Economic Diplomacy and Strategic Autonomy: The Impact of Modi's Foreign Policy on India's Economy

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Abstract

Since 2014, India has been shifting its foreign policy of Prime Minister Narendra Modi towards economic statecraft, specifically with a focus on foreign direct investment, energy security, export growth, and more integration into global value chains. It continues the post-liberation path that has been one of "looking outwards" but is now more oriented towards economic diplomacy, strategic autonomy and multi-alignment with major partners, such as the United States, the European Union, Russia, Japan and the Gulf countries. Promoting "Make in India", engaging with the Indian diaspora and active involvement in multilateral platforms have been used to improve India's economic standing in the world.

The empirical evidence indicates that this external interaction has led to a boost in FDI inflows, exports of services, technological cooperation, defence cooperation and energy cooperation. Furthermore, the rising global leadership of the Indian government, particularly in the institutions of the Global South such as G20, has strengthened its position in the governance structure of the global economy. Diplomatic signalling tends to be more directed towards reassuring investors and being more stable in practice, and its impact is very much determined by local factors such as infrastructure, institutional quality and regulatory uncertainty. Modi's foreign policy has helped India gain more visibility and more access to capital, technology and strategic alliances, at least on the positive side, although its impact on development remains mixed. While diplomatic achievements have been few, they have not yet brought about any permanent economic reforms, particularly in the competitiveness of industry, trade balances, and changes in institutional structures. Additionally, new geopolitical realities and a new fragmentation of the global supply chain have further limited policy space in economic diplomacy.

Keywords: *geopolitics; economic diplomacy; foreign policy; technology; security; export growth; alliance.*

Introduction

Foreign policy has become a major determinant of economic growth in the contemporary international political economy, shaping trade, foreign direct investment, technology access, energy security, and participation in global supply chains. Since 2014, Prime Minister Narendra Modi's foreign policy has sought to link diplomacy with economic development through economic diplomacy, strategic autonomy, and multi-alignment with key partners such as the United States, European Union, Russia, Japan, Gulf countries, ASEAN, and Africa. This approach is reflected in initiatives such as "Make in India," infrastructure diplomacy, diaspora involvement, investment promotion, and the projection of "Brand India." High-level diplomatic visits, participation in multilateral forums, India's G20 role, and its emphasis on Global South leadership have helped strengthen India's image as an economically stable and strategically significant actor in global governance, especially in trade, climate finance, and digital cooperation.

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The central argument is that Modi-era foreign policy has acted mainly as an enabler of economic development by expanding external opportunities, diversifying partnerships, and improving access to capital, energy, markets, and technology. However, the conversion of these opportunities into long-term economic transformation depends on domestic factors such as institutional quality, regulatory efficiency, infrastructure, and industrial capacity. Thus, foreign policy can improve India's external economic position, but sustained competitiveness requires deeper internal structural reforms.

Historical Background of India's Foreign Policy prior to Modi.

The essence of the foreign policy path that India has been on has been the consistent pursuit of India's economic interest in a continuum, rather than in a few straight lines, depending on the relative importance of domestic economic interest and the international environment. During Nehru's era the foreign policy was rooted in non-alignment, political sovereignty and anti-colonialist solidarity with focus on strategic autonomy from the cold war blocs. This orientation limited India's economic integration with global capitalism because import-substitution industrialisation and state development strategy had reduced the importance of trade, investment and external economic relations in the India's foreign policy. As a result, foreign policy discussions during this era were basically normative and political rather than economic statecraft with only minimal focus on economic dimension (Nehru, 1961; Pant, 2016).

Post independence in 1991, it was a structural change in India's foreign orientation as liberalization programmes required more integration with the world markets. The economic goals were also an increasing part of foreign policy, in terms of attracting foreign investment, building trade relations and dealing with multilateral bodies like the World Trade Organization. In this period, the concept of economic diplomacy started to become a recognisable policy axis but it was still institutionally disjointed. The "Look East Policy" highlighted the growing consciousness of India towards the Asia-Pacific as an economic association and initiated India's first steps towards the policy of involvement with Asian continent (Bhagwati & Panagariya, 2013).

The Vajpayee and Manmohan Singh governments were starting to pay more attention to economic aspects and integration with the world through foreign policy. The "Look East Policy," which was promoted by the Vajpayee government, and the increased pace of India's tendency towards the ASEAN got a boost from the Vajpayee government, while the Manmohan Singh government witnessed landmark initiatives such as the India–US civil nuclear deal, which helped India's access to advanced technology and increased its strategic influence. This was also the time when an integrated, institutionally disjointed approach to economic diplomacy started to gain traction, characterised by increased participation in global economic institutions, increased services exports and increased attention on energy security and investment.

