



# **DECODING GEOPOLITICAL NEXUS**

**COMPARATIVE STUDY REPORT ON INDIA AND USA**

# Our Team

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# Content

- Objective
- Power and Foreign Policy
- International Trade & Trade Barriers
- Trade Sanctions & Foreign Aid
- Role of International Institutions
- Comparative GDP Analysis



# OBJECTIVE

- The objective of this project is to conduct a comparative analysis of the foreign policies, international trade policies, trade barriers, and sanctions of India and the USA.
- This analysis will explore how these elements, along with the influence of international institutions, shape each country's economic and foreign policy decisions.
- Additionally, the project will assess the impacts of these policies on the global stage, providing insights into the strategic approaches and international roles of India and the USA.



# **Power and Foreign Policy In International Relations**

## Key Aspects of Power

**Hard Power :** Use of military and economic means to influence the behavior of other states (e.g., military intervention, economic sanctions).

**Soft Power:** Ability to shape preferences through appeal and attraction (e.g., cultural influence, diplomacy).

**Smart Power:** Combination of hard and soft power strategies.



## Key Aspects of Foreign Policy

**National Interest:** Fundamental goals and objectives that guide a country's foreign policy.

**Diplomacy:** Practice of negotiating and managing international relations.

**Economic Policies:** Use of trade agreements, sanctions, and foreign aid to achieve foreign policy goals.

**Security Policies:** Strategies to protect national sovereignty and territorial integrity.



# Power Comparision on basis of Comprehensive National Power

	INDIA	USA
Hard Power	<ul style="list-style-type: none"><li>Armed Forces majorly operate in Indian Ocean, lack technological edge(comparatively) and have a low defense budget.</li><li>Fastest growing economy attracting FDIs.</li></ul>	<ul style="list-style-type: none"><li>Armed Forces operate globally, have advanced tech and weapons and a big Defense Budget.</li><li>Largest economy in the world due US trade and its currency dollar supremacy.</li></ul>
Soft Power	<ul style="list-style-type: none"><li>Despite having rich history and heritage lacks communicating it internationally .</li><li>Historically a peaceful and neutral state. Acts on its national interests and maintains a balance in world order.</li></ul>	<ul style="list-style-type: none"><li>Strong global influence with its media and film industry.</li><li>Supports regimes based on its national interests thus influencing different governments across the globe. In general, promotes democracy and human rights.</li></ul>
Governance	<ul style="list-style-type: none"><li>Largest democracy. Facing challenges like corruption, insufficient bureaucrats, inefficient policy implementation.</li><li>Government actions are often considered controversial domestically. Stable foreign policy across governments.</li></ul>	<ul style="list-style-type: none"><li>Oldest democracy. Nowadays, facing difficulty in controlling political polarization, maintaining public order.</li><li>Government actions are often seen as unilateral in both domestic and global politics.</li></ul>



	<b>INDIA</b>	<b>USA</b>
<b>Science and Technology</b>	<ul style="list-style-type: none"> <li>IT industry is exploding and meeting international standards.</li> <li>Lacks necessary infrastructure causing huge brain drain annually leading to slow technological and economic growth creating a vicious brain drain loop.</li> </ul>	<ul style="list-style-type: none"> <li>Leads globally in research across various fields creating opportunities for talent across the world.</li> <li>Infrastructure is well developed for such research and technological advancements.</li> </ul>
<b>Resources</b>	<ul style="list-style-type: none"> <li>Majorly dependent on imports to fulfil its energy needs, at the same time exploring its untapped mineral wealth.</li> <li>Due to import dependency, India is vulnerable to geopolitical tensions.</li> </ul>	<ul style="list-style-type: none"> <li>Abundant natural resources like fossil fuels, minerals, etc. This gives USA an edge in geopolitics.</li> <li>Faces challenges in sustainable growth and environmental protection.</li> </ul>
<b>Social Cohesion</b>	<ul style="list-style-type: none"> <li>Highly diverse population. Faces social issues like regional discrimination, caste and religious tensions.</li> <li>Young population referred to as demographic dividend, but to properly utilize it, education needs to be improved.</li> </ul>	<ul style="list-style-type: none"> <li>Diverse population with different ethnicities along with significant share of foreign origin citizens. Faces problems like racism.</li> <li>Aging population could impact its long term growth.</li> </ul>



