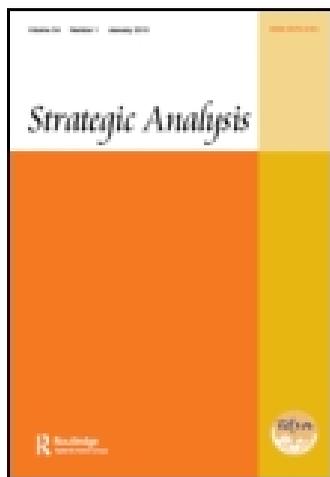


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India's 'Strategic Autonomy' and the Club Model of Global Governance: Why the Indian BRICS Engagement Warrants a Less Ambiguous Foreign Policy Doctrine

Herbert Wulf and Tobias Debiel

Abstract: India's global policy strategy is on the verge of major changes. Non-alignment as a cornerstone of foreign policy has become outdated given the power shifts in a multipolar world, especially through the emergence of BRICS (Brazil, Russia, India, China, South Africa), which has put India in the position of being perceived as a potential new global player. Without formulating an explicit doctrine, India has applied a three-fold approach with obvious inconsistencies: traditional multilateralism in global forums, bilateralism in the region with selected strategic partners and increasing involvement in clubs (such as BRICS). The most recent power shifts, however, will warrant a more explicit formulation of principles to clearly position the country in a world with self-assertive nations such as China and Russia. India's role in BRICS might be an indicator as well as a litmus test for a revised strategy.

Reinventing foreign policy

Self-discovery in foreign policy

Since the end of the Cold War, foreign policy experts in India have discussed what strategy or what foreign policy concept India should use to position itself globally.¹ The debate in Delhi's foreign policy expert community ranges from reproaches towards the government for acting without a concept and for failing to follow a consistent policy, to elaborately conceived studies and recommendations by think tanks or ad hoc groups. In a noted study in 2012, entitled *Nonalignment 2.0*, an attempt was made to make a connection with familiar and rather idealist concepts from the time of the founding of the Indian Union.² This resulted *de facto* in the reformulation of core pillars of India's foreign policy in realist terms. In other studies, a 'Grand Strategy' is called for and its potential components are described in detail.³ However, there are also other voices that interpret vagueness and flexibility as a clever strategy for taking advantage of changing political options and coalitions of interests.⁴

In terms of economics and foreign policy, India is at a crossroads for the third time in its history. After gaining independence in 1947 and following the bloody war of partition, Prime Minister Nehru formulated a policy of non-alignment in the 1950s with the principle of not joining either of the blocs.⁵ Economically this foreign policy

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was supported by the concept of *Swaraj*, autonomy to the greatest degree possible. Substitution of imports, protection of domestic industry and state regulation were the foundations of the Indian development model. The end of the bloc confrontation and increasing pressure on the Indian economy to open up to the world market were a second milestone. Both of these constant factors in Indian politics were, however, lost at the beginning of the 1990s, and the Indian government had to ‘reinvent its foreign policy’.⁶

For more than two decades the focus was on economic growth and so foreign policy was also very strongly determined by economic relations. Moreover, India aligned itself more with its neighbours in Asia—with the ‘Look East’ policy⁷ and the orientation towards Asian countries (the Association of South-East Asian Nations [ASEAN] and the Middle East). This was an attempt to avoid vulnerabilities in a unilaterally dominated world on one hand and to counteract the feared expansion of China in South and South-East Asia on the other.

From 1990 to 2010, frequent changes of government meant that the value orientation of the Indian governments varied between liberal internationalism and Hindu nationalism.⁸ At the same time, broadly speaking this period was primarily characterised by pragmatism and a neoliberal economic policy. India has been critically observing the growing role of China in its neighbourhood as well as destabilisation policies by its long-time adversary Pakistan. Still, we can speak of a ‘primacy of economy’ that was not translated into the formulation of a new strategy. Nevertheless, high growth rates promoted the image of India as an emerging power. One indicator from Western states is a recent foreign policy concept of the German Foreign Office which identifies India as one of the world’s ‘Gestaltungsmächte’ (‘players shaping globalisation’).⁹ Particularly since 2005, the US has been increasingly aware not only of India’s large economy and its role in Asia but also of US–India relations as immensely significant. One indicator of this is that despite the Bharatiya Janata Party’s (BJP) Hindu nationalist ideology, the US government did not signal any retraction from the cordial bilateral relations after the 2014 elections in India. Apparently, one of India’s strengths is its democratic decision-making process, which is being respected abroad.

India’s foreign policy establishment never reacted in clear terms towards this new perception. Instead, it remained in a rather ambiguous position. On one hand, the new perception flattered and strengthened India’s self-esteem, which has suffered through the breath-taking rise of China in the last two decades; on the other hand, senior experts are aware of the gap between India’s global potential and its manifest weight. This gap might even broaden given two strikingly evident facts.

Firstly, the years of high growth rates are gone, at least for the moment, yet a booming economy was the basis for India’s international reputation. Moreover, at present the continuation of the development model used previously is questioned. Compared to the growth of the GDP in 2004–2008 (8.7 per cent) and in 2009–2011 (7.8 per cent), the rates in 2011–2013 fell substantially to around 6.5 per cent.¹⁰ Although the current growth crisis is not likely to easily transform into a crisis of balance of payments since the country has high foreign currency reserves, nevertheless imports exceed exports by far and currency reserves are gradually being used to finance the trade deficit. Under the circumstances, the creation of 10 million new jobs per year (the aim of the previous government) is an illusory hope at present.

