



India's Rise in Global Trade: A Comprehensive Perspective

Tipu Kumar, Research Scholar, University Department of Commerce
Vinoba Bhave University, Hazaribag, Jharkhand, INDIA

ORIGINAL ARTICLE



Author

Tipu Kumar, Research Scholar

E-mail : tipukumar829114@gmail.com

shodhsamagam1@gmail.com

Received on : 04/11/2024
Revised on : 04/01/2025
Accepted on : 14/01/2025
Overall Similarity : 00% on 06/01/2025



Plagiarism Checker X - Report

Originality Assessment

0%

Overall Similarity

Date: Jan 6, 2025 (07:17 AM)
Matches: 0 / 2286 words
Sources: 0

Remarks: No similarity found,
your document looks healthy.

Verify Report:
Scan this QR Code



ABSTRACT

This paper aims to introduce a new aspect of India's trade policy. It began in 2011 with the Necklace of Diamonds Project, which became a significant investment strategy. This project had a profound impact on China's long-standing China-Pakistan Economic Corridor (CPEC). Additionally, it addressed China's String of Pearls strategy, Debt Trap, and Salami Slicing tactics. As India initiated this plan, two new projects were launched: the Chennai-Vladivostok Maritime Corridor and the India Middle East European Economic Corridor. These corridors have significantly influenced India's trade import-export policy. The paper discusses these developments, highlighting the participation of multiple countries. The research underscores a new economic policy for India, showcasing its global impact. This study will assist in shaping future economic strategies.

KEY WORDS

Necklace of Diamonds, CPEC, Chennai-Vladivostok Maritime Corridor, India Middle East European Economic Corridor.

INTRODUCTION

Necklace of Diamonds: The Necklace of Diamonds strategy is India's response to China's String of Pearls strategy. This term was first introduced by India's former foreign secretary, Lalit Mansingh, in 2011. The strategy involves creating a network of alliances and strategic partnerships to counter China's influence in the Indian Ocean Region (IOR) and the Indo-Pacific region.

Key Points

- **Speculative Nature:** The specific investments under this strategy are not officially documented, making it difficult to pinpoint exact projects.

- **Multi-Pronged Approach:** India employs various tactics, including building ports, installing Coastal Surveillance Radar (CSR) systems, and enhancing defense ties with neighboring countries.
- **Strategic Counter:** The Necklace of Diamonds aims to counter China's ambitions by strengthening India's presence and influence in critical maritime regions.

This strategy is part of India's broader efforts to maintain regional stability and secure its maritime interests.

So, India's Necklace of Diamonds strategy is designed to counter China's String of Pearls. This involves establishing strategic alliances and partnerships to enhance India's influence in the Indian Ocean Region (IOR) and the Indo-Pacific. By building ports, installing Coastal Surveillance Radar (CSR) systems, and strengthening defense ties with neighboring countries, India aims to maintain regional stability and secure its maritime interests.



(Source: <https://www.linkedin.com/>)

The Necklace of Diamonds strategy includes several key locations that enhance India's strategic presence in the Indian Ocean Region (IOR) and the Indo-Pacific. Here are some of the significant points:

- **Changi Naval Base in Singapore:** This base allows India to maintain a strategic foothold in Southeast Asia.
- **Chabahar Port in Iran:** This port provides India with access to Afghanistan and Central Asia, by passing Pakistan.
- **Assumption Island in Seychelles:** This location is crucial for monitoring maritime traffic in the Indian Ocean.
- **Sabang Port in Indonesia:** This port enhances India's presence near the strategic Strait of Malacca.
- **Duqm Port in Oman:** This port serves as a logistics hub for the Indian Navy, extending its operational reach in the Arabian Sea.

These locations collectively form a strategic network to counter China's String of Pearls and secure India's maritime interests.

Absolutely! In addition to the Necklace of Diamonds strategy, India is strengthening its naval ties with several key countries to enhance its maritime security and strategic presence. These partnerships include: Vietnam, Japan, France, Australia, United States. These collaborations help India to maintain a robust maritime presence and counterbalance China's influence in the region.

Encircling India:String of Pearls, Dept Trap, CPEC, Belt and Road Projects.

String of Pearls Strategy: China's String of Pearls strategy involves establishing a network of military and commercial facilities in countries around India to enhance its influence and create a multi-territory network. Key locations include:

- **Sri Lanka:** The Hambantota Port.
- **Maldives:** Various strategic agreements.
- **Pakistan:** Gwadar Port.
- **Bangladesh:** Chittagong Port.
- **Djibouti:** A military base.