# Current Foreign Policy Analysis

## USA

- **Objective:** Major objectives of US foreign policy are maintaining its economic and political superpower status, ensuring its national interests. Other objectives include Cyber security, climate change. It is also important for USA that its pro-democratic and human right savior image remains intact.
- **Strategy:** To maintain military presence globally, especially in the Indo-Pacific to counter China, Iran, Russia. Impose sanctions to threaten adversaries. Maintain and strengthen alliances like the QUAD, NATO, Five Eyes to counter China, Russia. To promote the ‘US way of living’ in the whole world to counter the anti-American sentiments and to make sure that American businesses flourish and expand without hindrances which further makes its economy stronger.

## INDIA

- **Objective:** Major objectives of India are securing its borders, economic growth, balancing global partners. Other objectives include increasing its influence in Asia and its surveillance in the Indian Ocean, crafting policies and making agreements to boost its indigenous manufacturing capabilities (especially defense R&D and manufacturing).
- **Strategy:** To maintain a balance between Russia and USA, maintain relations with Israel and the Gulf at the same time while securing India’s national interests. Strengthen ties with Southeast Asian countries thus improving trade relations. To modernize military to counter China and Pakistan. To increase India’s soft power and its influence in the west. To promote talk on terrorism, climate change on international forums like UN, SCO.

# Current Foreign Policy Analysis

## USA

**Current Issues:** In the current scenario, an undeclared trade war is happening between US and China. US is imposing taxes, bans on Chinese goods and their businessmen. US is also firing up the Taiwan issue with prominent figures visiting and orating in this issue. Very recently US has also ignited the long forgotten issue of Tibet and its delegation met Dalai Lama. In Russia-Ukraine conflict, US is giving military aid and training to Ukraine and also supporting it to make sure the war continues and Russia suffers. It has also seized the Russian assets and is planning to confiscate them and provide them as an aid to Ukraine. In case of Israel-Hamas war, US seems to be on a little backfoot due to Israel's aggression on Gaza, but still US is helping Israel to fight Hamas and wants Israel to finish the war quickly.

## INDIA

**Current Issues:** India is facing border issues with China on its eastern borders. By imposing trade restrictions, taxes, bans on Chinese tech India wishes to warn China of it invading Indian borders. Also on the account of Demographic shift India has decided to suspend the Open Movement Regime with Myanmar. In Russia-Ukraine conflict India has stayed partially neutral and also have offered to be a mediator for a solution. India is importing cheap oil from Russia and maintaining relations with the West at the same time. In the Israel-Ukraine war India held the stance that both must come on the discussion table. In recent times, the rift between India and Canada has increased due to the separatist Nijjar death case during which both countries suspended bureaucrats of the other. A similar case happened with separatist Pannun in America. This time Russia supported India.

# **International Trade and Trade Barriers**

# Importance of International Trade

**Economic Growth:** Facilitates access to larger markets, promotes efficiency, and stimulates innovation.

**Comparative Advantage:** Countries specialize in producing goods where they have a lower opportunity cost, enhancing global efficiency

**Consumer Benefits:** Provides consumers with a wider variety of goods and services at lower prices.

**Global Interdependence:** Creates economic linkages that can reduce the likelihood of conflicts



# Trade Barriers and Their Types

**Tariffs:** Taxes imposed on imported goods to protect domestic industries and generate revenue.

**Quotas:** Limits on the quantity of a good that can be imported, restricting supply and protecting domestic producers.

**Subsidies:** Government financial support to domestic industries to make them more competitive against foreign goods.

**Non-Tariff Barriers:** Regulations or standards that make importing goods more difficult (e.g., stringent safety or quality standards).

**Embargoes:** Official bans on trade with specific countries to achieve political or economic objectives.





# Reasons behind trade barriers and their impact

## Protection of Domestic Industries

Reason: Tariffs and quotas shield domestic industries from foreign competition, especially in sensitive sectors.

Impact: Preserves jobs and economic stability but reduces consumer choice and increases prices for imports.