Secondly, without a change in its main domestic parameters, India may not be as competitive in the medium term as other emerging players like the ‘Next Eleven’

(N-11),¹¹ not to mention China. There is agreement about India's internal weaknesses, namely systemic corruption, blockage of economic reforms, the rigid caste system and a serious poverty problem. In Transparency International's 2012 Corruption Perception Index, India was in 94th place out of the 176 countries; in the 'Ease of doing business' index of the World Bank for 2013, it was in 134th place out of 189 countries; and in the 2013 Human Development Index of the development programme of the United Nations, it was in 136th place out of 186 countries.¹²

This situation calls for greater clarity regarding India's self-assessment as a potential global player. We are thus convinced that India is at a crucial juncture for the third time since the partition of the subcontinent and the end of the Cold War in the 1990s. The Modi government, according to announcements during the election campaign, seems to acknowledge the above-mentioned deficiencies and has promised to accelerate economic growth by reforming the still existing bureaucratic licence system, by attacking corruption and by attracting foreign investors. However, the new government still needs to show how it will put the recognised need for fundamental change into practice. In the BJP election manifesto, the new leadership claimed to go beyond the piece-meal changes and pleas for 'a resurgent India':

The vision is to fundamentally reboot and reorient the foreign policy goals, content and process, in a manner that locates India's global strategic engagement in a new paradigm and on a wider canvas, that is not just limited to political diplomacy, but also includes our economic, scientific, cultural, political and security interests, both regional and global, on the principles of equality and mutuality, so that it leads to an economically stronger India, and its voice is heard in the international fora.¹³

It is quite probable that we will see change in India's foreign policy style under the BJP government since Prime Minister Narendra Modi is known to be outspoken and does not want to be seen as 'accommodating' and asks, according to his advisors, for a 'more robust foreign policy'.¹⁴ But will there also be substantial policy changes and how will the government implement the announced robust foreign policy?

The concept of 'strategic autonomy'

The ideas formulated in the BJP manifesto are not new, and rather reflect an ongoing process of self-discovery¹⁵ of the foreign political elites which is currently centred on the concept of 'strategic autonomy'. This paradigmatically favours the flexible formation of temporary coalitions, which are specific to particular political fields, but runs the danger of equating calculated tactical actions with strategic orientation.

India takes particular care to remain free from external influence and to maintain its ability to manoeuvre on the international level. This concept is entirely within the tradition of Indian non-alignment. But today, with the East-West antagonism no longer present, the suggestion of 'Nonalignment 2.0'¹⁶ must rather be seen as a confusing attempt to establish continuity with the founding fathers of the country. *De facto* India has largely left the policy of non-alignment behind.¹⁷ Although it still attempts to avoid falling into one-sided dependencies on the established superpowers, since the 1990s this policy has no longer been tied to broader alliances, as was the case for example in the discussion of a 'new international economic order' in coordination with the Group of 77.

'Nonalignment 2.0' thus boils down to 'strategic autonomy'. This concept is used first to internally pursue India's own development model and to implement this in a world economy dominated by the West and increasingly by China. It is also a question of creating sufficient power resources for India to be able to articulate its own interests in foreign policy and in the shaping of the world order.¹⁸ Three different foreign policy approaches are combined: emphasis on an institutionalised, classic multilateralism on a global level, practising of marked bilateralism with its neighbours and selected strategic partners and finally increasing participation in informal clubs or in 'selective coalitions'.¹⁹ These foreign policy goals are not seen as potential contradictions, but as different tunes that can be played on the foreign policy keyboard in any order. India looks for coalitions of interest or partnerships that vary and sometimes even diverge depending on context, rather than formal alignments or traditional alliances.

On a global level, India emphasises the necessity of a multipolar world characterised by multilateralism as in the past it has seen itself primarily as a counterweight with respect to the established powers. With this multipolar approach, India seeks to overcome the injustice of the current voting and power distribution in important forums of world politics, such as the World Trade Organisation (WTO), the International Monetary Fund (IMF), the World Bank and the UN system. To this effect, the new government has also specifically pointed out this aim. As well as reforms in quotas and voting rights in the Bretton Woods institutions, various Indian governments have long been demanding a permanent seat on the UN Security Council. The principled positioning, lined with moral rhetoric, has emerged into a style in international negotiations which critical observers have described as 'an unrealistic combination of arrogance and poverty'.²⁰ Even if such a label may be exaggerated, the country has certainly gained a reputation as 'the India that can't say yes'²¹—an image that is not suitable for a profile as a future 'new global player'. In contrast to this critical picture, India is preferred to other authoritarian emerging powers in many multilateral forums as a democratic society with liberal norms such as a free press.

India's multilateral (though occasionally rather idiosyncratic) concepts for global governance contrast with its distinctive bilateralism vis-à-vis the South Asian region. This can be seen as a clever policy with respect to the neighbouring countries. Six countries in India's immediate neighbourhood (Afghanistan, Pakistan, Myanmar, Nepal, Bangladesh and Sri Lanka) were categorised as 'failed states' in 2012.²² Seen critically, however, it is a lack of ability for regional integration projects. For instance, the attempt to cooperate constructively in the South Asian Association for Regional Cooperation (SAARC) has largely failed. This is due to a great extent to the complicated relationship with Pakistan, which is characterised by distrust. This is exacerbated by the violent Islamism that has arisen there as a destabilisation factor. The potential opportunities for cooperation suffer largely from rivalry between India and Pakistan. The new Modi government has stretched out its hand to neighbouring countries and invited heads of states to India's prime minister's swearing-in ceremony on May 26, 2014. The response was positive and the presidents, prime ministers or speakers of parliament represented all the SAARC member countries. However, the larger question is whether a new era in SAARC will commence. An important structural problem might remain: the smaller neighbours view India with strong distrust. Due to its clear domination (75 per cent of the population of South Asia, 70 per cent of its territory, 79 per cent of its GDP, 81 per cent of the military

expenditure and 55 per cent of the soldiers of the region as well as the possession of nuclear weapons), India is sometimes seen by neighbouring countries as a regional hegemon and sometimes as an uninterested large neighbour.²³ Only recently did the previous Indian government try to appear as a 'benevolent hegemon' that also makes asymmetric concessions.²⁴ Other initiatives such as the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), the Indian Ocean Rim Association (IORA) and the Bangladesh-China-India-Myanmar (BCIM) economic corridor are recent attempts to engage more strongly with the neighbourhood through regional forums. At the same time, regionalist interests organised in some of the federal states such as Tamil Nadu, Punjab and West Bengal have repeatedly threatened reconciliation with Sri Lanka, Pakistan and Bangladesh. In 2011, for instance, an agreement between India and Bangladesh on the use of the Teesta River failed because Mamata Banerjee, the chief minister of West Bengal, objected and effectively vetoed the agreement.²⁵ Now the BJP government is less dependent in the Lok Sabha on regionally based parties than the shaky coalition of the previous government.

