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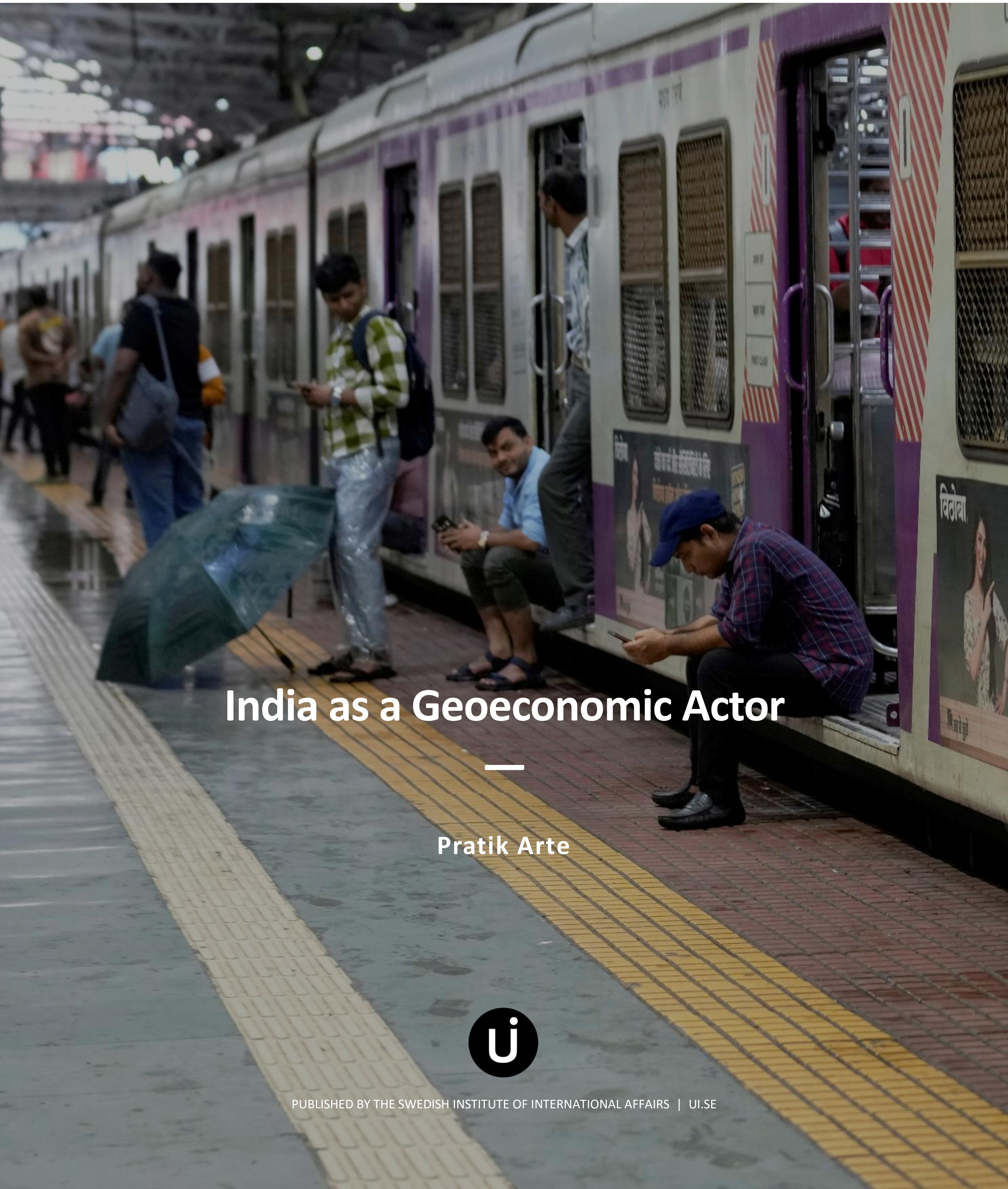
7/2026



India as a Geoeconomic Actor

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PUBLISHED BY THE SWEDISH INSTITUTE OF INTERNATIONAL AFFAIRS | UI.SE

brief

Key takeaways

- The world's most populous country is emerging as balancing power amid fracturing global economy.
- India's geoeconomic strategy blends self-reliance with selective partnerships.
- Its' strengths are found in technology, digital development and a young population.
- India's vulnerabilities include energy supply, dependence on Chinese economy, and education system.

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Language review: Ludvig Broomé
Cover photo: Rajanish Kakade AP

As globalisation weakens and trade barriers rise, what are the general geoeconomic prospects for India?

