

# The Impact of economics growth on India's regional power in Asia

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## Abstract

India's rapid economic expansion in recent decades has drastically altered its status in Asia, establishing it as a leading emerging power vying for regional and global influence. Since the 1990s, economic reforms, alongside the growth of its domestic market and progress in technology, energy, and industry, have enhanced India's ability to establish vast regional partnerships and diversify its economic and political relationships. The economic expansion has elevated India's geopolitical significance in Asia, establishing it as a key player in regional security, intra-Asian commerce, and multilateral entities like the Shanghai Cooperation Organisation and BRICS.

Moreover, it has enabled India to enhance its diplomatic clout, particularly in counterbalancing other Asian powers, especially China, thus providing alternative alliances for nations pursuing stability in their regional affiliations. Economic growth has solidified India's status as an emerging Asian power and created new opportunities for its involvement in development, energy, and security. The viability of this position will, however, hinge on India's capacity to sustain consistent growth while confronting internal obstacles and external threats.

**Keywords:** Economic Growth - India's Position - Economic Reforms - Asian Blocs

## Introduction

Economic growth is a fundamental pillar in reshaping the international and regional balance of power. Its impact is not limited to financial and development indicators alone, but extends to include geopolitical position and the ability to influence the formulation of strategic directions. In this context, India represents a prominent example of a rising Asian power that, since the beginning of the third millennium, has been able to achieve rapid rates of economic growth, supported by structural reforms, an expansion in foreign investments, and the growth of the technology and software sector, in addition to adopting an economic diversification policy that goes beyond traditional reliance on agriculture.

This development path has contributed to enhancing India's ability to expand its network of economic and trade relations inside and outside the Asian continent, allowing it to gain an advanced position among the major global economies. In addition to the economic dimension, this growth has been reflected on the political and strategic levels, as India has become a major player in the regional balance equation in Asia, especially in light of the intensification of competition with China and the decline in the relative role of a number of traditional powers.<sup>(1)</sup>

Therefore, it's important to study the impact of economic growth on India's position in Asia, as an introduction to understanding the ongoing changes in the Asian regional system, and to determine whether this growth is capable of transforming India into an effective regional pole capable of balancing Chinese and Japanese influence, or whether it will remain an economic power factor with incomplete political and strategic influence. This study aims to address the gap in the literature concerning the extent to which economic growth can serve as a comprehensive force, the mechanisms

utilised by India to optimise its regional benefits, and the subsequent implications for security and stability in Asia.<sup>(2)</sup> Thus, the importance of this study stems from several academic and strategic considerations, as the issue of the impact of economic growth on India's position in Asia goes beyond being an economic issue to constitute an introduction to understanding the profound transformations in the structure of the Asian regional system. The dimensions of this importance can be highlighted as follows:

- Academic and cognitive importance: The study contributes to enriching the scientific literature related to the relationship between economic growth and geopolitical status, by focusing on India's status as one of the most prominent emerging powers in the twenty-first century, opening the way for theoretical and applied comparisons with other Asian experiences such as China, Japan, and South Korea.
- Regional importance: The study shows how India's economic growth has been reflected in its position within Asia, whether through its increased weight in regional economic and trade interactions, or through its growing political and security role in confronting common challenges such as maritime security, energy security, and strategic balance with major powers.
- International Importance: The study highlights how India has become an influential player in the international system, especially in light of Western powers' efforts to redirect their economic and strategic partnerships towards Asia, and the consequent strengthening of India's position as a bridge between East and West.
- Applied and forward-looking importance: The study provides an analytical vision that helps decision-makers and researchers anticipate the future paths of India's role in Asia, and determine

whether its economic growth is sufficient to transform it into a leading regional power, or whether its impact will remain limited due to internal and external challenges.

### **First: The Rise of India's Economic Growth**

India's economic growth represents one of the most significant structural transformations in Asia in recent decades, as the country has transitioned from a traditional economy based primarily on agriculture -which contributed more than 30% of GDP in the 1980s- to a diversified economy led by manufacturing, services, and technology. In 2024, India's nominal GDP reached about \$3.91 trillion, making it the third largest economy in Asia after China and Japan, while the real growth rate recorded about 8.2% in the fiscal year 2023/2024, which is the highest among major economies. This shift reflects a significant expansion in investment, with India attracting over \$27 billion in foreign direct investment in 2024, paralleling the rise of strategic sectors such as information and communications technology, pharmaceuticals, and renewable energy, which have enhanced its ability to compete regionally and internationally.