As stated by Tellis (2016) and Ministry of External Affairs (2010), the gardens are the ones that should be preserved. The transition of the Modi government is not a change in the economic diplomacy approach as a key component of foreign policy, but rather a strengthening and deepening of the importance of economic diplomacy in foreign policy. This phase features a more visible and personalized diplomacy, marked by regular high-level contacts, diaspora mobilization and outreach at summits. This was related to the "economic signalling" from the outside world, such as "Make in India" and India's investments in being in line with the rest of the world. This is perceived as a more performance-oriented type of diplomatic involvement, where the diplomacy has become attuned to the branding theory of India's emergence as an economic power and its visibility in the global supply chains and investment networks (Tellis, 2016; Saran, 2017).

Since 2014, external involvement has been increasingly focused on augmenting the export potential, diversifying the trade partner and deepening India's integration with the global value chains, which has been an important part of India's trade diplomacy. The concept of 'trade and foreign policy' is no longer one-dimensional and economic, but rather an extension of strategic foreign policy, executed through bilateral deals, regional trade programmes, export promotion and involvement in multilateral negotiations for improved market access. The official estimates of the merchandise exports of India during 2024-25 averaged at about US$ 437.70 billion, and were relatively stable in view of the uncertainties in the world market for goods exports (Ministry of Commerce and Industry, 2025). In this context, service exports are the most dynamic of external trade of India. According to data from the Ministry of Commerce and Industry (Ministry of Commerce and Industry, 2025), services exports in India have also grown significantly, having touched USD 156.61 billion in 2014 and increasing to USD 336.92 billion in 2023. But, things have not been working right as far as overall effectiveness of Indian trade diplomacy is concerned, because of certain structural limitations. Merchandise exports have not been as dynamic as service exports, and have lacked competitiveness and logistics and manufacturing scale efficiencies. Current levels of trade deficits, particularly against China and some of the East Asian economies, shows continuing dependency on imported intermediate goods like electronics and machinery. These are part of a larger political economy dilemma of developmental state priorities and global trade liberalisation, as foreign policy opens up opportunities in the outside world and cannot compensate for structural constraints at home (Rodrik, 2017; UNCTAD, 2023).

Foreign direct investment (FDI) diplomacy has also emerged as an integral part of the foreign policy of the post-2014 era with external involvement now believed to bring India, and its economy, to the fore as a safe haven for investment. It is closely associated with the government's different domestic initiatives such as Make in India, Digital India, Production Linked Incentive (PLI) schemes and infrastructure development plans, which aim at strengthening India's ties with the global value chains in the electronics, semiconductors, renewables and advanced manufacturing sectors. The official estimates of the Department of Economic Affairs indicate that the country continued to have high level of confidence on macroeconomic conditions and policy framework of India with gross FDI inflows in the range of US$94.5 billion in FY2025–26. (Department of Economic Affairs, 2026) The global FDI has been reduced in 2024 due to geopolitical tensions and tighter financial policies, while the FDI inflows in India has seen marginal decrease of about 2 per cent (UNCTAD, 2025). This highlights an important distinction between in intentions to invest and realised capital flows and suggests that diplomatic messages can stimulate interest, but do not necessarily result in a long-term investment. Diplomatic involvement and lowering perceived risk can have a positive impact on investor confidence, but real investment decisions are ultimately based on institutional and economic fundamentals, including land and labour regulations, infrastructure quality, fiscal and tax predictability, and the overall ease of doing business. This implies that the channel of FDI diplomacy has a more fundamental role for communication in the global capital markets, whereas the effect of FDI investment is more dependent on structural reforms and the level of institutional reliability in the host country, as suggested by academic literature on international political economy (IPE) (UNCTAD, 2023; Rodrik, 2017).

Part 3—Study of the relationship and the economic effects with the principal powers.