India's geoeconomic prospects in the age of fractured globalisation are defined by a combination of opportunities and enduring structural challenges. The global landscape is increasingly characterised by supply chain disruptions linked to China's manufacturing dominance, the weaponisation of trade policy and tariffs by the United States, and an energy crisis intensified by the wars in Ukraine and Iran. Within this volatile environment, India wants to position itself as a key alternative trade and investment hub, offering both economic stability and strategic reliability.[1] Underpinned by strong macroeconomic fundamentals, a vast domestic market, a relatively stable political climate, and its status as the fastest-growing major economy, India is increasingly regarded as a pillar of predictability in an era of economic uncertainty.[2] Despite having surpassed China as the world's most populous country, India remains behind in terms of global geoeconomic leverage. The Finnish Institute FIIA places India as the 15th most powerful geoeconomic actor in the world,[3] but there are various reasons to believe that India can continue to strengthen its geoeconomic position in the decades to come.

India's geoeconomic strategy aims to reduce critical dependencies while expanding reciprocal dependencies on itself.[4] Through Make in India and Atmanirbhar Bharat (self-reliant India), New Delhi seeks to localise production in key sectors, notably defence, semiconductors, and advanced manufacturing to insulate its economy from external coercion. Simultaneously, it leverages its strengths in digital governance, space science, pharmaceuticals, and renewable energy to make other economies reliant on indigenous Indian innovation.

India's gross domestic product (GDP) grew by 6.5 percent in 2024 and is projected to expand by 6.4 percent through 2025, positioning the country among the world's fastest-growing major economies. India's growth is underpinned by structural reforms such as the Goods and Services Tax and the Insolvency and Bankruptcy Code. The growth serves not only as an indicator of performance but as a foundation for geoeconomic manoeuvrability, enhancing India's ability to navigate external shocks and assert influence within an increasingly fragmented global economy.

[1] World Bank. (2024, September 1). *India Development Update: India's Trade Opportunities in a Changing Global Context.* World Bank. https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099513209032434771

[2] Mitra, T. (2026, March 19). *In an uncertain world, India offers predictability.* ET Edge Insights. https://etedge-insights.com/opinion/in-an-uncertain-world-india-offers-predictability-strait-of-hormuz-relief-gulf/

[3] Christie, E. H., Wigell, M., & Kristeri, T. (2025, February). *Measuring geoeconomic power: An index for 41 major economies.* Finnish Institute of International Affairs (FIIA). https://fiia.fi/en/publication/measuring-geoeconomic-power-an-index-for-41-major-economies

[4] Ahuja, A., & Kapur, D. (2018, March 29*). India's geoeconomic strategy. India Review, 17*(1), 76–99. https://doi.org/10.1080/14736489.2018.1415282

While policy changes in China and Western economies led to a spillover shock across major economies, India's resilient domestic demand acted as a buffer against external volatility. Domestic consumption accounts for roughly 61% of India's GDP, compared to around 40% in China, underscoring India's relative insulation from external trade shocks.[5]

However, while domestic consumption is rising, India's economy remains significantly interlinked with global trade and investment flows. Exports account for 21% of GDP, and sustained growth continues to depend on foreign energy imports, technology transfers, and access to global markets. Unlike China, which is still grappling with its transition from an export-led to a consumption-driven model, India's economic structure is more balanced but still evolving. Strengthening household consumption, improving supply chain integration, and reducing external dependencies will be crucial for transforming domestic demand into a stable engine of geoeconomic resilience. Moreover, recent policy reforms aimed at strengthening financial-sector governance and improving market transparency have reinforced investor confidence.[6]

In essence, India's role in the fractured global economy is that of a balancing power—one seeking resilience against coercive economic instruments while expanding its capacity to influence others through interdependence. Its challenge is to manage vulnerabilities in energy and critical supply chains without compromising growth, thereby transforming its economic mass into genuine geoeconomic leverage.

Does India have a geoeconomic strategy or a clear vision of what it wants to achieve in its region or globally?

India's geoeconomic strategy is driven by a pragmatic understanding that economic power now underpins national security, regional influence, and diplomatic flexibility. Its approach, often described as multi-alignment, balances engagement with multiple power centres while preserving strategic autonomy. Rather than aligning exclusively with any single bloc, India partners selectively with the United States, Japan, the European Union, and Russia on issues where interests converge, while maintaining independence in decision-making. This flexible framework will sometimes come with political cost, which New Delhi hopes to be able to offset, but enables India to navigate a volatile global environment marked by geopolitical instability, sanctions, tariff wars, and supply chain disruptions.