India views this as an attempt by China to encircle it with dual-use port facilities in the Indian Ocean. This raises concerns about defense and energy security.

Choke Points: These strategic locations are near major maritime choke points, such as: Strait of Mandeb, Strait of Malacca, Strait of Hormuz, Lombok Strait. These choke points are crucial for global maritime trade, and China's presence near them enhances its strategic positioning.

China-Pakistan Economic Corridor (CPEC): CPEC is a significant bilateral project aimed at improving infrastructure within Pakistan to facilitate better trade with China and integrate South Asian countries. It is part of the larger Belt and Road Initiative (BRI), which seeks to enhance connectivity, trade, and communication across Asia, Europe, and Africa.

Debt Traps: An example of China's debt trap strategy is the Hambantota Port in Sri Lanka. Sri Lanka relied heavily on Chinese loans to construct the \$1.5 billion port. When the port failed to generate enough revenue to repay the loan, it was leased to China for 99 years in exchange for \$1.1 billion, easing Sri Lanka's debt burden but increasing China's control.

Salami Slicing Tactic: Salami slicing is a strategy used by China to gradually achieve its territorial claims through a series of minor, incremental actions that do not provoke a significant response from other countries. Over time, these small actions accumulate, leading to a strategic shift in favor of China.

Key Points

- **Incremental Actions:** China undertakes minor actions that, individually, may not seem significant but collectively alter the status quo.
- **Strategic Shift:** These actions lead to a gradual change in ground realities, often in China's favor.
- **Pandemic Context:** During the global vulnerability and recovery from the pandemic, China has continued to assert its military presence against its neighbors.

This tactic allows China to expand its influence and control without triggering major conflicts or international backlash.

Objectives of the Study

1. Evaluate the current trade policies within the context of the Indian economy to understand their effectiveness and areas for improvement.
2. Impact of New Trade Corridors: Examine how the newly established trade corridors, such as the Chennai–Vladivostok Maritime Corridor and the India Middle East European Economic Corridor, are influencing India's global trade dynamics.
- 3.. Future Policy Recommendations: Identify and propose future policy guidelines based on India's current achievements and challenges to enhance its trade strategy and economic growth.

These objectives aim to provide a comprehensive analysis of India's trade policies and their global impact, helping to shape future economic strategies.

Scope of the Study

While the scope of this research is broad, it is specifically focused on Indian trade policy. The study aims to determine whether a thorough assessment of this policy area has been conducted. It will explore various aspects of Indian trade policy, including its effectiveness, impact on the economy, and potential areas for improvement.

Research Methodology

This research employs a thematic analytical study approach. The methodology involves:

1. **Thematic Analysis:** Identifying and analyzing patterns or themes within qualitative data.
2. **Two Theories:** The study is based on two fundamental theories developed by experts in the field.
3. **Qualitative Study:** These theories are examined qualitatively to understand their implications and potential outcomes.
4. **Future Results Compilation:** The goal is to compile and predict future results based on the qualitative analysis of these theories.

This approach allows for a comprehensive understanding of the subject matter and helps in formulating future strategies.

Research Hypothesis

H₁: (Alternative Hypothesis): The new trade corridors have a significant impact on Indian trade.

H₀: (Null Hypothesis): The new trade corridors do not have a significant impact on Indian trade.

These hypotheses will guide the research to determine whether the new trade corridors, such as the Chennai–Vladivostok Maritime Corridor and the India Middle East European Economic Corridor, are influencing Indian trade significantly.

Analysis and Interpretation

China was still reeling from the impact of India's Necklace of Diamonds strategy when India introduced another powerful move:

A. Chennai–Vladivostok Maritime Corridor

The Chennai–Vladivostok Maritime Corridor significantly enhances India's strategic presence in the region, especially given China's sensitive interests in the South China Sea. China is unlikely to oppose this corridor due to its important relationship with Russia. This new route will greatly expedite trade between India and Russia, reducing the travel time for goods from 40 days to just 24 days, thereby lowering transportation costs. Additionally, it will enable India to import coal and LNG from Russia more efficiently and at a cheaper rate, further strengthening India's energy security and economic ties with Russia.



(Source: Russia Briefing)

B. India Middle East European Economic Corridor

The India Middle East European Economic Corridor (IMEC) is a proposed trade and investment route that aims to connect India with the Middle East and Europe. This corridor is seen as a strategic move to counter China's Belt and Road Initiative (BRI), which China has been developing for over a decade. The IMEC is designed to enhance economic integration and connectivity between Asia, the Persian Gulf, and Europe, thereby challenging China's influence in these regions. The Memorandum of Understanding (MoU) for this project was signed in September 2023 during the G20 Summit in New Delhi. The signing countries include India, the United States, Saudi Arabia, the United Arab Emirates, the European Union, Italy, France, and Germany. This corridor will facilitate faster and more efficient trade routes, boosting economic ties and reducing transportation costs. The IMEC is expected to significantly impact global trade dynamics by providing an alternative to China's BRI, thereby enhancing India's strategic and economic position on the world stage.