In addition, a decided bilateralism occupies a central role with respect to established superpowers such as formerly the USSR/Russia and more recently the USA. For instance, the agreement dating from 1971 on peace and friendship with the Soviet Union did not stop the Indian government from continuing to speak of a policy of 'non-alignment' and to support this through a strong multilateral commitment in the framework of the United Nations (e.g. in issues of arms control, and later with respect to peacekeeping). In the history of Indian-American relations, which have been strongly strained over the decades, similar significance can be attributed to the nuclear deal of 2005 on the use of civil nuclear technology, which opened up new opportunities for India in foreign policy and foreign economic relations.²⁶ In Washington in September 2013, at the meeting between President Obama and then Prime Minister Singh, this US-Indian harmonisation was underlined once again, and was extended with an agreement on cooperation in the production of modern weapons systems, a project that meets with agreement precisely in the geo-strategically oriented segments of the political elite. Hence, in some of the Indian press, the 'close partnership' was celebrated and the former chief of army staff and member of parliament Shankar Roychowdhury concluded that 'India is in the big boys' club now, and must carry its own big stick'.²⁷ This US-India *rapprochement* may have political consequences for relations between India and Russia (up until then India's largest weapons supplier).²⁸ But it entails insurance against China in particular, which is seen as being expansionist. Foreign policy experts believe that with this bilateralism the US unilateralism can be counteracted and a 'collective hegemony' can be established; in other words India can be involved in global political decisions.²⁹

Beyond institutionalised multilateralism and the occasional energetic bilateralism, another form of foreign policy behaviour has gained significance in the past 10 years: participating in clubs of different compositions and sizes. Particular prominent examples are the G20 and BRICS (Brazil, Russia, India, China, South Africa). At the same time, India tries to strengthen its ties with various regional forums (ASEAN, Shanghai Cooperation) and has club options for selected issues below the BRICS level, in particular IBSA (India, Brazil and South Africa) and BASIC (BRICS without Russia).

Only against the background of the foreign policy debate in India can it be judged what role BRICS plays or could play for Indian foreign policy. Although its participation is widely supported, it is still disputed whether the club has any particular

relevance for the implementation of India's medium-term and long-term foreign policy goals, and what diplomatic and financial capital India is willing to invest. The country is hence currently a proud but at the same time undecided member of the club. This ambivalence cannot be maintained for long. With the establishment of the New Development Bank and a stabilisation fund, the club has set itself ambitious goals that will test the capacity of this very heterogeneous five-member group to form compromises. The sixth BRICS summit meeting in July 2014 in Fortaleza, Brazil, has proven that the new Indian government will have to overcome its sometimes rather lukewarm attitude towards BRICS. Although the 'material' impact of the new institutions on the global economy will be rather limited, they still mirror a new, more formalised pattern of cooperation and signal to other 'emerging powers' that the group is willing to at least partially shape the international order. India will have to decide whether this is the preferred and right track to gain global influence.

BRICS at the crossroads

New options to position India globally?

India's phenomenal economic boom since the liberalisation measures of the early 1990s was its entry ticket into the BRIC(S) club offering corresponding gains in status. Although India was not a driving force behind the creation of BRICS, it is not only an active member now but also recently drew upon its leadership qualities in the commissioning of the Observer Research Foundation in the framework of the BRICS think tank to conduct a study on BRICS' long-term vision.³⁰ The potential of BRICS is viewed as high and attention is drawn not least to the density of interactions in the think tanks and in the BRICS Business Forum.³¹ However, the opinion is also found among Indian foreign policy experts that India is only half-heartedly involved in this association, and that the G20 process is seen as being more important.³² For instance, Rajiv Kumar, the former director of the think tank Indian Council for Research on International Economic Relations (ICRIER), warned against over-emphasising the significance of BRICS. In an article in *India Today*, he expressed the opinion that most Indians ignored the BRICS process and that he could share this position, as BRICS was not particularly relevant for the enormous internal social problems, or for foreign policy goals.³³

BRICS is a young grouping, still fluid and originally founded as 'a market driven club'.³⁴ At least four different functions can be assigned to this group: first, as a clearing house for the development of norms and opinions on global issues, in order to co-determine the world order; second, as a development and learning community with cooperation in selected sectors; third, as a 'powerful successor' to the Group of 77 and a counter model to the world order dominated by the West, aiming for global justice; and fourth, as a point of departure for the foundation of multilateral, complementary and competing international and regional organisations. Indian foreign policy indeed makes use of all four functions, without prioritising any of them.

BRICS first proved itself with a clearing house function and as a club model, analogously to the G7/8, as a platform for coordination, consultation and cooperation in issues of global interest.³⁵ The Indian government formally emphasises that it is precisely the two largest developing countries, China and India, that have common interests which they can assert in forums such as BRICS, G20, negotiations on climate change, in the UN Security Council, in the Doha negotiations of the WTO

and also in security issues.³⁶ The context of BRICS has in fact led to a new level of harmonisation. The BRICS group has now become an important forum for India's foreign policy in order for it to express its opinion on security policy issues for instance, on the conflict in Syria and on the peace process in the Middle East³⁷ or on the Responsibility to Protect, and occasionally in order to distance itself together with like-minded governments from the Western-dominated mainstream.

However, BRICS in its function as a clearing house is not seen as being a solid structure by Indian foreign policy, but rather Indian diplomacy initiates consultations for selected issues in groupings below the BRICS level, for instance in IBSA, a grouping which among others came about as a reaction to the failed WTO negotiations in Cancun in 2010. Even if IBSA has far less economic and political weight than BRICS, it does offer an alternative forum for normative questions and in fundamental South-South cooperation. In the run-up to the UN Climate Change Conference in Copenhagen in 2009, BASIC was also of decisive importance for the coordination of negotiating positions.³⁸

According to a second interpretation, BRICS is seen as a kind of development and learning community, in which common development challenges can be managed through the exchange of best practices and cooperation in selected sectors. Admittedly, the BRICS grouping is only of limited significance as an economic development community, despite rhetoric to the contrary about the necessity of interdependence and common projects (for instance in the area of infrastructure). With the exception of the close respective bilateral economic relations with China, the interdependencies among the BRICS states are rather low. This is particularly the case for foreign investments, which represent a central indicator of the interdependence of national economies. For instance, the value of Indian investment in BRICS countries represents only 3.2 per cent of all Indian foreign investments.³⁹

Looking at the trade statistics illustrates the limited current significance of BRICS in the foreign trade interdependence of India (see Table 1).⁴⁰ The four BRICS partner countries only account for a share of 12 per cent of its exports and imports. Of these, China alone is of outstanding significance, as it has now become one of India's largest trade partners, with a share of over eight per cent of overall Indian foreign trade. However, the trade relations with China are one-sided; China is very important

Table 1. India's foreign trade with BRICS countries (percentage shares of overall trade, exports and imports).