At the regional level, India's priorities are clear: to safeguard its borders, secure trade routes, and stabilise its neighbourhood. The

[5] Ghosh, N. (2025, November 1). *Why India consumes as China constructs: A tale of two growth trajectories.* Observer Research Foundation (ORF). https://www.orfonline.org/expert-speak/why-india-consumes-as-china-constructs-a-tale-of-two-growth-trajectories

[6] Doshi, M., & Gupta, S. (2025, December 19). *India's big financial sector deals, Modi government's parliament report card.* Bloomberg. https://www.bloomberg.com/news/newsletters/2025-12-19/india-s-big-financial-sector-deals-modi-government-s-parliament-report-card

Neighbourhood First and Act East policies aim to deepen regional connectivity and economic partnerships across South and Southeast Asia. However, India's regional strategy is increasingly shaped by geopolitical competition, particularly China's expanding presence in the Indian Ocean and its dominance in critical minerals. Beijing's construction of dual-use ports and logistics hubs in Sri Lanka (Hambantota), Myanmar (Kyaukpyu), and supply of weapons to East African states is perceived in New Delhi as a direct challenge to its maritime security and economic influence. In response, India has prioritised infrastructure investments and energy cooperation projects such as the India–Bangladesh power grid and India–Nepal transit corridors to assert its role as the primary economic anchor of South Asia and a stabilising force in Indo-Pacific trade networks.

Globally, India's economic diplomacy is focused on building influence through leadership in multilateral forums such as the G20, BRICS, and WTO. During its 2023 G20 Presidency, India positioned itself as a voice for the Global South, championing digital inclusion, green growth, and debt reform for developing economies. This reflects a broader ambition to be a rule-shaper in global economic governance – advancing policies that balance open trade with resilience.

India also views economic statecraft as a central policy tool. Flagship programmes such as Make in India, Atmanirbhar Bharat, and Digital India are designed not only to promote domestic growth but also to strengthen strategic leverage in global markets.[7] Meanwhile, participation in frameworks such as the Indo-Pacific Economic Framework (IPEF) and the Indo-Pacific Oceans Initiative (IPOI) demonstrates India's intent to shape regional supply chains and maritime governance without entering binding security alliances.

India's geoeconomic strategy combines self-reliance with selective interdependence. Its objective is to use trade, technology, and connectivity as instruments of national strength to reduce vulnerabilities while expanding influence across the Indo-Pacific and beyond. For policymakers, this strategy signals India's shift from a reactive actor to a proactive economic balancer in a world defined by competition, coercion, and connectivity.

What geoeconomic strengths does India possess, and how can they be used to achieve strategic objectives?

India's geoeconomic strength lies not merely in its economic growth but in its ability to translate sectoral capabilities into strategic leverage. The country's expanding technological capacity, demographic scale, and institutional credibility are increasingly becoming instruments of economic statecraft, shaping its influence across global markets, supply chains, and governance frameworks.

[7] Majumdar, R. (2026, February 6). *India economic outlook: Asia-Pacific.* Deloitte Insights. https://www.deloitte.com/us/en/insights/topics/economy/asia-pacific/india-economic-outlook.html

Technological Capability and Strategic Autonomy

India's technological ecosystem spanning space exploration, pharmaceuticals, and high-tech manufacturing forms the backbone of its geoeconomic resilience and strategic influence. The Indian Space Research Organisation (ISRO) exemplifies cost-effective innovation through missions such as Chandrayaan-3 and Mangalyaan, which have elevated India's global reputation as an affordable and reliable space power.[8] Through satellite launches, data-sharing agreements, and capacity-building initiatives, India converts technological capability into long-term interdependence rather than dominance. However, this influence remains constrained by India's reliance on imported high-end components. Rather than undermining India's geoeconomic role, this dependence reinforces its incentives to pursue joint ventures, technology-sharing agreements, and trusted supply-chain partnerships with the U.S., Japan, and the EU. In this sense, India's strategic autonomy acts as a bargaining tool in global markets.

Similarly, the pharmaceutical sector functions as a cornerstone of India's global influence. Valued at over USD 50 billion in 2024, it supplies 20% of global generics and over 60% of vaccine demand cementing India's status as the 'pharmacy of the world'.[9] During the COVID-19 pandemic, India's Vaccine Maitri initiative extended this role into diplomacy, strengthening ties with Africa, Latin America, and Southeast Asia through medical aid.[10] Complementing these sectors, India's push in semiconductors, electronics, and advanced manufacturing seeks to reduce dependence on Chinese supply chains and establish itself as a trusted and resilient high-tech manufacturing hub within the Indo-Pacific economy. However, India's dependence on imported active pharmaceutical ingredients, largely from China, creates vulnerabilities that incentivise diversification partnerships with Europe, Japan, and ASEAN states. These interdependencies suggest that India's pharmaceutical strength enhances cooperation rather than unilateral leverage.