The features of structural transformation are also evident in the reshaping of the contribution of economic sectors; The contribution of agriculture decreased to about 16–17% of GDP, compared to the rise of the services sector, which now dominates with more than 50% of GDP, while the manufacturing sector continued to achieve gradual expansion within the framework of the “Made in India” initiatives (Make in India). Total exports (goods and services) also made a major leap to \$778 billion in 2023/2024, with expectations of exceeding \$820 billion in 2024/2025, indicating a deeper integration of India into regional and global value chains. <sup>(3)</sup>

Despite this upward trajectory, India still faces profound structural challenges, most notably social disparities and income disparities

between urban and rural states, weak logistics infrastructure related to the size of the economy, and the shortcomings of some traditional productive sectors, such as small industries and agriculture, which suffer from limited productivity and inefficient distribution chains. The growing pressure to absorb a massive workforce and develop human capital also poses a fundamental challenge to ensuring sustainable growth.

Therefore, analyzing the path of Indian economic growth, with all its quantitative achievements and qualitative transformations, versus the internal obstacles it faces, is an essential entry point to understanding its repercussions on India's position on the Asian continent. India is no longer just an emerging economy, but a rising regional player seeking to consolidate its position among the influential economic and technological powers in Asia until 2030.<sup>(4)</sup>

Figure (1):

Shows the evolution of the contribution of sectors to India's GDP<sup>(5)</sup>



The Indian economy, in real terms, is expected to grow by 6.4 per cent in 2024-25 as compared to the 8.2 per cent growth in 2023-24. It is 20 basis points less than RBI estimates.

India has officially become the world's fourth-largest economy in 2025 overtaking Japan, with a GDP of over \$4 trillion, India's re-

markable rise to become the world's fourth-largest economy demonstrates that with leadership and political will progress is inevitable. In truth, India is paving the way for a new path to prosperity for its population of more than 1.2 billion people.

Table (1)  
India fourth-largest economy in 2025

| Country        | Nominal GDP (US Dollar Billion Terms) |
|----------------|---------------------------------------|
| United States  | 30507.217                             |
| China          | 19231.705                             |
| Germany        | 4744.804                              |
| India          | 4187.017                              |
| Japan          | 4186.431                              |
| United Kingdom | 3839.18                               |
| France         | 3211.292                              |
| Italy          | 2422.855                              |
| Canada         | 2225.341                              |
| Brazil         | 2125.958                              |

Source : <https://hmsaconsultancy.com/india-becomes-4th-largest-economy-2025/>

#### **A- Historical trends in growth: from the 1990s to the early second millennium:**

The 1991 economic crisis represented a turning point in India's development path, as it revealed the fragility of the closed economic model that the country had adopted for many decades, based on central planning and strict restrictions on the productive and commercial sectors. India faced a severe balance of payments crisis

at the time, and foreign exchange reserves fell to a level insufficient to cover imports for a few weeks, leaving the country with two options: either to continue traditional protectionist policies with the risk of collapse, or adopt profound structural reforms. The political leadership has chosen the second option, with Finance Minister Manmohan Singh leading a new path of economic reforms.<sup>(6)</sup>

These reforms included three main pillars:

- First, liberalizing foreign trade by reducing customs duties and eliminating many quantitative restrictions.
- Second: Eliminating regulatory restrictions imposed on productive sectors, especially industry, by reducing the “RAG license” system that was hindering investment activity;
- Third: Opening the doors to foreign direct investment, which allowed the flow of capital and modern technology into the Indian market.

These paradigm shifts were clearly reflected in macroeconomic indicators. After GDP contracted by 1.1% in 1991, the economy entered a remarkable recovery phase during the period 1992–1999, with growth rates ranging between 5% and 8% annually, reaching 8.8% in 1999. This improvement represents not only a recovery from an immediate crisis, but also the beginning of a more sustainable growth path based on gradual openness and integration with the global economy.<sup>(7)</sup>

By the end of the 1990s, India had established itself as a rising economy in Asia, moving from almost complete dependence on domestic markets to active participation in global trade and international value chains. This transformation paved the way for subsequent decades of accelerated growth and established India’s competitiveness today in sectors such as information technology, financial services, and manufacturing.

**B- The first decade of the millennium (2000–2010): a growth boom driven by services:**

The first decade of the third millennium witnessed an exceptional period of economic prosperity in India, as the country recorded annual growth rates that exceeded 9% in some years, and peaked at 10.3% in 2010, an unprecedented level in its modern economic history. This performance attests to booming production and service sectors, but the most prominent role was played by the services sector, especially information technology and outsourcing services (BPO), which placed India at the heart of the global digital economy. Indian companies have been able to establish themselves as major providers of software services and technical support to multinational companies, making the country a strategic center in the cross-border digital services market.<sup>(8)</sup>

In addition, extensive investments in infrastructure –both in road and communications networks and in the energy sector – have played a vital role in creating a more favorable environment for investment and production. The significant expansion of domestic credit also contributed to revitalizing the private sector, giving it the ability to expand into industrial and service projects, which enhanced the dynamism of the economy and accelerated growth rates.