## National Security Concerns

Reason: Restrictions on imports of critical goods (e.g., military equipment) aim to safeguard national security.

Impact: Prevents dependency but can lead to trade disputes and hinder international cooperation.

## Regulatory Standards and Public Health

Reason: Standards ensure imported goods meet domestic safety and health requirements.

Impact: Protects consumers but increases costs for exporters and limits market access.

## Intellectual Property Protection

Reason: Protects innovation through patents, copyrights, and trademarks.

Impact: Encourages R&D investment but restricts access to technology

## Political and Economic Policies

Reason: Trade barriers align with broader domestic objectives such as economic growth and employment.

Impact: Shapes global trade flows, investments, and diplomatic relations.



# Trade Sanctions and Foreign Aid

# Purposes of Trade Sanctions

**Political Pressure:** To compel a country to change its behavior (e.g., human rights violations, aggression).

**Economic Coercion:** To weaken the target country's economy.

**Symbolic Actions:** To signal disapproval without engaging in military conflict.



# Foreign Aid

**Humanitarian Aid:** Assistance provided in response to humanitarian crises, such as natural disasters or conflicts.

**Development Aid:** Long-term aid aimed at improving economic and social development in recipient countries.

**Military Aid:** Support to allies to strengthen their military capabilities.

**Political Aid:** Assistance aimed at promoting political stability and democratic governance.



# Trade Sanctions and their Impact

## US Trade Sanctions

### → Russia

- US has freezed about \$350 billion of Russia's foreign currency reserves and bank assets.
- Direct trade and export of any commodity to Russia is banned.
- Foreign Assets Russian Oligarchs,supportrs of kremlin were frozen and confiscated.
- US banned Russian oil and natural gas exports and put a price cap on russian oil.

### Impact

- Sanctions affected Russia's energy and defense sectors.
- It limited Russia's access to international capital and technology.
- Russia has strengthened economic ties with China and other non-Western countries to counteract the sanctions.
- US strained diplomatic relations with Russia and mnc's based in us got affected due to trade ban
- Russian currency inflated at very high rate but sanctions helped self-sufficiency of Russia

## Indian Trade Sanctions

### → Pakistan

- India has stopped bilateral trade with pakistan, withdrawing the Most Favored Nation (MFN) status and imposing higher tariffs on Pakistani goods.
- India has suspended bilateral dialogues and cultural exchanges, limiting people contact and diplomatic engagements.

### Impact

- The economic impact on Pakistan has been moderate due to the limited scale of bilateral trade but has added strain to Pakistan's already fragile economy.
- Increased economic difficulties for Pakistan and increased regional tensions.
- Almost no economic impact on India.



## US Trade Sanctions

### → Iran

- US has imposed sanctions on Iran, targeting its oil exports, banking sector, to curb its nuclear program.
- US has restricted Iranian banks from accessing the global financial system, particularly the SWIFT network.
- Any transaction with Iran would directly lead to secondary sanctions on the violators.

### Impact

- US sanctions have drastically reduced Iran's oil exports, destroying its economy.
- It caused Economic hardship, inflation, and social unrest in Iran.
- US gained strained relations with European allies seeking to maintain the Iran nuclear deal.
- Due to economic blockout,Iran was able to trade with very less countries,affecting its people and economy.

## Indian Trade Sanctions

### → China

- India has banned various Chinese apps like TikTok and WeChat due to security concerns.
- India has tightened regulations on Chinese investments, especially in critical sectors such as telecommunications and infrastructure.
- Sanctions are more restrictions rather than complete suspesion.

### Impact

- Chinese companies have lost a large market in India.
- Indian tech organisations and startups have gained opportunities to fill the gap left by Chinese apps.
- Very less impact on chinese companies except the investment and apps.



# **Role of International Institutions**

# International Monetary Fund (IMF)

## Purpose :

- Ensure monetary stability globally.
- Facilitate global monetary cooperation.
- Secure financial stability.
- Promote employment and economic growth



## Impact on United Nation

- The U.S. contributes significantly to the IMF's resources.
- The IMF provides policy advice and financial assistance during economic crises
- Collaborates on global economic stability and exchange rate management

## Impact on India

- India is an IMF member and receives technical assistance.
- IMF-supported programs help India manage balance-of-payments crises
- The IMF promotes reforms for sustainable growth in India



# World Bank

The World Bank is an international financial institution that provides loans and grants to the governments of low- and middle-income countries for the purpose of pursuing capital projects

## Purpose :

- Reduce poverty and support development in developing countries.