	2008–2009	2012–2013
Brazil	0.8	1.4
China	8.6	8.3
Russia	1.1	0.8
South Africa	1.5	1.8
BRICS overall	12.0	12.3
For comparison		
UAE	9.8	9.5
USA	8.2	7.8
Germany	3.7	2.7

Source: Government of India, Department of Commerce and Industry, Export and Import Data Bank, New Delhi, 2013, at <http://commerce.nic.in/eidb/iecnt.asp>

for India's trade, but the opposite is not true. The three remaining BRICS partner countries, Brazil, Russia and South Africa, are so far of rather secondary importance. With their low relevance for India's foreign trade, none of these three partners reaches Singapore's share. Given the fact that India can look back on longstanding cooperation with Russia and the former Soviet Union in the fields of defence and security, it is striking how weakly the two countries are intertwined from an economic perspective.⁴¹ The comparatively low economic significance of BRICS for India can be seen in the fact that the United Arab Emirates alone, with its share in overall Indian foreign trade of 9.8 per cent for the years 2008–2009 and 9.5 per cent for 2012–2013, was more important than any of the BRICS countries.⁴² Except for China, the relevance of BRICS for India's growth perspectives remains rather limited.

BRICS member countries have placed increasing emphasis on the group as a learning forum for internal development strategies, for instance overcoming poverty and inequality, development of a middle class with purchasing power, access to healthcare or education. The think tank 'Gateway House: Indian Council on Global Relations', based in Mumbai, gave a detailed account of such perspectives for India in the respective bilateral relationships.⁴³ They see particular potential in stronger interaction with Brazil. Here it would not only be possible for each country to learn from the other's development successes, such as the successful combating of poverty in Brazil through direct money transfers or the creation of affordable living space in India, but with respect to global questions it is also emphasised that the two countries have similar positions regarding the production and use of generic medical products for use against HIV/AIDS, and both criticise current patent regulations.

Thirdly, BRICS can be seen as a 'powerful successor' to the Group of 77 as a counter model to the Western-dominated world order, striving for global justice and fairness reforms, particularly with respect to International Financial Institutions (IFIs). The shift of power in the global economy, with the strong economic growth of the emerging powers, is to be translated into more co-determination and influence. On the occasion of the fourth BRICS summit in Delhi in 2012, then Indian Prime Minister Manmohan Singh spoke about the necessity of rapid reform of global financial institutions. Even if BRICS, due to the political, ideological and economic heterogeneity of its member countries, cannot be seen as a unitary organisation, the Indian government nonetheless expects that the interests of developing countries can better be taken into account through BRICS. A current issue is the stalled implementation of the Governance and Quota Reform of the IMF, agreed between 2008 and 2010. The Indian Council of World Affairs, the think tank of the Indian Foreign Ministry, points to the annoying facts behind this: 'Brazil, China, and India had 19 per cent fewer votes than Belgium, Italy, and the Netherlands collectively, despite their 21 per cent more nominal GDP, 400 per cent more purchasing power GDP, and 2800 per cent more population'.⁴⁴

BRICS can also be understood not least as the point of departure for the foundation of new multilateral organisations, with the help of which multipolar institutionalism can be promoted by complementary or competing offers to existing international and regional establishments, for instance in the area of loans or help with insolvency crises. This fourth function, the creation of formal institutions, was—in a real coup—announced at the 2012 BRICS summit in Delhi with the establishment of a New Development Bank and a stabilisation fund (Contingent Reserve Arrangement, CRA).⁴⁵ The goal of the New Development Bank, according to

Article 2 of the agreement from July 15, 2014, will be to ‘mobilize resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries, complementing the existing efforts of multi-lateral and regional financial institutions for global growth and development’.⁴⁶

The New Development Bank as a litmus test for action and compromises

The New Development Bank is the second attempt within a few years to create a complement or even a counter model to the established institutions of the World Bank and the regional development banks. A first radical attempt was made by Hugo Chavez, the now deceased president of Venezuela. On his initiative, in 2007 the ‘Bank of the South’ was called into life. This was supposed to be funded with up to \$20 billion but encountered reserves, not least on the part of Brazil and South Africa.⁴⁷ In a particular way this ‘Bank of the South’ stood for the paradigm of a ‘New Developmentalism’, which focuses on state initiatives and which was certainly designed as a political challenge to the global financial architecture.⁴⁸

While the bank in a certain way challenges the World Bank and the regional development banks, the CRA is more closely related to the IMF in its functions and will most probably not have a systemic impact on the global level. In addition, the CRA reflects the growing political dissatisfaction with the delay in implementing the IMF voting rights reform that had been agreed upon in the G20 context and has still not been ratified by the US senate. It also mirrors asymmetries among the BRICS countries. While China is contributing \$41 billion of the total amount, the shares of the Russian Federation, Brazil and India are limited to \$18 billion each, while South Africa pays only \$5 billion.