Digital Infrastructure and Economic Influence

India's digital governance model anchored by Aadhaar, the Unified Payments Interface (UPI), and DigiLocker has revolutionised financial inclusion and state capacity. In June 2025, UPI processed ₹24 lakh crore[11] (approximately USD 2.7 trillion) through 18 billion transactions, cementing its role as the backbone of India's digital economy. More

[8] Giri, C. (2025, May 30). *Charting a path to controlled growth for India's 'sunrise' space economy.* Observer Research Foundation (ORF). https://www.orfonline.org/research/charting-a-path-to-controlled-growth-for-india-s-sunrise-space-economy

[9] Press Information Bureau (PIB). (n.d.). *India's manufacturing momentum: Performance and policy.* Government of India. https://www.pib.gov.in/PressNoteDetails.aspx?NoteId=152038&ModuleId=3&reg=48&lang=2

[10] Mol, R., Singh, B., Chattu, V. K., Kaur, J., & Singh, B. (2021). *India's health diplomacy as a soft power tool towards Africa: Humanitarian and geopolitical analysis.* Journal of Asian and African Studies. https://doi.org/10.1177/00219096211039539

[11] Press Information Bureau. (2025, July 20). *India's UPI Revolution.* Government of India. https://static.pib.gov.in/WriteReadData/specificdocs/documents/2025/jul/doc2025720589601.pdf

than a domestic innovation, India's Digital Public Infrastructure (DPI) is now being exported to Africa, Southeast Asia, and Latin America through bilateral partnerships and the G20 DPI Agenda. This expansion represents a strategic use of digital soft power, positioning India as a democratic counterweight to China's state-controlled digital model and extending its geoeconomic influence through data and connectivity. By exporting its Digital Public Infrastructure, India is has become a leading provider of digital payment infrastructure, with the UPI now being the fifth largest payment network by volume, behind only Visa, Alipay, WeChat Pay, and MasterCard.[12] While such initiatives underscore India's flex in digital diplomacy, concerns over data protection and cybersecurity limit the universal transferability of India's model. As a result, India's digital influence depends on sustained trust-building, regulatory transparency, and alignment with international norms rather than technological diffusion alone.

Demographic Power and Human Capital

India's demographic dividend with 65% of its 1.43 billion citizens under 35 provides both an industrial advantage and a vast consumer base. This youthful workforce gives India a competitive edge in labour-intensive manufacturing, technology services, and innovation. However, as policy makers recognise, geoeconomic advantage depends on human capital, not just population size. Sustained investment in education, vocational training, and research collaboration with global institutions will determine whether India's demographic strength can evolve into a durable source of strategic influence.

Demographic advantage translates into durable economic ties only if supported by human capital development. Unfortunately, the potential of India's human capital remains unevenly realised. While the national literacy rate reached 80.9% in 2025, it still lower than the global average and significantly lower other major emerging economies China (97%), Brazil (94%), and Russia (99.9%).[13] The challenges associated with a low literature rate are compounded by skill mismatches, large-scale brain drain, and regional disparities, which limit productivity gains and complicate foreign investment outcomes. Consequently, India's demographic strength encourages partnership-driven solutions, such as joint training programmes, education exchanges, research collaboration, and foreign investment in the higher education sector rather than serving as a self-sufficient source of geoeconomic power.

Clean Energy and Strategic Leverage

India's clean energy transition embodies the intersection of economic transformation and strategic autonomy. With over 180 GW of installed renewable capacity, India is the world's third-largest producer of renewable energy and aims for 500 GW of non-fossil

[12] Sánchez-Cacicedo, A. (2024, December 16). *India's Digital Public Infrastructure: a Success Story for the World?* Institut Montaigne. https://www.institutmontaigne.org/en/expressions/indias-digital-public-infrastructure-success-story-world

[13] Press Information Bureau. (2025, September 8). *International Literacy Day 2025 celebrated with the theme "Promoting Literacy in the Digital Era".* Government of India. https://www.pib.gov.in/PressReleasePage.aspx?PRID=2164749&reg=48&lang=2

capacity by 2030. Through initiatives such as the International Solar Alliance and green hydrogen partnerships with the EU, France, and Japan, India positions itself as a global hub for low-carbon technology and climate leadership. Complemented by hydropower cooperation with Bhutan and Nepal and nuclear collaborations with the U.S. and Russia, these efforts reduce dependence on fossil fuels, enhance energy security, and strengthen India's regional and global geoeconomic influence.