It is worth noting that this phase was not limited to quantitative GDP growth, but also reflected qualitative shifts in the structure of the Indian economy, strengthening the country's position as one of the most prominent players in emerging markets and a key hub in the global economic system. During this decade, India has become an example of the ability of developing economies to achieve a development boom through integration with the global economy and reliance on innovation and services as an alternative strategic wealth to natural resources

**C: The period 2011–2019: slower growth amid structural reforms<sup>(9)</sup>**

At the beginning of the second decade of the twenty-first century, the Indian economy witnessed a noticeable slowdown in growth rates, ranging between \*\*5% and 7%\*\*<sup>10</sup>, compared to the boom it achieved in the previous decade. This decline is attributed to overlapping internal and external factors. On the one hand, the Indian economy has been affected by global economic fluctuations and financial market crises, while on the other hand, the government has taken a series of structural reform measures that have caused temporary shocks to economic activity.

The most prominent of these measures are the implementation of an inflation targeting policy to control price hikes and the imposition of the Goods and Services Tax (GST) in 2017, which sought to unify the complex tax system and improve collection efficiency. These had, however, left their impact on some small and medium sectors in the short run. The decision to abolish the currency in 2016 (Demonetization) – by withdrawing major monetary denominations from circulation – also represented one of the most controversial policies, as it aimed to combat corruption and informal economy, but its immediate impact was represented by a slowdown in commercial activities and a decline in liquidity in the market.

Despite these challenges, the Indian economy was able to regain relative momentum by 2019, recording a growth rate of about 7.5%, which confirms its resilience and ability to adapt to internal and external shocks. In this context, the government launched the “Made in India” Initiative in 2014, being a national strategy to strengthen the industrial base and attract investments in manufacturing industries, with the aim of reducing heavy reliance on the services sector. However, the results were limited, as the industry did not succeed in significantly increasing its share of GDP, reflecting the continu-

ing structural challenge related to the weakness of the manufacturing industry compared to the rise of the services sector.

Thus, the second decade stands out as a transitional phase characterized by fluctuations between slowing growth and restoring balance, with the emergence of profound reform policies with a long-term impact, but at the same time they revealed the fragility of some sectors and the weak flexibility of the economy in the face of sudden changes<sup>(10)</sup>

**D: The period 2020–2025: pandemic shock and resilient recovery:**

The Covid-19 pandemic (2020) posed the biggest challenge to the Indian economy in decades, as it led to an unprecedented contraction of about –5.8% as a result of the cessation of productive and service activities, and the decline in domestic and external demand due to lockdown measures. Despite the severe impact, the Indian economy has shown remarkable ability to recover, recording exceptional growth approaching 9.7% in 2021, benefiting from fiscal and credit stimulus packages, expanding public spending on infrastructure, in addition to a recovery in pent-up consumer demand.<sup>(11)</sup>

During the period 2022–2023, the economy continued its recovery path with growth rates ranging between 7% and 9%, supported by the return of industrial activity and the expansion of exports in the fields of technology and medicines. Rapid digital transformations, reinforced by the pandemic, have also contributed to raising the productivity of the services sector, which has enhanced India's competitiveness at the regional and global levels.

By 2024–2025, the pace of growth had slowed to 6.4–6.5%, but the economy remained relatively stable in the face of global economic shocks such as rising energy prices and fluctuations in international trade. The fourth quarter of 2025 represented an important turning point, as the growth rate rose to about 7.4% thanks to strong do-

mestic consumption and increased fixed capital formation, which reflects the vitality of domestic demand and the role of investment in supporting sustainable growth.

Thus, India's experience in the post-pandemic era has shown that its ability to adapt to global crises is no longer limited to short-term response, but has become supported by long-term strategies that focus on infrastructure, digital transformation, and attracting investments, thus strengthening its position as one of the major economies in Asia and the world.<sup>(12)</sup>

### **E: Structural transformations and sector development:**

By 2025, India has a diversified economic structure in which the services sector emerges as a major driving force, contributing about 55% of GDP, followed by the agricultural sector at 17.6%, while industry constitutes about 16%. This distribution reflects the economy's transition from traditional dependence on agriculture to an economy based on services and technology, with agriculture and industry retaining an complementary role in supporting food security and industrialization.