Beyond doubt, the BRICS countries, and here particularly China, have enormous potential in shaping the global economy. In view of the currency reserves of \$4.4 billion, it is precisely the CRA that could have wide-reaching effects. It is not by chance that as early as 2012 the BRICS countries contributed via the IMF towards supporting the Euro zone, and contributed \$75 billion in 2012 to the recapitalisation of the IMF.⁴⁹ It can also be impressively demonstrated how China, a BRICS member, has for instance become a significant donor for Latin America: ‘China’s loan commitment to Latin America in 2010 reached \$37 billion, larger than that of the Inter-American Development Bank, the US Export-Import Bank, and the World Bank combined’.⁵⁰ It should therefore cause China no problems to find the initial capital for the new bank of \$50 billion. However, the situation for other BRICS countries, not least for India with its current reduced economic growth, is more difficult. The BRICS countries are on the whole still to a considerable extent borrowers from the World Bank. The current total amount of the loans with the International Bank for Reconstruction and Development (IBRD) is \$88 billion.⁵¹

The implementation process in the establishment of the new institutions shows how difficult it is to transform a club into an operative organisation. For instance, the BRICS summit in Durban in 2013 managed to agree on a Contingent Reserve Arrangement of \$100 billion, but setting up of the bank was postponed to the above-mentioned summit in Brazil. The reason for this was to be found in noteworthy oppositions of interest concerning at least five points: the location, the capitalisation, the governance structure, the staffing of the top positions, and criteria with respect to alignment and potential conditionalities.⁵² Meanwhile the heads of state and government agreed on most contested issues. China succeeded in pushing Shanghai forward

as the headquarters for the new bank. Each member will contribute \$10 billion to the start-up capital, which will be doubled in the years to come. The governance structure largely resembles those of existing banks. The top positions will be staffed according to a delicate balance among the members. For the first term, Russia will chair the board of governors, and the chair of the board of directors will come from Brazil. India managed to reserve the prestigious position of the bank's president for the first five years. The concrete lending modalities, however, will be decided upon in the near future.

Indian government officials pointed out that equitable shareholding and equal voting rights had been India's major goals in the negotiations, and that in this regard the new institutions differ from the IMF and the World Bank. Furthermore, India had been keen to alter the label 'BRICS Development Bank' into a name that would open up the option for non-BRICS states to join the institution.⁵³ The new financial institutions created by BRICS offer new opportunities for the Indian government. If it manages to prevent a 'take over' by China, it would be an excellent opportunity to shape the policy of a global institution on an equal footing with its partner countries. In that regard, the New Development Bank and the CRA would differ from the Bretton Woods institutions or regional institutions like the Asian Development Bank, where India does not match the influence of Japan and the US. Furthermore, the New Development Bank is also attractive for India on the operative level as it opens up new options for loans on the basis of conditions that the government could influence. In all, the undertaking remains ambivalent for the Indian government. On the one hand, the establishment of an effective stabilisation mechanism and a dedicated development bank fits in with the overall foreign political concept of a multipolar world in which the dominance and rule-forming power of the West is limited and at the same time India's 'strategic autonomy' is enhanced. On the other hand, it is evident that at least for the coming decade, such institutions will be determined to a decisive extent by China, which sees the New Development Bank as an instrument to strengthen its financial hub Shanghai and to complement existing efforts to enhance its global influence by financing infrastructure projects in Asia, Africa and Latin America. In view of the fact that India has had relatively good interactions with the international financial organisations and the WTO since the economic reforms at the beginning of the 1990s, the question arises whether it is prepared to give one of its biggest rivals this kind of leverage. To put it bluntly, the New Development Bank and CRA will probably not create a new policy guideline that is based on a 'South-South Consensus', but rather will contribute to the further diffusion of a 'Beijing Consensus'. The Indian government will have to decide whether it feels more comfortable with a BRICS 'Beijing Consensus' rather than with a (post-) Washington Consensus⁵⁴—particularly as the international financial institutions now act more flexibly and transparently than for instance during the Asian financial crisis at the end of the 1990s. This 'embedded liberalism' meanwhile accepts the limits of the market and is characterised by 'institutions and policies that respect global commerce, citizen welfare, and state autonomy'.⁵⁵ The crucial point for India, thus, will be how much influence it can exert in the New Development Bank and the CRA. This will, not least, depend on its own growth perspectives. If it is able to at least partially overcome its domestic restraints (systemic corruption, institutional and political resistance towards economic reforms, vertical inequality and lack of social mobility because of the caste system), it would not only be able to catch up with

China, but also provide an interesting model for other promising ascenders in the global order.

The impact of BRICS on India's overall strategic interests

BRICS is a club with economic and demographic weight that will increasingly shape the global economic and financial order. At the same time, these fields are only part of the overall strategic interests of the participating countries. Russia, in particular, is keen to use BRICS as a clearing house with regard to security-related issues and as a possible partner against the US and other Western states.

This puts India into a rather uncomfortable position. First of all, its bilateral relations with the US have improved substantially since 2005 in many respects (and contrary to Russia). And although they are still overshadowed by fundamental disagreements on the design of global trade agreements or issues of international intervention, the US–India relationship can no longer be characterised as being adversarial, but rather shaped by a substantial convergence of interest. This partnership is also rooted in a common effort to rebalance Asia—a move clearly directed against China—although less outspoken in India than in the US.

This leads us to a second and even more relevant point: the major strategic concern of India is related to China. The two countries are the most populous in the world and both have dynamic—although recently slightly stuttering—economies. For decades, relations between China and India have been oscillating between conflict, competition and cooperation (the three Cs).⁵⁶ In economic terms, China and India could emerge either as fierce competitors or as amiable cooperation partners. The most probable and mutually beneficial constellation, however, would be a managed competition, i.e. limited rivalry that is tamed by institutional rules, partnering in selected fields and similar interests with regard to Western countries.

Trickier, however, are security-related issues. World attention is presently focused on the display of force in Asia between China on one hand and Japan and the United States on the other hand, played out via a conflict over a couple of small islands in the East China Sea. But China's maritime activities might also bring it into conflict with India. Indian foreign and security policymakers are currently irritated by at least three conflicts. First, the territorial dispute in the north-east of India remains contentious, despite negotiations in numerous bilateral working groups, and neither China nor India is willing to give up its claims. China claims that large parts of the territory of the Indian state of Arunachal Pradesh are part of Tibet, calling it South Tibet. A second, closely related conflict concerns insurmountable differences over China's role in Tibet and Tibetan refugees in India. While more than a million Tibetan refugees live in India today, China refuses to recognise the Tibetan government in exile in India or the presence of the Dalai Lama, who fled to India in 1959 after the Chinese occupation of Tibet. Third, and probably most importantly, the Indian government is concerned by China's activities in India's immediate neighbourhood, particularly China's defence cooperation with Pakistan and its ambitions in Nepal, Bangladesh, Myanmar and Sri Lanka.

