

# *An analysis of Modi Government's Indian Ocean Policy from the perspective of economic cooperation*

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**Abstract:** Since Prime Minister Narendra Modi has taken office, while adhering to the policy of giving priority to South Asia, he has gradually turned his attention to the southwest Indian Ocean, that is, Modi Government's Indian Ocean Policy has shown a trend of “looking to the south”. Therefore, whether the economic cooperation between India and the Indian Ocean Nations also shows a trend of southward shift, which is the main content of the article. This article analyses the Indian Ocean Policy of Modi Administration from the perspective of economy, through the calculation of the economic cooperation data between Modi government and the countries along the Indian Ocean since he took office and analyse the trend of data, here we try to analyze the economic cooperation data of Modi government and evaluate the performance. And through the data of economic cooperation, it is confirmed that modi government's attention to the Indian Ocean indeed shows a trend of looking south.

## 1. Introduction

Since the 1990s, India's economy has experienced a rapid development for many years since India has implemented economic reform. Since the end of the cold war, the Indian government has put forward the strategy of looking east. Modi government's Indian Ocean Policy is the inheritance and development of previous governments. As a maritime power with strong military and economic strength, India has a strong interest in playing a major security provider in the Indian Ocean region.[ ]While adhering to the priority of South Asia, India has turned its strategic focus to Southeast Asia. Since Prime Minister Modi took office, he has begun to “look south” and turn its strategic focus to the southwest Indian Ocean. This trend of “looking south” is mostly reflected in Modi's diplomatic activities and public speeches. However, does the economic cooperation between India and the countries bordering the Indian Ocean also show a trend of looking south. Here is the main content of this article.

## 2. Methodology

### 2.1. Main research method

This article follows the general way of policy research. Through reading the official documents issued by Modi government, collecting and sorting the speeches of prime minister Modi and other Indian officials, this article sorts out and analyzes the trade, investment and foreign assistance expenditure of India and Indian Ocean countries since Modi took office, and analyzes the actual implementation of Modi government's Indian Ocean Policy in the field of economy.

In terms of economic policy, the main economic initiatives under the framework of Modi government's Indian Ocean policy are multilateral economic participation and bilateral economic cooperation. Here we would mainly calculate Modi Government's data on direct investment, bilateral trade and foreign aid in the Indian Ocean region since he took office, through the comparison of data we try to figure out whether the focus or inclination of Modi government has deviated in the field of economic cooperation.

### 2.2. Data calculation and comparison

An overview of multilateral economic cooperation.

At present, the multilateral economic cooperation organizations in the Indian Ocean region mainly include the South Asian Association for Regional Cooperation, the Regional Cooperation Organization around the Indian Ocean and the Multilateral Economic and Technological Cooperation Organization around the Bay of Bengal. Due to the fact that most of the countries in the Indian Ocean region are developing countries with single economic structure and poor economic complementarity, there are many regional economic cooperation agreements signed in the Indian Ocean region, but the implementation is poor. Modi said in 2013 that bilateral trade will become the main trade mode between India and most countries, except for several global powers with strategic partnership with India. In view of the failure of the multilateral economic cooperation mechanism, India began to develop bilateral economic cooperation with the countries bordering the Indian Ocean, especially the South Asian countries. Here we will mainly discuss the general situation of bilateral economic cooperation between India and the countries in the Indian Ocean region.