In terms of the overall size of the economy, India has witnessed tremendous expansion. The Gross Domestic Product GDP rose from about \$288 billion in 1992 to more than \$4.19 trillion in 2025 (estimates), representing a more than fourteen-fold doubling in three decades. Per capita GDP also rose from \$308 in 1991 to about \$2,731 in 2024, which reflects a tangible improvement in living standards.<sup>(13)</sup>

On the social-economic level, since the mid-1980s, India has been able to extract more than 431 million people from poverty, which is considered one of the largest achievements in the world in the field of human development. In terms of financial flows, the country attracted foreign direct investment exceeding \$1.07 trillion during

the period 2000–2025, which contributed to strengthening the business environment and financing strategic projects in infrastructure, energy and technology.<sup>(14)</sup>

In addition, the boom in startups, government interest in infrastructure development, and the adoption of more disciplined and stable fiscal policies have consolidated India's position as a rising economic power. By the mid-2000s, India had become the world's fourth-largest economy in terms of GDP at current prices, confirming its transition from a developing economy to the ranks of major economies influencing the international system

Current economic indicators also show that India continues to consolidate its position as one of the fastest growing major economies in the world, despite increasing global challenges. Fiscal year 2024–2025 (FY25) recorded a real GDP growth rate of 6.5%, according to data from the Ministry of Statistics and Program Implementation. This performance is attributed to the strong expansion achieved in the fourth quarter at a rate of 7.4%, which compensated for the slowdown in growth in some previous quarters<sup>(15)</sup>

In the first quarter of fiscal year 2025–2026 (April–June 2025), credit rating agency ICRA estimated growth rate at 6.7%, exceeding the Central Bank of India (RBI) estimates of 6.5%. This reflects the pivotal role of both government capital spending and export recovery in driving economic activity<sup>(16)</sup>

The previous table shows that India has transitioned over three decades from a developing, agricultural-based economy to a diversified, service-led economy, while rapid growth has been reflected in living standards, with per capita GDP doubling more than eightfold. India has also attracted massive inflows of foreign direct investment, strengthening its infrastructure and industrial and service sectors. On the social front, the country has succeeded in the

largest poverty reduction in the world in terms of its international standing, it has transformed from an emerging economy in the 1990s to the fourth largest global economy in 2025.

**E: Expectations for 2025–2026 Despite a slight slowdown in the global outlook, India still leads the major economies in terms of growth:** <sup>(17)</sup>

Table (2): shows the development of the most important economic and social indicators of India between 1991–2025:

| Index                                   | 1992–1991       | 2000           | 2010                                 | 2020                          | ~2024 2025                               |
|-----------------------------------------|-----------------|----------------|--------------------------------------|-------------------------------|------------------------------------------|
| GDP (billion dollars)                   | (1992) 288      | 476            | 1,676                                | 2,660                         | 4,190 (2025)                             |
| GDP per capita                          | (1991) 308      | 450            | 1,350                                | 1,900                         | 2,731 (2024)                             |
| GDP per capita                          | %38             | %45            | %51                                  | %54                           | %55 (2025)                               |
| Industry contribution                   | %25             | %22            | %20                                  | %17                           | %16 (2025)                               |
| contribution of agriculture             | %37             | %33            | %29                                  | %20                           | %17.6 (2025)                             |
| Foreign direct investments (cumulative) | (cumulative)    | \$\ 50 billion | \$\ 180 billion                      | \$\ 550 billion               | \$\ 1.07 (~2000)<br>(2025) 1.07 trillion |
| Number of people lifted out of poverty  | —               | 100~ million   | 250~ million                         | 350~ million                  | 431 million (~1985)<br>(2025)            |
| Global Economic Position                | growing economy | Emerging       | One of the fastest growing economies | Among the 6 largest economies | Fourth largest global economy (2025)     |

Source: Prepared by the researcher

- United Nations: expects growth of 6.3% for 2025.
- International Monetary Fund (IMF): Growth is estimated at 6.2% for 2025 and 6.3% for 2026<sup>(18)</sup>
- Morgan Stanley: Expected 5.9% in 2025 on a quarterly basis and 6.4% in 2026.
- Organization for Economic Co-operation and Development (OECD): expects growth at 6.3% for 2025 and 6.4% for 2026<sup>(19)</sup>

These estimates, although slightly different, confirm that India will remain the most dynamic economy in the G20 in the near term.

Seventh: Main growth drivers:<sup>(20)</sup>

- Domestic demand: Consumption represents about 60% of GDP, making it a key pillar of growth. It was reinforced by reform policies and government support, which contributed to stabilizing demand despite fluctuations.
- Government Investment: Public capital spending saw exceptional growth of 52% year-on-year in the first quarter of FY26, reaching Rs 2.8 trillion, reflecting a clear trend towards stimulating growth through infrastructure<sup>(21)</sup>
- Exports: Export sectors continue to achieve positive results, especially engineering goods, petroleum products and electronics. A clear example emerged in Apple's exports from India, which rose by 63% to record \$7.5 billion between April and July 2025.
- Urban expansion: Level 2 and 3 cities contribute to creating new growth engines, reflecting a structural shift towards decentralized development that does not rely solely on major urban centers.