## **Impact on United State :**

- The U.S. is a major contributor to the World Bank.
- Supports projects worldwide, including infrastructure, education, and health.
- Promotes Global economic development and Best Practices

## **Impact on India :**

- India has received World Bank funding for various projects.
- Focus areas include education, water supply ,sanitation and environmental protection



# World Trade Organization (WTO)

The World Trade Organization is an intergovernmental organization headquartered in Geneva, Switzerland that regulates and facilitates international trade. Governments use the organization to establish, revise, and enforce the rules that govern international trade in cooperation with the United Nations System.



## Purpose :

- Ensure smooth, predictable, and free trade between nations.
- Negotiate agreements to lower trade barriers.



## **Impact on United States :**

- The U.S. participates in WTO negotiations.
- Advocates for fair trade practices and market access.
- Resolves trade disputes through the WTO's dispute settlement mechanism.

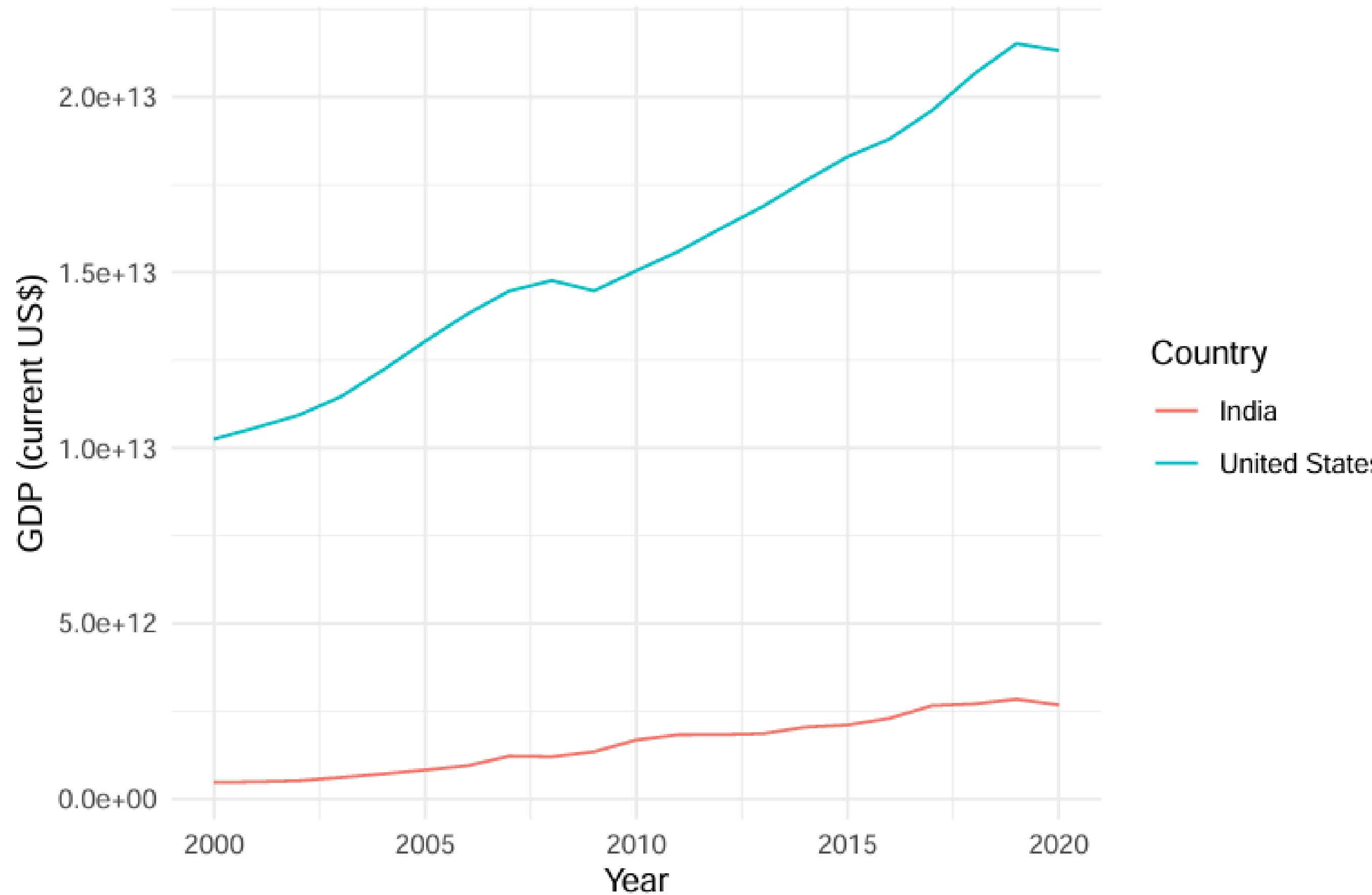
## **Impact on India :**

- India benefits from WTO rules that promote trade.
- Engages in multilateral trade negotiations.
- Addresses trade related issues through the WTO.



# **Comparative GDP Analysis**

## GDP Over Time (2000–2020)



# Based on the graph, we can make the following inferences:

- The United States had a **steeper increase** in GDP compared to India during the early years (2000-2005).
- The United States had a head start in terms of economic development and infrastructure compared to India. Additionally, during the early 2000s, the United States experienced a period of economic expansion and growth driven by factors such as technological advancements, increased consumer spending, and a booming housing market.
- **India's GDP** growth rate started to **accelerate after 2010**, while the United States' growth rate remained relatively stable.
- India implemented various **economic reforms and policies** in the 2000s, such as **liberalization, privatization, and globalization**, which helped stimulate economic growth. Additionally, India's large population and **emerging middle class** have contributed to **increased domestic consumption and investment, driving economic growth**.
- The gap between the GDP of the United States and India widened over time, indicating a larger disparity in economic output between the two countries.