Despite the obvious geoeconomic strengths stemming from India's clean energy programme, systemic challenges remain. Particularly, financing constraints, grid limitations, and continued coal dependence mean that India remains reliant on foreign partnerships and imported technologies to achieve its clean energy goals. Yet this reliance reinforces mutual dependence, anchoring India more deeply within global energy and climate governance networks.

What are India's geoeconomic vulnerabilities?

India's geoeconomic posture, that is, its ability to wield economic instruments for strategic advantage, is constrained by a set of enduring vulnerabilities. These include energy dependence, asymmetric supply chain exposure to China, susceptibility to protectionist trade regimes, security threats emanating from cross-border terrorism, and human development challenges. Together, these challenges divert necessary resources towards conflicts, limit India's strategic autonomy, and its capacity to project influence within an increasingly fragmented and weaponised global economy.

Energy Dependence and Exposure to Supply Shocks

India's dependence on imported hydrocarbons represents its most critical geoeconomic vulnerability. The country imports over 30 percent of its crude oil from Russia, with suggestions that this may rise up to 40 percent given geopolitical tensions in the Middle East.[14] This dependence restricts New Delhi's policy flexibility, leaving it exposed to disruptions triggered by geopolitical crises, sanctions, or cartel-driven price volatility. The Ukraine war and subsequent energy crisis highlighted how quickly such vulnerabilities can translate into macroeconomic instability, inflation, and currency pressure.[15] India's rising oil imports from Russia have also drawn criticism and invited punitive sanctions from the United States and the European Union. New Delhi, however, has firmly pushed back, accusing Western economies of double standards noting that their own continued energy engagements with Moscow undermine the moral basis of such pressure.[16]

[14] Das, K. N., & Verma, N. (2026, March 4). *Russia prepared to divert oil to India as Middle East conflict disrupts flows, source says.* Reuters. https://www.reuters.com/business/energy/russia-prepared-divert-oil-india-middle-east-conflict-disrupts-flows-source-says-2026-03-04/

[15] International Monetary Fund. (2025, February 27). *India: 2024 Article IV Consultation—Press Release; Staff Report; and Statement by the Executive Director for India.* IMF Staff Country Reports, No. 2025/054. https://www.imf.org/en/publications/cr/issues/2025/02/27/india-2024-article-iv-consultation-press-release-staff-report-and-statement-by-the-562726

[16] Sharma, Y., & Kasturi, C. S. (2025, August 5). *India accuses US, EU of Russia trade double standards: Who is right?* Al Jazeera.

While India's renewable energy ambitions, targeting 500 GW of non-fossil fuel capacity by 2030, represent a major stride toward self-reliance, the transition remains incomplete. This capacity would account for roughly 50% of India's projected total electricity generation.[17] Nonetheless, fossil fuels continue to dominate India's energy mix and shape its external alignments, leaving New Delhi's energy diplomacy closely tied to major suppliers such as Russia and the Gulf states.

Dependence on China for Critical Supply Chains

India's heavy reliance on Chinese imports across key industrial sectors, such as semiconductors and pharmaceutical, creates a significant structural asymmetry. China supplies over 30 percent of India's semiconductors and over 70 percent of its pharmaceutical raw materials.[18] This dependence exposes India to potential economic coercion through export restrictions or manipulation of input prices. The 2020 border standoff in Ladakh exposed these vulnerabilities, prompting India to restrict several Chinese imports and scrutinise foreign direct investment from China as part of its broader strategy to reduce exposure. However, substitution remains difficult due to cost competitiveness and technological dependence. This asymmetric interdependence undermines India's resilience and constrains its policy responses in times of crisis.

Exposure to Global Protectionism and Trade Fragmentation

Rising global protectionism presents a structural challenge for India's export-driven sectors, including textiles, steel, and IT services. Tariff escalation, regulatory nationalism, and climate-linked measures such as the EU's Carbon Border Adjustment Mechanism risk eroding India's competitiveness and restricting access to developed markets.[19] India's decision to remain outside major regional trade frameworks like the Regional Comprehensive Economic Partnership further limits its integration into emerging Indo-Pacific supply chains, potentially marginalising it in evolving trade architectures. While India champions a rules-based multilateral system under the WTO and advocates fairer more equitable representation for developing economies within global institutions, it has historically maintained protectionist tendencies. Its current approach is selectively liberal, open in services and digital trade, yet protective in agriculture and defence. Unlike China's state-led export subsidies and overcapacity strategies, India's protectionism aims to