Strategically, India seeks to raise the investment rate from 31% to 35% of GDP, opening the way for a growth rate exceeding 8% annually over the next decade. This ambition, emphasized by the Ministry of Finance, reflects decision-makers' realization that sustainable

growth can only be achieved by boosting investment, diversifying the production base, and increasing the economy's resilience to geopolitical tensions<sup>(22)</sup>

## **Second: Implications of economic growth on India's regional position in Asia:**

India's rapid economic growth in recent decades is one of the most significant drivers reshaping its position in the Asian landscape. India is no longer classified as a developing country seeking only to meet its domestic development needs, but has emerged as a rising power with growing economic and political influence. The dynamic economic performance has contributed to enhancing New Delhi's ability to expand the scope of its regional relations, whether through trade exchange, the value of which has doubled with many major Asian economies, or through mutual investments that covered the energy, digital technology, and strategic infrastructure sectors.

Moreover, this economic boom was linked to India's ability to establish strategic partnerships with regional powers such as China, Japan, and ASEAN countries, enabling it to have a strong presence in major regional projects such as energy connectivity initiatives, trade corridors, and industrial value chains. Thus, the Indian economy has become a fundamental pillar for enabling New Delhi to play a more effective role in shaping the features of the Asian regional system, both at the level of economic balances related to trade and investment, and at the security-strategic level related to the ability to influence regional power equations.

This economic dynamic was not limited to strengthening India's external influence, but also created for it increasing leadership legitimacy within the continent, as a model of an Asian country that, through reform and openness, was able to transform into a pivotal actor contributing to reshaping the entire regional system.

### A: India's economic rise above foreign policy priorities:

India's foreign policy after its independence was based on the principles of non-alignment and leadership in representing the countries of the developing world, benefiting from its long-standing democratic experience and the conviction of its leaders in the values of ideal justice. This was reflected in its refusal to engage in the Cold War dualism, its pursuit of a more equitable distribution of wealth at the international level, and its defense of the interests of poor countries in obtaining economic aid.

With Prime Minister Narendra Modi taking power since May 2014, Indian foreign policy has entered a comprehensive review phase that reflects a growing ambition to engage in reshaping the international system and diversifying partnerships away from complete dependence on the alliance with the United States and Western countries. Modi expressed this approach in his speech at the Shangri-La Dialogue in Singapore (June 2018), emphasizing India's role as a link between the Indo-Pacific and a global center for trade, technology, and development.

Table (3): Shows the main indicators for India

| Indicator                                     | Value  | Period    | Source               |
|-----------------------------------------------|--------|-----------|----------------------|
| Nominal GDP (billion dollars)                 | 3910   | 2024      | IMF                  |
| Real output growth rate (%)                   | 8.2    | 20242023/ | MOSPI                |
| Total exports (billion dollars)               | 778.21 | 20242023/ | Ministry of Commerce |
| Total exports (billion dollars)               | 820.93 | 20252024/ | Ministry of Commerce |
| Foreign direct investment flows (\$1 billion) | 27.6   | 2024      | UNCTAD               |
| (\$) Per capita output                        | 2880   | 2025      | IMF                  |

Source: Prepared by the researcher

This review was driven by a number of factors, the most prominent of which are: <sup>(23)</sup>

- **Fluctuating confidence in the American partner:**

India faced challenges in its relations with the United States during President Donald Trump's first term (2017–2021) due to his adherence to the “America First” principle, the reduction of American commitments to allies, and the unilateral withdrawal from Afghanistan without taking into account the security repercussions on India. Although the Democrats returned to power with Joe Biden (2021–2025), US strategic directions did not change much, as the focus remained on confronting China. With Trump's return to the White House in January 2025, India's fears were renewed that his tightening of trade and tariffs would lead to additional tensions in bilateral relations, despite continued security and military cooperation between the two countries.

- **Betting on Russia as a strategic balance:**

India has worked to strengthen its strategic partnership with Russia to secure greater room for maneuver in its international relations, especially in light of American pressure on its allies to reduce the level of cooperation with Moscow. This trend reflected New Delhi's repeated celebration of President Vladimir Putin's visits and the signing of various agreements in the fields of defense, energy and trade, including advancing negotiations on a free trade agreement with the Russian-led Eurasian Economic Union.

- **Continued cooperation with Iran:**

Despite US sanctions, India has insisted on strengthening its partnerships with Iran, driven by geopolitical and economic considerations. In this context, its investment in developing the port of Chabahar, being India's strategic outlet to Central Asia, is highlighted,

along with security cooperation to mitigate the repercussions of the situation in Afghanistan. New Delhi sees the US sanctions as an opportunity to strengthen its economic presence in the Iranian market in light of the withdrawal of other competitors.