- The **United States** has a **more developed and diversified economy** compared to India. It has a higher level of industrialization, technological advancements, and a larger share of global trade. Additionally, the United States has a **higher per capita income** and a **more advanced financial sector**, which contributes to its higher GDP compared to India.



## **USA's GDP dropped in 2008-2009 due to the following reasons-**

1. Financial Crisis: Banks failed due to risky loans, causing a lot of panic and economic trouble.
2. Housing Market Crash: House prices fell a lot, and many people couldn't pay their mortgages. This made people poorer and reduced spending.
3. Job Losses: Many people lost their jobs, which meant they had less money to spend, hurting the economy further.
4. Government Action: The government spent a lot of money to help banks and businesses, which helped stop a deeper recession but also increased national debt.

## **Consequences:**

1. Recession: The economy shrank, causing a lot of global economic problems.
2. Long-term Unemployment: Many people couldn't find new jobs for a long time, making it hard for them to recover financially.
3. New Rules for Banks: The government introduced new rules to make banks safer and prevent future crises.
4. Slow Recovery: The economy took a long time to get better, with some areas recovering faster than others.





**During COVID-19(2019-20), the USA's GDP base contributed to a steeper decline compared to India because of the following reasons:**

- 1. Economic Structure:** USA's service-oriented economy heavily impacted by lockdowns, while India's agriculture and manufacturing sectors were more resilient.
- 2. Fiscal Response:** USA implemented extensive fiscal stimulus, leading to significant debt, whereas India's stimulus measures were more limited due to fiscal constraints
- 3. Pandemic Impact:** USA faced prolonged and stringent lockdowns affecting consumer spending and business activity more severely than in India.
- 4. Healthcare Management:** Differences in virus containment strategies influenced economic disruptions, with the USA experiencing more prolonged disruptions compared to India.





**Comparing India and USA's population and their GDP's India is at a huge loss due to quite low GDP per capita which increased by about 4.5 times in this century as compared to US GDP per capita only doubling but still today India's GDP per capita is only about 3.5% of that of US.**



**As compared to US India's GDP PPP is only half.**



# Thank You