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https://www.aljazeera.com/news/2025/8/5/india-accuses-us-eu-of-russia-trade-double-standards-who-is-right

[17] Press Information Bureau. (2025, July 14). *India's Renewable Rise: Non-Fossil Sources Now Power Half the Nation's Grid.* Ministry of New and Renewable Energy, Government of India. https://www.pib.gov.in/PressReleasePage.aspx?PRID=2144627&reg=3&lang=2

[18] Shrinivasan, S., Singh, R., & Ganguly, A. (2025). *Healing the World: A Roadmap for Making India a Global Pharma Exports Hub.* Bain & Company. https://www.bain.com/insights/healing-the-world-a-roadmap-for-making-india-a-global-pharma-exports-hub/

[19] De Beaurepaire, C., & Sharma, K. (2023, October 3). *EU carbon tax regime hammers Indian steelmakers.* Nikkei Asia. https://asia.nikkei.com/spotlight/environment/climate-change/eu-carbon-tax-regime-hammers-indian-steelmakers

preserve policy autonomy and shield its economy from volatility, reflecting reformist rather than revisionist ambitions within the global order.

Security Threats and Regional Instability

Beyond economic fragilities, cross-border terrorism emanating from Pakistan continues to impose tangible geoeconomic costs. High-profile attacks including the 2001 Parliament assault, the 2008 Mumbai attacks, the 2016 Pathankot incident, the 2019 Pulwama attack, and, most recently, the 2025 Pahalgam episode have repeatedly disrupted commerce, tourism, and investor confidence, underscoring the deep interdependence between security and economic resilience.[20] Moreover, Pakistan's deepening alignment with China through the China–Pakistan Economic Corridor (CPEC) amplifies India's regional strategic concerns. CPEC's expansion through contested territory in Kashmir undermines India's sovereignty and extends Beijing's economic influence in South Asia.[21] This dual challenge of terrorism and geoeconomic encirclement remains a persistent constraint on India's ability to maintain regional stability and attract sustained investment.

Hydro-political tensions with Pakistan

Another dimension of India's geoeconomic vulnerability lies in water security, particularly concerning the Indus Waters Treaty of 1960. As climate change intensifies and water demand rises, the distribution of river flows between India and Pakistan has become an instrument of geopolitical leverage. India, which controls the headwaters of the Indus Basin, has occasionally signalled its intent to reconsider or limit water-sharing commitments in response to Pakistan's alleged sponsorship of cross-border terrorism. While India upheld the treaty for 65 years until its suspension in 2025, the increasing use of water as a strategic bargaining chip underscores how 'hydro-politics' is becoming intertwined with economic and security policy.[22] The fragility of this arrangement poses potential risks for agriculture, energy production, and regional stability on both sides of the border.

Which allies or partners does India cooperate with today, and which might it seek to engage with in the future?

India's geoeconomic partnerships reflect strategic pragmatism, balancing between rival blocs while preserving autonomy. Amid growing tensions between the West and the China–Russia axis, India has resisted Western pressure to sever energy and defence ties with Moscow, prioritising national interests

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[20] Reserve Bank of India. (2025, July 23). *Reserve Bank of India Bulletin – July 2025.* Reserve Bank of India. https://www.rbi.org.in/Scripts/BS_ViewBulletin.aspx?Id=23131

[21] Dolbaia, T., Banerjee, V., & Southfield, A. (2025, August 22). *Guns and Oil: Continuity and Change in Russia-India Relations.* Center for Strategic and International Studies (CSIS). https://www.csis.org/analysis/guns-and-oil-continuity-and-change-russia-india-relations

[22] Ahmadzai, A. (2025, April 25). *The Indus Waters Treaty: Colonial Legacies, Cold War Geopolitics, and Climate Challenges.* The Diplomat. https://thediplomat.com/2025/04/the-indus-waters-treaty-colonial-legacies-cold-war-geopolitics-and-climate-challenges/

and energy security.[23] Simultaneously, it has deepened cooperation with the U.S., Japan, and the EU through the Quad and Indo-Pacific frameworks. This balance underscores India's evolution into a geoeconomic pivot, shaping global order through pragmatic engagement.

Russia: The Strategic Constant

Russia remains India's most enduring strategic partner, grounded in a legacy of defence, energy, and diplomatic cooperation. Despite not being a major economic partner (accounting to only roughly $70 billion in bilateral trade[24]) Moscow's use of its UN Security Council veto in 1951, 1962, and 1971 to support India on the Kashmir issue, when most other countries declined support cemented this mutual trust.[25] Today, Russia supplies more than 60% of India's defence equipment, and cooperation extends to nuclear energy and hydrocarbons. The Russo-Indian relationship rests on 'guns and oil', symbolising strategic continuity despite global volatility.