In turn, China's current diplomatic, economic and maritime ambitions in several Indian Ocean littoral states are a concern for strategists in India. The Chinese government, on the other hand, categorically denies that any of these projects has military relevance. If hardliners on both sides have their way, all this could result in a fierce maritime arms race. India's investments in its armed forces have been

substantial, but have slowed recently due to sluggish economic growth. Comparing the military expenditure of the two countries illustrates China's phenomenal growth: at around \$170 billion, China's defence budget is more than three times India's.

Given this background, the BRICS context might provide an opportunity to stress the third C in the conflict-competition-cooperation triangle. Apart from the worrying conflicts and the potential for an Asian arms race, both countries emphasise their willingness to cooperate. China is not only one of India's biggest trading partners, with bilateral trade flourishing in recent years, but it is also a partner in several multilateral forums including the global climate negotiations. In this sense, the common interests to alter the global economic landscape can be pursued by BRICS, in particular the New Development Bank. This critical mass of benefits for mutual cooperation might be an important incentive to soften the precarious security dilemma that results from disagreements over disputed territories and other conflicts, as well as competition in the Indian Ocean. Thus, whole-heartedly engaging in BRICS' economic, financial and development agenda seems to be a prudent strategy for India. At the same time, the BRICS countries differ significantly, as Edward Mansfield recently stated, 'in the degree of exposure to the global economy interest in participating in international institutions, political-military power and reach, political and economic relations with the United States and the EU, type of political regime, and many other factors'.⁵⁷ The field in which BRICS can reasonably seek to become a relevant player and maybe even challenger of existing structures, paradigms and institutions will thus be limited. Furthermore, it could be in India's interest to slow down dynamics that aim at instrumentalising the club for joint statements in the field of security (in particular favoured by Russia) because this might counter efforts to win partners for a more balanced security architecture in Asia.

With regard to such regional security architecture, India most recently sought to revive its bilateral relationship with Japan. Prime Minister Modi's first bilateral visit in office to Japan from August 30, 2014 to September 3, 2014 aimed at promoting business and investment opportunities in India and boosting development cooperation, with a focus on urban spaces, through a \$35 billion package for 2015–2019. In addition, by stressing common strategic interests and the field of defence cooperation, the visit could also be interpreted as a clear signal that Japan is regarded as crucial not only for India's Look East policy, but also for a security environment in which India can avoid the trap of becoming dependent for support either on the US or on an amicable but asymmetric relationship with China.⁵⁸

Conclusion and outlook

The foreign policy of India has been highly 'reactive and reluctant'.⁵⁹ It is not so much global political visions that led the previous Indian government to set foreign policy priorities or propagate an Indian model for other countries to orientate themselves by, but rather a foreign policy that reacted to trends and tendencies, either constructively or with resistance, caution, reticence and occasional refusals. Despite being internally perceived as a potential global player, the Indian government itself has rarely been active as a driving force.

This article has identified three cornerstones (traditional multilateralism, bilateralism and club memberships) of India's foreign policy in recent years that are not formulated explicitly in this form in any official policy paper, doctrine or strategy. As we have argued, the striking factor regarding India's 'ambiguous' style is not that it

follows these three strategies simultaneously (many countries do that), but that it deliberately or coincidentally accepts obvious contradictions and incoherencies and does not clearly spell out trade-offs, for example, between an intensification of the BRICS club partnership and its relations with the US and the EU. Traditional multilateralism in global forums remains a constant factor in Indian foreign policy. Bilateral relations with important partners and with neighbours, however, are used when the opportunity presents itself, as well as, to an increased degree, multilaterally oriented club memberships. The increasing involvement of India in clubs points to the fact that the country has discovered 'exclusive multilateralism'. BRICS is the most important of these clubs, but other regionally oriented associations are likely to increase in importance to underline the Indian ambition of an intensified global role. By taking part in 'selective coalitions',⁶⁰ India distances itself somewhat from its earlier rhetoric which emphasised equality and righteousness. The Indian government uses options from these various instruments when they serve Indian interests and when opportunities arise. At the same time, it is a foreign policy balancing act between 'strategic autonomy' and the acceptance of responsibility, which often goes hand in hand with stronger involvement in global forums. This has to do not least with the consideration of domestic concerns. For instance, there is still considerable resistance to further liberalisation of the economy (particularly but not solely in the agricultural sector), regionally based centrifugal forces that make uniform foreign policy more difficult and deeply rooted reservations with regard to the USA.

The crisis in growth rates as well as the more than evident domestic weaknesses that erode the basis for assuming an appropriate position have led to a situation where 'strategic ambiguity' is no longer sufficient. This is all the more true in light of the growing self-assertiveness of China and Russia. The new BJP government seems willing to take up these challenges, given Prime Minister Modi's ambition. Although we predict that basic trends will not be changed, we expect a more distinct profile and a clearer, but maybe also a less moderate style.

There are at least three challenges facing the new government. First, while the regional forces are of less importance now for the central government, the true test for Modi and his government is the improvement in the relationship with neighbouring countries and the strategic partnership with the USA. India will have to decide whether it maintains its reservation with respect to liberal norms, in the name of 'strategic autonomy', and whether it wants to continue avoiding leaning on the West, despite the fact that its political and now its economic systems as well as the underlying norms are similar. It is already evident that *de facto* US-Indian economic and military cooperation is seen bilaterally as one of the best insurances against China, which is perceived as unpredictable and sometimes aggressive. At the same time it is clear that the big neighbour China is too important to be ignored. In this context, India's considerable 'soft power'⁶¹ (rather than economic or military hard power), based on culture and political values such as democracy, openness of society and the country's vast resources of educated human power, is attractive to others.

A second important test for a more profiled global policy will be India's approach to BRICS. The central objectives of BRICS are entirely in accordance with Indian foreign policy. Strengthening BRICS could further underline the BJP government's global ambition to ensure India its 'rightful' place among nations.⁶² At the same time, this option is not entirely consistent with intensified US-Indian cooperation. Furthermore, the future and the vitality of BRICS depend to a large degree on Indo-Chinese relations. If the conflicts between the two countries are resolved, or at

least remain latent, if the competition is properly channelled and institutionalised and if cooperation is enhanced (as both the Chinese and the Indian government emphasise), then BRICS has a chance of becoming a strong force in shaping the international agenda. These potential contradictions in both the Indo-US and the Indo-Chinese relationships can be overcome by a public debate and a coherent strategy in which India positions itself with a clearly spelled out and unambiguous foreign policy doctrine.

