

# Gist of RSTV Big Picture: Global Optimism Towards India

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**What's in the news?**

- India offers a perfect combination of openness, opportunities, and options for other nations to invest in a variety of sectors in the country.
- In the post Covid-19 new world order, there is global optimism towards India.
- The world is looking towards India to play a major role in the Indo-pacific region and beyond, to look for multi-faceted solutions in the short and long term.
- Bilateral meetings and summits addressed by the Indian Prime Minister have created fruitful outcomes.

**Why are several nations around the world looking towards India?**

- India has become the fifth largest economy in the world.
- The International Monetary Fund (IMF) projects India to be the fastest growing major economy in 2020.
- India has developed closer relations with other major democracies of the world.
  - India is negotiating dialogue with QUAD plus grouping.
  - It has welcomed the idea of the US for convening an expanded gathering of the G-7 leaders including Australia, South Korea along with India.
- India is becoming an attractive economic destination globally.
  - Owing to the anti-China sentiment in the US and other nations, leading multinationals are shifting bases from China to India, Vietnam and Taiwan.
- What makes India an attractive destination for economic investment ?
  - Nearly 18% of the global population stays in India.
  - Before the Covid-19 pandemic, India had reached the highest mark of Foreign Direct Investment (FDI) of about 49 billion dollars already.
  - China was the second largest FDI recipient in 2019. After the pandemic India is likely to attract more foreign investment in various sectors.
  - New wave of economic reforms being introduced in India like revised labour laws, relaxations for the MSMEs, corporate tax reductions to 22% and only 15% taxation for new manufacturing companies (which will be set up after October 1, 2020) makes India an attractive destination for investment.
  - The Covid-19 pandemic is estimated to shrink the world GDP output by 3% in 2020. India has a relative advantage of 1.9 % growth. It is among leading economies of Asia besides China.

### India in the global perspective:

- The US considers India as a major strategic partner and acknowledges the huge success of the Indian diaspora in the US.
- The US is keen on a strategic and multi-faceted partnership with India in the Indo-Pacific region. It also wants to involve smaller powers like Japan, South Korea and Australia.
- India has currently adopted a flexible foreign policy instead of its post-independence non alignment stance, by associating with other nations with similar interests.
- India has become more active in participating in various bilateral and multilateral forums.
- Geographically India is situated between two oceans which make it an ideal geo-strategic power.
- The US considers India, a perfect partner in its efforts towards offsetting rising Chinese expansionism.

### India's relationship with it's neighbours in the present scenario:

- The Reserve Bank of India (RBI) has signed a currency swap agreement with the Central Bank of Sri Lanka.
  - The agreement was signed under the SAARC Currency Swap Framework 2019-22 would be valid till November 13, 2022.
- India has signed a trans-shipment deal with Bangladesh for trans-shipment of goods to its North-eastern states through Bangladesh's Chattogram (Chittagong) port.
- India demonstrated its “neighbourhood first” policy by sending medical aid and food supplies to Maldives, Mauritius, Seychelles, Madagascar, and Comoros onboard Indian Naval Ship ‘Kesari’ in its Operation Samudra Setu.
- India presents an attractive investment market to the neighboring countries. It is also a huge consumer market for goods and services from these nations.
- India is a major supplier of medical assistance to neighboring countries, especially Nepal.
- A high level trade and investment dialogue underway to oversee the finalisation of India - EU Free trade agreement.
- India has become the second-largest source of foreign direct investment (FDI) in the United Kingdom
- India is growing both in terms of outflow and inflow of FDI and transfer of technologies across various platforms.
- India is taking up FTA negotiations with the US in the defence and energy sectors.
- The first batch of the **Rafale** fighter jets from France ( under the inter-governmental agreement with France for 36 **Rafale** to boost the IAF's combat capabilities) has reached India.

### The best way forward:

- In the new global scenario, India could consider reviving Free Trade Agreement (FTAs) like the Regional Comprehensive Economic Partnership (RCEP).
- India should continue to expand its economic potential and carve out an important strategic position in the world.
- The Indian PM highlighted during the US Business Council's Ideas Summit 2020, that India is focusing on ‘Openness, opportunities and options’ when it comes to the Indo- US relations.
- The US must acknowledge the contribution made by Indians to the growth of the US economy and must revamp its immigration rules for Indians.
- India could become the factory of the world, as Indian MSMEs are rapidly scaling innovation and manufacturing to take advantage of the new opportunities.
- Countries like Japan and Australia should cooperate with the US and India in the Indo-Pacific region to push back China.