- **Realistic pragmatic approach:**

PM Modi's government has pursued foreign policies based on direct interests and a relaxation of ideological commitments, in line with the nationalist vision of the ruling Bhartiya Janata Party. This vision focuses on protecting economic interests, avoiding useless political or security costs, while seeking to consolidate India's position as a central power in South Asia and a major player in the multipolar international system.

- **Internal economic and political pressures:**

Despite India's high growth rates, the Modi government faced internal challenges such as high unemployment, declining economic indicators, and social tensions in a number of states. This has prompted the government to strengthen job creation programs (more than 10 million jobs annually), continue the "Make in India" policy, encourage foreign direct investment, focus on economic partnerships with Russia and Iran, and try to contain tensions with China ()

Despite differences in positions with Washington, the two parties' awareness of the danger of Chinese expansion in the Indian and Pacific Oceans remains a driving factor for maintaining strategic cooperation between them. In light of Trump's second term policies, the United States is expected to adopt a practical approach that allows India to maintain a margin of flexibility in its relations with Russia and Iran, in exchange for its continued commitment to participate in efforts aimed at containing China regionally and internationally.

**B: Indian–Chinese competition: rising demographics and accelerating economy:**

In April 2023, the United Nations announced that India had become the world's most populous country, surpassing China, which had held the top spot for decades. India's population reached about 1.4286 billion people, compared to 1.4257 billion people for China, an increase of nearly three million people. Thus, the competition between the two Asian giants entered a new phase, as it was no longer limited to the economy and foreign policy, but rather extended to include the demographic weapon, which represents one of the most important determinants of the overall power of countries <sup>(25)</sup>

India's population expansion over China has strategic implications. On the one hand, it is expected to provide India with a massive human base that will accelerate its economic growth and enhance its international political influence. On the other hand, China's population decline reveals structural challenges that may limit its future rise, whether through a shrinking workforce or a worsening aging society.

**• China: A major power facing the aging dilemma**

Indicators indicate that China is experiencing a marked population slowdown. Its population began declining in 2022 for the first time in six decades, declining by approximately 850,000 people compared to the previous year. This is due to the high cost of living, the late age of marriage and childbearing, and the long legacy of the “one-child” policy. As a result, the fertility rate fell to 1.3 children per woman, one of the lowest rates in the world.

This population contraction threatens to shrink the labor force from more than 900 million people in 2011 to about 700 million by mid-century, in parallel with the doubling of the number of elderly people over 65 years of age. These transformations will burden the Chinese economy, through rising labor costs, declining domestic

demand, and increasing pension system burdens. This may slow down the dynamics of the “Chinese rise,” which has long been seen as a threat to the existing international order <sup>(26)</sup>

### India: demographic gains and economic opportunities

In contrast, India appears to be in a very different position, with its working-age population expected to reach one billion over the next decade. These human resources are young and low-paid, making them attractive to global companies looking for an alternative to Chinese manufacturing. However, these gains depend on New Delhi’s ability to absorb these forces by creating high-quality jobs, developing infrastructure, and addressing the challenges of poverty, unemployment and inequality.

Economically, India is expected to maintain a growth rate of more than 6% annually until the end of the decade, strengthening its position as the fourth largest global economy in nominal terms, and the third largest economy according to GDP according to purchasing power parity (PPP). This economic breakthrough is accompanied by active diplomatic expansion in Central Asia and the Indo-Pacific, giving it a pivotal position in reshaping regional balances <sup>(27)</sup>

### • Implications of regional and international competition

This population shift reformulates the equation of Indian–Chinese competition in Asia. While Beijing faces demographic pressures that could limit its rise, India has a demographic and economic momentum that is pushing it to establish its image as an alternative “rising power.” India’s growing position is also receiving increasing Western acceptance as an important partner in confronting Chinese expansion, which doubles its geopolitical weight.

### C: India’s economic growth and regional ambition:

India is seen as a rising power whose foreign policy is based on a solid economic base. It has surpassed China as the world’s fast-

est-growing major economy and is expected to maintain a growth rate of over 6% annually until the end of this decade. India currently ranks fourth in the world in terms of the size of the economy in nominal terms of the dollar, and third in terms of gross domestic product based on purchasing power parity (PPP), while domestic investment has averaged about 30% of output in recent years, which reflects its possession of a wide base for increasing both internal and external investments. Some analysts describe it as the “new China” in light of its rapid economic launch <sup>(28)</sup>

In this context, Indian movements in its regional surroundings, especially towards Central Asia, have escalated through multiple paths <sup>(29)</sup>

- **National strategy:**

In 2022, India launched a national strategy towards Central Asia, which culminated in holding the first virtual summit with the leaders of the five countries in the region, focusing on trade cooperation and combating terrorism and extremism. This strategy is an extension of the “Connecting Central Asia” Initiative launched by New Delhi in 2012, which aims to deepen economic and political ties.