The Global South and the Gulf

India's growing engagement with the African Union (AU) - $100 billion bilateral trade in 2024-25; and Mercosur - $17.9 billion in 2024-25 reflects its commitment to South–South cooperation[26][27]. Through the India–Africa Forum Summit, renewable energy projects, and digital partnerships, India offers a developmental alternative to China's debt-based model. In Latin America, India's collaboration with Brazil and Mercosur, anchored in agriculture, biofuels, and renewable energy, strengthens its BRICS+ position and diversifies trade amid U.S. tariff disruptions.

Equally important are India's deepening ties with Gulf states, particularly the United Arab Emirates (UAE). The UAE has emerged as a critical partner for energy security, investment flows, and financial connectivity, reinforced by the Comprehensive Economic Partnership Agreement (CEPA). These ties bind India's labour force, remittance economy, and energy needs with capital-rich Gulf economies, creating durable mutual dependence.

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[23] Dolbaia, T., Banerjee, V., & Southfield, A. (2025, August 22). *Guns and Oil: Continuity and Change in Russia-India Relations.* Center for Strategic and International Studies (CSIS). https://www.csis.org/analysis/guns-and-oil-continuity-and-change-russia-india-relations

[24] Abbasov, B. (2026, July 6). *India expects trade with Russia to reach $70 billion.* Caliber.Az. https://caliber.az/en/post/india-expects-trade-with-russia-to-reach-70-billion

[25] Chaudhury, D. R. (2020, January 20). *Russian support to India on Kashmir is rooted in history.* The Economic Times. https://economictimes.indiatimes.com/news/politics-and-nation/russian-support-to-india-on-kashmir-is-rooted-in-history/articleshow/73411150.cms?from=mdr

[26] The Economic Times. (2025, August 27). *India-Africa trade crossed USD 100 billion in 2024-25.* https://economictimes.indiatimes.com/news/economy/foreign-trade/india-africa-trade-crossed-usd-100-billion-in-2024-25-kirti-vardhan-singh/articleshow/123543923.cms?from=mdr

[27] The Times of India (2025, October 16). *India, Brazil agree to expand trade pact; aim for deeper economic partnership.* https://timesofindia.indiatimes.com/business/india-business/india-mercosur-trade-india-and-brazil-agree-to-expand-trade-pact-aim-for-deeper-economic-partnership/articleshow/124608681.cms

Europe and the United Kingdom

India's partnerships with Europe and the United Kingdom have become pivotal to its geoeconomic strategy, reflecting New Delhi's effort to strengthen its position within the reconfigured global trading order. The EU is India's third largest economic partner, accounting for 11.5% of India's total trade.[28] It is also a key source of capital, technology, and regulatory expertise, providing India a crucial platform to influence the evolving global trade architecture, particularly in areas such as clean energy and digitalisation.

In the post-Brexit environment, the United Kingdom has intensified its pursuit of economic engagement with India to offset its diminishing competitiveness outside the EU. Yet the power trade dynamic in this partnership is asymmetrical, with the balance tilting in India's favour as the UK recorded a trade deficit of GBP 8.3 billion with India in 2023, indicating that the UK now relies more on IndiaYet the power dynamic in this partnership is asymmetrical, i.e., the UK now relies more on India than India on the UK.[29] With India projected to become the world's third-largest economy by 2030, access to India's vast consumer base, skilled workforce, and digital infrastructure is essential for the UK's post-EU recovery. A UK–India FTA would not only deepen cooperation in finance, higher education, and green technology, but also enable India to revitalise its geoeconomic influence across the Commonwealth, leveraging shared institutions to shape trade norms, investment flows, and digital governance across a 50-nation network.

Japan and the Pacific corridor

India's eastward strategy has deepened cooperation with Japan and Australia through the Quad, serving as a strategic counterweight to China's growing dominance in the South China Sea. Japan occupies a particularly central role in India's geoeconomic vision, combining long-term developmental partnership with shared Indo-Pacific security interests. Both members of the G4 and aspirants to permanent UNSC membership, India and Japan align diplomatically and strategically. Their partnership extends beyond rhetoric, anchored in infrastructure finance, industrial corridor development, high-speed rail, and manufacturing ecosystems. Geoeconomically, Japan supports India's ambition to emerge as an alternative manufacturing hub by supplying capital, technology, and managerial expertise. This collaboration enhances India's integration into trusted supply chains while reducing exposure to geopolitical coercion. Japan's emphasis on quality infrastructure and rules-based connectivity complements India's preference for transparent and sustainable engagement, reinforcing convergence within the Quad and positioning Japan as a structural enabler of India's long-term geoeconomic ascent.[30]

[28] European Commission. (2026). *EU trade relations with India.* Directorate-General for Trade and Economic Security. https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/india_en

[29] Malhotra, S. (2025, January 14). India and the UK in 2025: *A Primer.* Observer Research Foundation (ORF). https://www.orfonline.org/research/india-and-the-uk-in-2025-a-primer

[30] Sriram, S., & Senthilkumar, N. (2025, September 16). *Financing the Future: India–*

Who are India's geoeconomic rivals, and what does the balance of power look like?

