistance, multilateral diplomacy, and technical and strategic cooperation in third countries and regions. India could also learn from the experiences of others.

Yet two other areas are somewhat unexplored. One is the growing role of party-to-party engagement in foreign policy. Germany, through its party-specific foundations (such as the Konrad Adenauer Stiftung, Friedrich Ebert Stiftung, etc.), and the United States, through Congressionally-supported institutions, have developed avenues of party-to-party cooperation. While India's national political parties do have associated foundations and think tanks, this infrastructure is not yet as developed or institutionalized for engagement with political parties from regional or emerging democracies.

Another area worth exploring is in the media space. India has a large and vibrant media, including in English, but has not had much success in providing media alternatives and access abroad, including among its neighbors, either in English or in local languages. Whether public or private sector, an Indian media contributing to an increasingly competitive information landscape – including through the digital media space – can help provide alternatives to state-backed disinformation by competitors and adversaries.

In sum, creatively thinking through ways in which India can employ tools borne of its own democracy to harness greater engagement with its neighbors and partners may be necessary as India pursues its interests in an increasingly competitive global landscape.