- **Digital economic cooperation:**

In October 2023, during the second meeting of national security advisors with Central Asian countries in Kazakhstan, India put forward a proposal to establish joint digital payment systems, which would contribute to enhancing trade exchange, facilitating tourism movement between the two sides, and establishing a modern financial infrastructure linking the economies of the region to India.

- **Security coordination:**

The second meeting of National Security Advisors was held in October 2023, which completed the establishment of a joint secretariat in New Delhi after the first summit in January 2022, with the aim of studying security challenges and formulating mechanisms

for coordination between India and Central Asian countries in confronting common threats.

- **Soft power enhancement:**

India has strengthened its cultural and educational presence in Central Asia through soft power tools, taking advantage of common civilizational and demographic commonalities. In March 2024, the Indian Ministry of Youth Affairs organized the second edition of the India-Central Asia Youth Forum (YDP), which provided a platform to promote mutual understanding, open channels of communication among the youth of the region, by introducing them to Indian cultural heritage, and allowing meetings with leading academic and economic institutions in India <sup>(30)</sup>

**D: India's current influence on regional and international organizations:**

In the last two decades, India has witnessed a profound strategic shift in its position on the international scene, as it has succeeded in combining its demographic strength, as the most populous country in the world since 2023, with the dynamics of accelerated economic growth that have made it among the largest global economies in terms of size and influence. This Indian rise is no longer limited to its internal scope or to purely economic indicators, but has been clearly reflected in its position within regional and international structures, through New Delhi's efforts to establish its presence as a rising power that balances existing poles and actively participates in reshaping the features of the new international order.

India's role in this context is characterized by its ability to go beyond formal participation in multilateral frameworks, taking on a leadership character by launching strategic initiatives, contributing to the shaping of regional and international policies, and strengthening its partnerships with major and Asian powers. This approach reflects India's transition from a recipient of international policies to

an influential actor and decision-maker, giving it pivotal weight in current political, security and economic issues, establishing it as an indispensable actor in regional and global balance equations.

Table (4): Shows the most prominent international and regional blocs and organizations that reflect India's regional and international status and role:

| Organization                      | Cluster Nature of Indian Participation Role                    | Importance to India's Status                                                                                  |
|-----------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| The Group of Twenty (G20)         | founding member                                                | Importance to India's Status                                                                                  |
| (BRICS)                           | Founding member with (Brazil, Russia, China, South Africa)     | Strengthening economic and political alliances as a balancing force for the West                              |
| Shanghai Cooperation Organization | Full member since 2017                                         | Strengthening security and economic influence in Central Asia and enhancing cooperation with China and Russia |
| ASEAN + India                     | strategic partner                                              | Strengthening trade and economic cooperation with Southeast Asia                                              |
| United Nation                     | permanent demands for a permanent seat in the Security Council | Expanding the global political and diplomatic presence                                                        |
| Energy alliances                  | Participant in the International Solar Alliance (ISA)          | Strengthening its role in renewable energy and sustainable development issues                                 |

|                                             |                                                 |                                                                                                      |
|---------------------------------------------|-------------------------------------------------|------------------------------------------------------------------------------------------------------|
| (QUAD) Quadripartite Security Dialogue      | Member with the United States, Japan, Australia | A strategic role in the security balance in the Indo-Pacific region                                  |
| Asian Infrastructure Investment Bank (AIIB) | a founding member                               | that supports the financing of infrastructure projects and strengthens its economic position in Asia |

Source: Suneel Kumar, Regional Organizations and States in International Relations: A Study of India's Approach Towards Regional Organizations, Sage journal, Volume 15, Issue 2, available at:<https://journals.sagepub.com/doi/10.1177/09763996221105148>

### **India and the United Nations – between international legitimacy and ambition for Security Council membership**

India's position at the United Nations has been a major test of its international presence. Since its independence, it has been keen to present itself as a voice for the developing world, raising the slogan of international justice and the right of peoples to self-determination. However, recent years have reflected a paradigm shift in this role, as India has relied on its economic and demographic strength to assert its right to a permanent seat on the Security Council.