India's geoeconomic environment is shaped by strategic rivalries with major powers, most prominently China and, more recently, the United States. As India's economic and strategic profile grows, it faces a dual challenge: managing long-term competition with Beijing while adapting to emerging trade frictions with Washington. India's geoeconomic strategy aims to chart a 'third way' between the Western and Eastern models. While navigating competition with both Washington and Beijing, India advocates a reformed, rules-based multilateralism that enhances representation for developing economies within institutions like the WTO, IMF, and World Bank.

Paradoxically, China remains India's most consequential geoeconomic rival, with competition extending across trade, infrastructure, and technology. Bilateral trade surpassed USD 120 billion in 2024, but remains deeply unbalanced in Beijing's favour, reflecting India's dependence on Chinese imports particularly in key sectors such as electronics and pharmaceutical inputs.[31] This asymmetry exposes India to potential supply chain coercion and restricts its flexibility during geopolitical crises.

China's regional infrastructure ambitions compound this rivalry. The Belt and Road Initiative (BRI) and its associated 'String of Pearls' network from the Arabian Sea to East China Sea demonstrate Beijing's strategy to consolidate influence across South Asia and the Indian Ocean.[32] The China–Pakistan Economic Corridor (CPEC), a USD 60 billion component of the BRI, is particularly contentious as it traverses the disputed Gilgit-Baltistan region, challenging India's territorial sovereignty.[33] Collectively, these projects expand China's reach into India's strategic periphery, altering the regional balance of power.

Technologically, the competition has sharpened. China leads in artificial intelligence, 5G, and advanced manufacturing, while promoting a state-driven digital model that deepens its economic leverage across Asia and Africa. This technological dominance has a clear geoeconomic dimension: to grant China the ability to shape digital standards, control data flows, and influence critical supply chains. For India, this represents not only an economic risk, but a strategic vulnerability.

Japan Infrastructure Partnerships for Sustainable Mobility. Mizuho India Japan Study Centre, Indian Institute of Management Bangalore. https://www.iimb.ac.in/mijsc/kizuna-sabha/financing-future.php

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Conclusion

India's geoeconomic trajectory reflects its ambition to be a reliable partner to both the Global North and South. Anchored in multi-alignment and economic sovereignty, India views the global economic order as Western-dominated and seeks reforms to ensure fairer representation for developing economies. Its dual identity as a rapidly developing market and digital innovator positions it as a bridge between advanced and emerging economies, shaping global trade and governance norms.

India's geoeconomic prospects are substantial, though their perception varies globally. Domestically, the government portrays its expanding clean energy base, digital infrastructure, and advanced pharmaceutical and space sectors as evidence of a stabilising, growth-oriented power. Yet from a Western perspective, which as per the Indian government comes with a flavour of double standards, India's deepening trade and energy ties with Russia particularly since the Ukraine war have complicated this image. By continuing discounted Russian oil imports, India argues it is safeguarding energy security, not sponsoring conflict, asserting that strategic autonomy, not alignment, guides its choices. For New Delhi, maintaining engagement with all sides is a pragmatic necessity in a fragmented world, reflecting a belief that global stability is best served through multipolar balance rather than bloc-based confrontation.

India's geoeconomic vulnerabilities remain structural. Dependence on imported hydrocarbons, exposure to global protectionism, asymmetric reliance on Chinese supply chains, and security challenges, especially cross-border terrorism and water tensions with Pakistan, constrain its geoeconomic autonomy. Addressing these weaknesses through diversification in energy, trade, and technology is essential for strategic resilience.

India's partnerships with Russia in defence and energy, the EU and UK in green and digital cooperation, and the African Union and Mercosur through South–South collaboration will determine its leverage in a multipolar world. However, managing growing economic frictions with the U.S., while preserving strategic balance, will remain its toughest challenge.

For policymakers, the imperative is clear: to institutionalise resilience and project reliability, ensuring that India's economic power evolves into true geoeconomic statecraft capable of shaping the contours of the emerging global order.

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