This corridor will be built in two parts which are as follows:

1. **First Phase of Corridor: In the first phase, it will connect India with Gulf countries.**



(Source: www.Diplomatist.in)

2. **Second phase of Corridor: In the second phase, it will connect the Gulf countries to Europe**



(Source: www.Diplomatist.in)

In this way, the new corridor starting from Mumbai, known as the India Middle East European Economic Corridor (IMEC), is set to significantly boost India's economy. By providing a direct trade route connecting India with the Middle East and Europe, it serves as a strategic alternative to China's Belt and Road Initiative (BRI). This development is causing considerable concern for China, as it challenges their long-standing efforts to dominate global trade routes and influence. The IMEC not only enhances India's economic prospects but also strengthens its geopolitical stance, making it a pivotal player in international trade dynamics.



(Source: www.Diplomatist.in)

So, the null hypothesis is rejected and it is reflecting that there is a more Impact of New Corridor in Indian trade. So, concluded that $H_1 = \text{Accepted}$ and $H_0 = \text{Rejected}$

Benefits to India

The India Middle East European Economic Corridor (IMEC) will bring substantial benefits to India. Currently, it takes about 36 days for cargo to travel from India to Germany by sea. With the construction of this corridor, the travel time will be reduced by approximately 40%, meaning goods will reach Germany in just 22 days. This significant reduction in transit time will also lead to a considerable decrease in transportation costs, making goods like mangoes and other commodities more affordable. China likely did not anticipate that India was developing such a strategic plan, which now poses a significant challenge to China's long-standing Belt and Road Initiative (BRI). This corridor not only boosts India's economy but also disrupts China's plans, showcasing India's growing influence in global trade.

Findings

A. For Chennai–Vladivostok Maritime Corridor

The Chennai–Vladivostok Maritime Corridor will create a direct maritime link between India and Russia, significantly reducing the travel time for goods between the two countries. This reduction in transit time will greatly enhance connectivity and trade relations between India and Russia. Additionally, this corridor will bolster India's strategic presence in the South China Sea, increasing its influence in the region.

B. For India Middle East Europe Corridor

The India Middle East European Economic Corridor (IMEC) is a significant global initiative aimed at enhancing economic connectivity between India, the United States, Saudi Arabia, the UAE, and the European Union. This large-scale project is expected to boost the economies of these regions by improving trade routes and reducing transportation costs. Often referred to as the "new spice route," the IMEC is seen as a potential alternative to China's Belt and Road Initiative (BRI). The project gained momentum during the G20 summit in New Delhi, where leaders from Saudi Arabia, the European Union, India, the UAE, France, Germany, Italy, and the United States signed a Memorandum of Understanding (MoU) to implement the corridor. The primary goal of the IMEC is to enhance connectivity. The project consists of two main corridors: the Eastern Corridor, which connects India to the Gulf, and the Northern Corridor, which links the Gulf to Europe. This new route is expected to significantly facilitate the movement of goods and services, making trade more efficient and cost-effective.

CONCLUSION

India's security analysis reveals that China's strategies are primarily aimed at countering India, as India is the only country in the Indo-Pacific capable of standing up to China. Without confronting India, it is unlikely

that China can dominate Asia or become a global superpower. The India Middle East European Economic Corridor (IMEC) poses a significant challenge to China's ambitions, as it offers an alternative to China's Belt and Road Initiative (BRI). One of the key differences between China's BRI and the IMEC is the source of funding. While China's BRI relies heavily on Government investments, often leading to debt traps for participating countries, the IMEC is funded by global infrastructure and investment funds. This means that countries can join the IMEC without incurring debt, making it a more attractive option compared to China's BRI. By providing a debt-free alternative, the IMEC allows countries to avoid falling into China's debt trap, thereby enhancing their economic independence and stability. This development is particularly concerning for China, as it undermines their long-term strategic plans and reduces their influence over participating countries.

REFERENCES

1. Hindustan times dated on 30 Sep 2023, p. 4-5.
2. G20 Article on ministry of tourism, Govt. of India.
3. <http://www.g20.org>, Accessed on 25/01/2024.
4. <http://www.indianexpress.com>, Accessed on 02/06/2024.