Table 1: Statistics of bilateral economic cooperation between India and South Asian countries

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Direct investment	67.28	138.24	71.47	189.19	309.64	490.24
Import and export trade	22726.41	20734.7	21236.28	25160.06	32081.4	24249.54

Table 2: Statistics of bilateral economic cooperation between India and SouthEast Asian countries

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Direct investment	6332.75	5803.18	5739.39	5605.95	2817.90	4314.85
Import and export trade	54920.86	45825.19	49900.85	54391.35	71625.22	60528.72

Table 3: Statistics of bilateral economic cooperation between India and other Indian Ocean countries

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Direct investment	6570.03	3991.29	5253.48	2712.30	3188.97	1784.47
Import and export trade	26539.41	20558.98	19905.15	21815.91	22443.57	23210.9

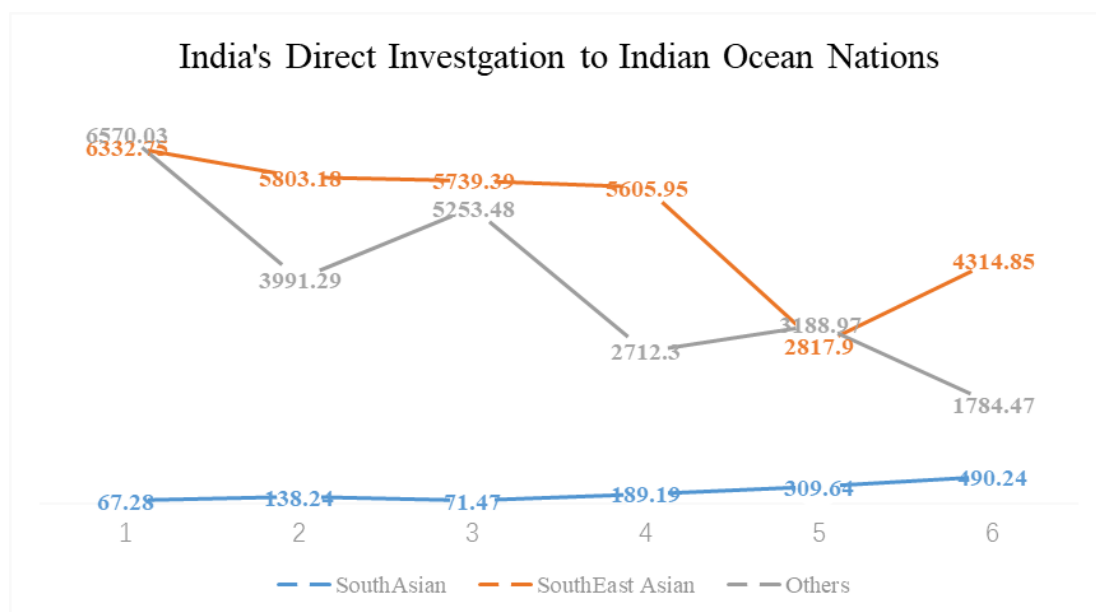


Figure 1: India's direct nvestigation to Indian Ocean Nations

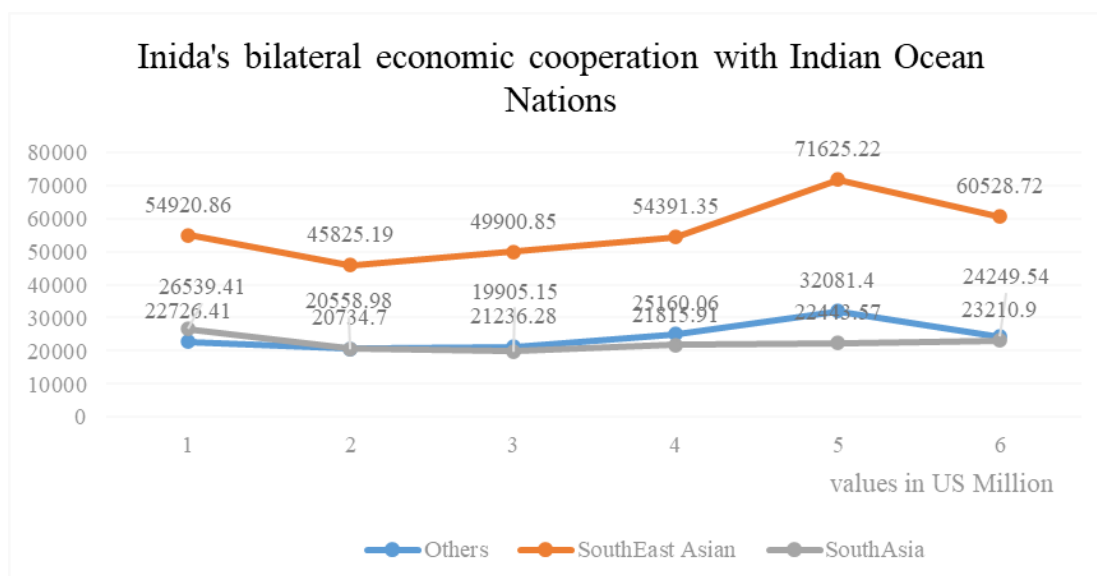


Figure 2: Inida's bilateral economic cooperation with Indian Ocean Nations

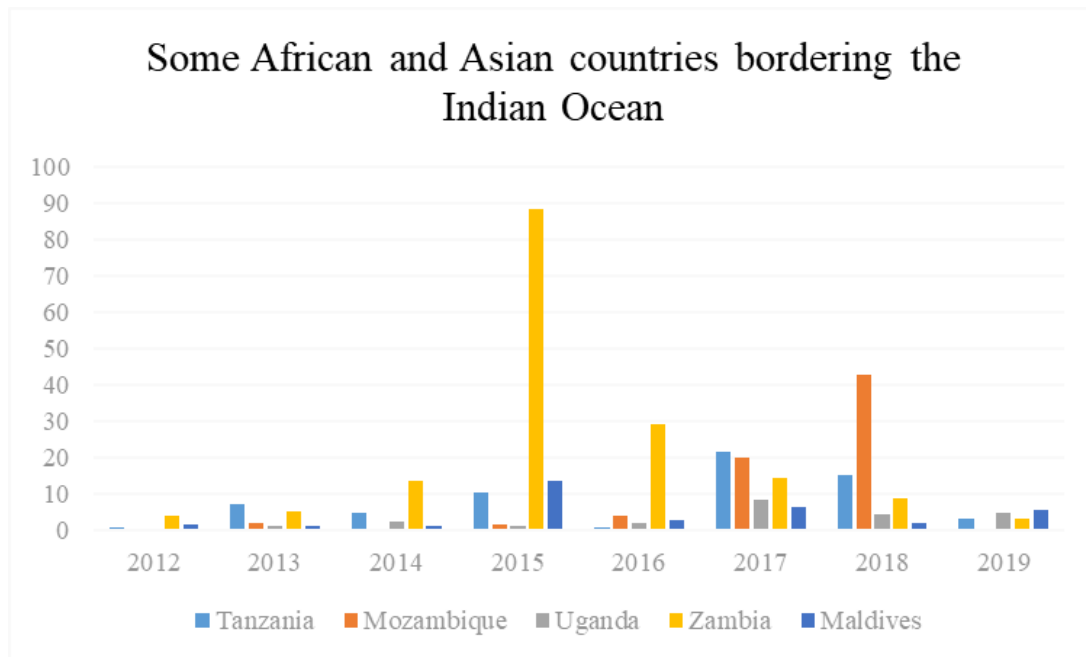


Figure 3: Some African and Asian countries bordering the Indian Ocean

In addition to the data of direct investment and import and export trade, India's modi government's foreign aid to African countries in South Asia and the Indian Ocean did not show a significant increase, but India's aid to African countries along the Indian Ocean increased significantly. In contrast, the proportion of India's traditional foreign aid recipients Nepal and bhutan in India's foreign aid decreased significantly. Since Prime Minister modi took office, modi's active foreign policy has also affected his development assistance plan. Since modi came to power, the proportion of Indian Ocean island countries and their coastal countries in India's foreign aid has increased significantly. Take the 2019-2020 fiscal year as an example, India's foreign aid budget is 84.15 billion rupees, including 28.02 billion rupees to Bhutan, 11 billion rupees to Mauritius, 1 billion rupees to Seychelles, and 4.5 billion rupees to Africa. Ten years ago, India's foreign aid went to Bhutan Aid rarely goes to countries in the Indian Ocean region, and Mauritius and Seychelles are not even on India's aid list.