The third challenge is of a domestic nature, with implications for India's foreign policy. It will be of interest to observe whether the new government will put into practice what it has self-confidently announced or whether existing ambiguities in foreign policy will remain due to domestic constraints such as stalled economic reforms, domestic security threats, inefficient poverty reduction programmes and so on. Without the implementation of robust reforms that overcome the structural weaknesses of India's socio-economic system and governance institutions, the recent perception of the country as an emerging global player could easily vanish.

Notes

1. Arvind Gupta, 'Tasks before Indian Foreign Policy', *Strategic Analysis*, 35(1), 2010, pp. 1–5.
2. Sunil Khilnani, Rajiv Kumar, Pratap Bhanu Mehta, Prakash Menon, Nandan Nilekani, Srinath Raghavan, Shyam Saran and Siddharth Varadarajan, *Nonalignment 2.0. A Foreign and Strategic Policy for India in the Twenty First Century*, Centre for Policy Research India, 2012, at www.cprindia.org/sites/default/files/NonAlignment%202.0_1.pdf (Accessed November 28, 2014).
3. Krishnappa Venkatshamy and Princy George (eds.), *Grand Strategy for India 2020 and Beyond*, Institute For Defence Studies and Analyses, New Delhi, 2012. See also Raja Mennon and Rajiv Kumar, *The Long View from Delhi. To Define the Indian Grand Strategy for Foreign Policy*, Academic Foundation, Delhi, 2010; Zorawar Daulet Singh, 'Thinking about an Indian Grand Strategy', *Strategic Analysis*, 35(1), 2010, pp. 52–70. In these studies, the criticism is made implicitly or explicitly of a lack of any concept.
4. In October 2013 the authors carried out interviews with more than 30 Indian foreign policy experts and journalists, for whom the positioning of India within BRICS played an important role and was sometimes seen in an accordingly controversial manner. In one of the interviews there was talk of taking advantage of various options (interview with Vivian Sharan, a researcher at the Observer Research Foundation [ORF], October 14, 2013). Most interviewees expressed their expectation that foreign policy goals would not change substantially if there was a change of government in May 2014.
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6. C. Raja Mohan, 'India and the Balance of Power', *Foreign Affairs*, 85(4), 2006, p. 19.
7. Mahendra Gaur, 'Focus: India's Look East Policy', *Foreign Policy Research Centre Journal*, 8, 2011; C. Raja Mohan, 'Managing Multipolarity: India's Security Strategy in a Changing World', in C. Raja Mohan and Ajai Sahni, *India's Security Challenges at Home and Abroad*, The National Bureau of Asian Research, Special Report no. 39, May 2012, p. 26.
8. Herbert Wulf, *India's Aspirations in Global Politics. Competing Ideas and Amorphous Practices*, INEF Report 10//2013, Duisburg, 2013, p. 24ff.
9. Federal Foreign Office, *Shaping Globalization—Expanding Partnerships—Sharing Responsibility*, at <http://www.auswaertiges-amt.de/cae/servlet/contentblob/616558/publicationFile/190262/Gestaltungsmachtekonzep%20engl.pdf> (Accessed November 4, 2013).
10. Standard & Poor's, *Will India Be the First BRIC Fallen Angel?*, Global Credit Portal, Ratings Direct, June 8, 2012.
11. Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, the Philippines, Turkey, South Korea and Vietnam. Like the acronym BRICS, that of the N-11 as economies with promising prospects was invented by Jim O'Neill from Goldman Sachs.

12. See <http://www.transparency.org/cpi2012/results>; <http://www.doingbusiness.org/rankings>; and <http://hdr.undp.org/en/2013-report> (Accessed November 28, 2014).
13. Ankit Panda, 'Foreign Policy in the 2014 BJP Manifesto', *The Diplomat*, April 7, 2014, at <http://thediplomat.com/2014/04/foreign-policy-in-the-2014-bjp-manifesto/> (Accessed June 3, 2014).
14. Kanwal Sibal, 'A Modi Government Must Project a More Robust Foreign Policy', *Mail Online India*, May 6, 2014, at <http://www.dailymail.co.uk/indiahome/indianews/article-2620798/A-Modi-government-project-robust-foreign-policy.html> (Accessed June 3, 2014). Mr. Sibal is a former minister of foreign affairs and a security advisor to Narendra Modi.
15. Sandra Destradi, 'Tiger oder Kätzchen? Indiens außenpolitische Debatten zeugen von andauernder Selbstfindung' [Kitten or tiger? India's foreign policy debates testify to an ongoing process of self-discovery], *Internationale Politik*, 68(5), 2013, pp. 93–99.
16. Sunil Khilnani et al., no. 2.
17. Ramesh Thakur, 'India after Nonalignment', *Foreign Affairs*, 71(2), 1992, pp. 165–182.
18. Sunil Khilnani et al., no. 2, p. 8.
19. Amrita Narlikar, 'India Rising: Responsible to Whom?', *International Affairs*, 89(3), 2013, pp. 595–614 (here p. 596).
20. According to Stephen Cohen, *India. Emerging Power*, Brookings, Washington, DC, 2001, p. 66, quotation taken from Amrita Narlikar, no. 19, p. 596.
21. A. Narlikar, no. 19, p. 597.
22. Foreign Policy and Fund for Peace, *Failed State Index*, 2012, at http://www.foreignpolicy.com/failed_states_index_2012_interactive (Accessed June 30, 2013).
23. Sandra Destradi, *Indian Foreign and Security Policy in South Asia*, Routledge, London, 2012, p. 59. Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database, 2013, at <http://www.sipri.org/databases/milex/milex> (Accessed July 10, 2013).
24. The so-called Gujral doctrine, which provided for non-reciprocal relations with neighbouring countries, suggested in 1996/1997 by Foreign Minister and later Prime Minister Gujral, had no long-lasting effect. Inder K. Gujral, 'Aspects of Indian Foreign Policy', Speech delivered in Sri Lanka, January 20, 1997, at <http://www.stimson.org/research-pages/the-gujral-doctrine/> (Accessed November 28, 2013).
25. Joyeeta Bhattacharjee, *India-Bangladesh Relations: Finding a Way Forward*, Observer Research Foundation, ORF Issue Brief 43, 2012.
26. Jayshree Bajoria and Esther Plan, *The US–India Nuclear Deal*, Council on Foreign Relations, 2010, at <http://www.cfr.org/india/us-india-nuclear-deal/p9663#p3> (Accessed October 5, 2013).
27. Shankar Roychowdhury, 'Nuclear Realities', *Decan Chronicle*, October 1, 2013.
28. Indian–Russian armament relations suffered a particular setback in 2011 when India entered into contractual negotiations with the French firm Dassault for the purchase of Rafale fighter aircraft and rejected the Russian offer of MiG-35 fighter jets.
29. Deepshikha Shahi, 'Indian Scholarship on "International Relations and Multilateralism"', *Economic and Political Weekly*, XLVIII(5), February 2, 2013, p. 55.
30. Samir Saran, Ashok Kumar Singh and Vivan Sharan, *A Long-term Vision for BRICS*, Observer Research Foundation, Delhi, 2013, pp. 57–58.
31. Interviews with Samir Saran on October 15, 2013 and Vivan Sharan on October 14, 2013. Together with Ashok Kumar Singh, these two authored the study cited in note 30 on the long-term vision of BRICS.
32. Interviews with Indrani Bagchi (*Times of India*) on October 16, 2013 and Prमित Chaudhuri (*Hindustan Times*) on October 16, 2013.
33. Rajiv Kumar, 'BRICS: India's Costly Timepass', *India Today*, March 29, 2013.
34. Lysa John, *Engaging BRICS*, OXFAM India, Working Papers Series XII, September 2012, p. 11.
35. Government of India, Ministry of External Affairs, *Annual Report 2012–13*, p. 112, at http://www.mea.gov.in/Uploads/PublicationDocs/21385_Annual_Report_2012-2013_English.pdf (Accessed October 13, 2013).
36. For instance, *ibid.*, p. 7.
37. For instance in the margins of the UN General Assembly with a statement from the BRICS foreign minister on September 26, 2013 in New York. See Government of India, Ministry of External Affairs, 'Joint Press Statement on the Meeting of BRICS Foreign Ministers on the Margins of the 68th Session of the United Nations General Assembly', at <http://www>.