Today, India has become a driving force within the Security Council reform alliances, based on being the largest democracy in the world, and having advanced economic experience in the fields of technology and services. This presence gives it the ability to draft agendas for major issues such as climate change, counterterrorism, and food security. Its active participation in peacekeeping operations has also strengthened its credit as a major contributor to international security<sup>(31)</sup>

### • India and G20 – Economic Leadership of the South

As its economic growth accelerated, India became a rising power in the G20, playing a prominent role during its presidency of the group in 2023. It sought to place the issues of the Global South at the heart of the international economic debate, emphasizing the importance of addressing debt, supporting technological innovation, and achieving a just energy transition.<sup>(32)</sup> India is no longer merely a recipient of international economic policies, but has become a participant in shaping them, based on its development experience in achieving a balance between economic growth and human development. India's location has allowed it to be a link between advanced economies and developing countries, reflecting its position as an economic power.

### • India and BRICS – a strategic partner in the international balance of power

India's membership in the BRICS group constitutes one of the most prominent dimensions of its current international presence. Through the bloc, New Delhi seeks to promote a multi-polar system and balance Western hegemony in the international economic and political affairs. However, its position within the group remains complex. On the one hand, it intersects with China and Russia in its desire to enhance the independence of international decision-making away from the United States, but at the same time it has reservations about excessive integration with China, given the existing strategic competition between them. India plays a dual role here: it is a key partner in building alternative institutions such as the New Development Bank, while at the same time being keen to keep the door open to its relations with the West. This balance reflects India's ingenuity in managing its position between competing poles, enhancing its image as an influential pragmatic force.

- **India and the Shanghai Cooperation Organization – The security dimension in Eurasia**

India's accession to the Shanghai Cooperation Organization reflects its awareness of the importance of interacting with the Eurasian space, especially in light of the security challenges associated with cross-border terrorism, Afghanistan, and the stability of Central Asia. Through the organization, India seeks to assert its security and diplomatic presence in its broader regional environment, and works to enhance cooperation in the fields of energy and infrastructure. However, the contradiction in its relations with China and Pakistan within the organization makes its role fraught with challenges, but at the same time it highlights its ability to employ multilateral platforms to consolidate its strategic interests.

- **India and regional alliances in Asia – from ASEAN to Quad:**

India's presence is not limited to major international organizations, but also extends to influential regional spaces in Asia. Although New Delhi is not an official member of some of these blocs, it has been able, through partnerships and cooperative mechanisms, to impose a significant area of influence on itself. Its cooperation with the Association of Southeast Asian Nations (ASEAN) is a prominent example in that department. Through this partnership, India is working to consolidate the concept of "India-Pacific" as a strategic area for economic and security interaction, reflecting its quest to redefine regional cooperation frameworks in line with its growing international standing.

Its participation in the Quadrilateral Security Dialogue (QUAD), which includes the United States, Japan, and Australia, reflects its interest in balancing Chinese influence in the Indian and Pacific Oceans. This regional dynamic allows India to present itself as a responsible power capable of protecting regional balance and con-

tributing to the formulation of collective security arrangements. <sup>(33)</sup>

**• India in economic and financial organizations – Towards a driving seat in the global economy:**

In addition to its political and security frameworks, India plays an increasing role in international economic organizations such as the World Bank and the International Monetary Fund. As its economy grows, it is pushing to restructure voting shares to reflect the new weight of emerging economies. This role is enhanced by its introduction of alternative financing and development models based on enhancing financial inclusion, digital transformation, and technological innovation. India's influence in these institutions is therefore not limited to defending its own interests, but extends to defending the interests of developing countries, reflecting its role as a potential leader of the Global South.

**Conclusion:**

India's influence in regional and international organisations has transitioned from an ambition to a palpable reality, signifying the emergence of a new force within the international system. India today rests on three fundamental pillars: its demographic significance as the most populous nation on earth, its accelerated economic growth that positions it among the major global powers, and its robust political and diplomatic influence that enables it to shape international agendas. India aims to reestablish its position not merely as an Asian power, but as a global entity that advocates for the Global South and equilibrates Eastern and Western interests. This position signifies a pivotal transformation in the architecture of the international system and prompts enquiries over the future of global leadership and the influence of emerging powers in redefining the norms of international engagement in the twenty-first century.

This continued economic advancement has resulted in significant regional influence throughout Asia. India has emerged as a crucial player in influencing trade dynamics, energy pathways, and security frameworks, while presenting a model of democratic progress that sets it apart from other Asian nations. Its expanding alliances with regional entities including as BRICS, the Shanghai Cooperation Organisation, and the Quad underscore its evolution from a reactive to a proactive force in the Asian strategic equilibrium.

The persistence of this regional ascent hinges on India's capacity to tackle internal difficulties, like social inequality, unemployment, and infrastructural deficiencies, while sustaining steady growth and pragmatic foreign policies. India's economic prowess has transcended domestic affluence, emerging as a fundamental pillar of its regional dominance and a catalyst for transforming the geopolitical landscape of Asia in the twenty-first century.

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