### 3. Results and discussion

Since modi took office, his public diplomatic activities and public speeches have shown a trend of "looking south". In terms of the economic initiatives in his Indian Ocean Policy, the economic cooperation focus of Modi government is still in South and Southeast Asian countries, but at the same time, he has shown extra attention to African countries in the southwest Indian Ocean region.

On the whole, modi government has still focused on the northern Indian Ocean since taking office, but the policy focus has also begun to tilt towards the South Indian Ocean. However, compared with the former Singh government, the growth rate of direct investment, import and export trade and foreign aid amount of modi government to the countries in the Indian Ocean region shows a downward trend. Nevertheless, it can be found from the data comparison that the modi government's policy focus tends to shift to the southwest Indian Ocean on the premise of insisting on the priority of South Asia.

### **3.1. The main factors that have affected the policy-making**

#### **3.1.1. Internal factors**

Nehru once said that "India wants to become a powerful country". India has always had the dream of becoming a great power. Nehru believes that India has natural hegemony over Asia and the Indian Ocean. After the founding of India, Nehru said bluntly that "it is time for Asian countries to implement Monroe Doctrine". In addition to the geographical advantages of the Indian peninsula, for a long time, India regarded the Indian Ocean as its sphere of influence. According to Mahan's theory of sea power, to become a maritime power needs to meet the following conditions: superior geographical location, strong navy, large population, developed marine culture, government policy support and the desire of its citizens to engage in marine trade. India basically has the basic conditions of maritime power described by Mahan, The Indian Ocean is vital to India's prosperity and security. To develop friendly relations with countries in the Indian Ocean region, any threat to the countries in the Indian Ocean region is a threat to India's security. And its neighboring countries have relative economic strength compared with India Backwardness is also a natural condition for India to gain natural hegemony in the Indian Ocean region.

#### **3.1.2. External factors**

When it comes to the impact of external factors on India's foreign policy-making, in addition to the influence of the countries along the Indian Ocean mentioned in the previous paragraph, it is more the game between China and the United States that has brought about the impact on India's foreign policy-making. The India Pacific strategy, or India Pacific idea, was first proposed by the Japanese government to try to build a quasi alliance between the United States, Japan, Australia and India. Later, it received positive responses from the United States and Australia. However, India did not respond positively to the India Pacific strategy proposed by Japan. Although modi has repeatedly said in public that India is committed to building a free, open, prosperous and inclusive India Pacific region, India and the Pacific region are committed to building a free, open, prosperous and inclusive region, But there is little mention of the Indo Pacific strategy in official documents. But in fact, as an important part of the alliance between the United States, Japan, Australia and India, India Pacific strategy is bound to be put forward for India. But there is little mention of the Indo Pacific strategy in official documents. In fact, as a strategic alliance between India and the United States, Japan and India are bound to have an important impact on India's foreign policy.

China's influence on India's foreign policy making must also be considered. China has a large number of goods import and export trade through the Indian Ocean every year. In recent years, for the sake of maritime transportation security, China has begun to invest in the construction of commercial ports in the southwest Indian Ocean region. One belt, one road initiative China and India Ocean region countries have closer economic and trade contacts, and China and India have greater coincidence in the investment of India countries along the India ocean. The economic participation of China in the India Ocean will surely arouse India's vigilance.

### **4. Conclusions**

After analyzing the economic cooperation data of the countries in the Indian Ocean region since modi took office, we can draw a general conclusion that modi government's focus is still on the northern Indian Ocean region, but it has begun to shift to the south. The reason lies not only in India's pursuit of the dream of a great power, but also in the factors of many big powers' game.

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