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 39. Joe Thomas Karackattu, *BRICS Development Bank: The Way Forward*, Indian Council of World Affairs, Delhi, Issue Brief 30, August 2013, pp. 5–6.
 40. Government of India, Department of Commerce and Industry, Export and Import Data Bank, New Delhi, 2013, at <http://commerce.nic.in/eidb/Default.asp> (Accessed November 28, 2014).
 41. Rahul Mukherji, 'India and Global Economic Governance: From Structural Conflict to Embedded Liberalism', *International Studies Review*, 16(3), 2014, pp. 460–466.
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 43. Gateway House, no. 38.
 44. Joe Thomas Karackattu, no. 39.
 45. P.A. Jayan, 'BRICS: Advancing Cooperation and Strengthening Regionalism', *India Quarterly*, 68(4), 2012, pp. 363–384.
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 47. 'Hugo Chávez moves into banking', May 10, 2007, at <http://www.economist.com/node/9149736> (Accessed December 10, 2014); Daniel Fernández, 'Latin America establishes the Bank of the South to antagonize the IMF date', June 29, 2013, at <http://www.publico.es/internacional/458059/america-latina-lanza-el-banco-del-sur-para-plantar-cara-al-fmi> (Accessed December 10, 2014); 'Bank of the South starts off with 20 billion US\$', September 26, 2009, at <http://www.elespectador.com/articulo163631-banco-del-sur-arrancara-us-20000-millones> (Accessed December 10, 2014).
 48. Adriane Sancits de Brito, 'Assessing the BRICS Bank Project: New Regulation and New Development Encounter?', Universade de Sao Paulo, n.d. On 'New Developmentalism', see also David M. Trubek, Diogo R. Coutinho and Mario G. Shapiro, 'Toward a New Law and Development: New State Activism in Brazil and the Challenge for Legal Institutions', *The World Bank Law Legal Review*, Washington, 281, 2013, pp. 282–314.
 49. 'BRICS Pledges \$75 bn Contribution to IMF', *Hindustan Times*, June 19, 2012, at <http://www.hindustantimes.com/business-news/brics-pledges-75-bn-contribution-to-imf/article1-874625.aspx> (Accessed November 28, 2014).
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 52. Institute of Development Studies, *What Next for the BRICS Bank?*, IDS Rapid Response Briefing, Issue 03, May 2013.
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 54. At the centre of the Washington Consensus was a neoliberally influenced policy of structural adjustment, as was supported for a long time by the IMF and the World Bank. With the Beijing Consensus, an alternative model was outlined which has state capitalist elements and which distances itself from liberal norms.
 55. Rahul Mukherji, no. 41, p. 461.

56. The following paragraphs are based on Herbert Wulf, *India, China and the Three C's*, United States Institute of Peace, International Network for Economics and Conflict, March 4, 2014, at <http://inec.usip.org/blog/2014/mar/04/china-india-and-three-cs> (Accessed September 30, 2014).
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58. See 'Japan is at the Heart of India's Look East Policy: Narendra Modi', first published August 30, 2014, at http://zeenews.india.com/news/nation/japan-is-at-the-heart-of-indias-look-east-policy-narendra-modi_1462494.html (Accessed September 30, 2014); 'PM Narendra Modi Ends Successful Japan Visit, Leaves for Home', at <http://indiatoday.intoday.in/story/pm-narendra-modi-japan-visit-ends-leaves-for-home/1/380577.html> (Accessed September 30, 2014).
59. In our interview of October 14, 2013 Zorawar Daulet Singh, a PhD student at King's College London and the author of relevant specialist articles, used these terms.
60. Amrita Narlikar, no. 19, p. 597.
61. Daya Thussu, *Communicating India's Soft Power: Buddha to Bollywood*, Palgrave MacMillan, UK, 2013.
62. Quoted in Ankit Panda, no. 13.