In today's environment, foreign policy plays a vital role in facilitating access to technology, capital, energy and markets to India, and helps it handle geopolitical risks to its economic performance. In India's relation with the U.S., a new economic dimension has been added which includes technology partnership, defence trade, development of an ecosystem related to semiconductors, transition towards clean energy and strengthening education and governance of digital economy. But this new proximity of the relationship also brings an extra layer of structural challenges such as the proximity to the market, digital controls, tariffs, and alignment with the Indo-Pacific geopolitical landscape, following the power dynamics that already exist on the table when negotiating the relationship (Tellis, 2016; Pant, 2016). As far as India's relation with Russia is concerned, it has been an interdependent and balancing relationship as far as contrasting strategic relations are concerned. Energy trade has been utilized for the stabilization of domestic inflation and supply security while rupee–rouble trade mechanism has been constrained as a result of problems in the financial system and currency system. Thus, while it helps India in enhancing the energy and defence security, it also hinders India's integration with the western led financial and technological systems (UNCTAD, 2023). The UAE and Saudi Arabia are crucial in terms of providing energy supply and the ability to send huge remittances back to India, which provides the external economic stability of India. This has been superseded by investments in infrastructure, logistics, food security cooperation, infrastructure connectivity between India and Middle East and Europe and development of trade infrastructure and diversification of supply chains (MEA, 2023). Similarly, the economic relationship among India and Japan rests on investments in infrastructure finance, industrial corridors, high-speed rail project, and manufacturing relationship and Indo-Pacific partnership on supply-chain resilience. China's foreign economic situation is the most complex and paradoxical one in their foreign economic policies. Despite all the geopolitical and almost border-line issues, India has heavily depended upon China for some of the raw material such as electronic component, pharmaceuticals intermediates etc. In this context, China is an economic requirement and a strategic problem for India, and the overall paradox of India's foreign economic policy (on geopolitical alignment and economic dependence) (Rodrik 2017, UNCTAD 2023).

Energy Diplomacy and Economic Security

Energy diplomacy is a key element of India's foreign economic policy as energy security goes hand in hand with macroeconomic stability. An import-dependent economy is sensitive to changes in the international prices of liquefied natural gas (LNG) and crude oil, which in turn have a direct impact on inflation, fiscal balance, trade deficits and currency stability. Since energy imports form a big part of India's external account, foreign policy takes emphasis on diversification of sources, ensuring stable supply chains and reducing the dependency on global price volatility (IEA 2023). The three strands of India's energy diplomacy are source of hydrocarbons from the Gulf, Russian oil imports and collaboration for energy transition in renewables. The Gulf region, particularly Saudi Arabia, Iraq and the United Arab Emirates, continues to play a pivotal role in India's crude oil and gas imports and furthermore has a huge contribution to make in the form of remittances to ensure the financial stability of the Indian economy. India has also begun to import Russian crude oil at lower prices as a pragmatic step to control inflation and diversify crude oil sources, since the Russia-Ukraine war. Beyond fossil fuel diplomacy, India has also been busy behind the scenes, such as the International Solar Alliance and the growing push for green hydrogen development, as well as critical minerals partnerships to secure its input supplies for the industrial transformation to low carbon in the future (MEA, 2023; UNCTAD, 2023). The diversification has enabled India to sustain its economy for the short term but India is still very dependent on fossil fuel importation and consequently external events impacting global energy markets. Renewable energy diplomacy is still on the rise but has yet to replace fossil fuels in the medium term. This has enabled India to have a stronger ability to mitigate external shocks, but it has failed to resolve the underlying problem of economic reliance on other countries for energy supply, which is a serious fail in India's foreign economic policy as it lacks long-term domestic energy transition capacity in comparison to other countries (IEA, 2023; Rodrik, 2017).

Since the post 2014 regime, diaspora diplomacy has become an important aspect of India's foreign policy and the interaction between the community of the Indian citizens abroad and the political is rather visible. Large gatherings of the diaspora also occur in these countries as a way of 'cultural affirmation' as well as an indicator of economic power, such as in the United States, the United Kingdom, the gulf states and the countries of Southeast Asia. But in theoretical reflections, diasporas increasingly are envisioned as transnational actors that further the state's capacities in economic terms, through reputs and networks that span borders. The involvement is closely connected to economic diplomacy where the diasporas bring a mediation between political influence networks and economic ecosystems in India and with capital (Saran, 2017; Ministry of External Affairs, 2023).

All the above-mentioned activities, such as remittance, business network, knowledge transfer, start up funding, VC and educational collaboration has received diplomatic backing from the Indian diaspora to the external sector of Indian economy. India continues to be one of the top recipients of remittances in the world and provides a stable source of foreign exchange inflows and helps domestic consumption and macroeconomic stability. The remittances are not the only way that the diaspora has contributed to the integration of India into global innovation systems: they are also engaged with multinational corporations, in entrepreneurial ecosystems and in academic institutions. These ties are not just helping to transfer skills, capital and innovation to India, but also Indianizing the Indians' presence and its contribution to the knowledge economies of the world. But, the impact is primarily mediated – network building, connection – not in the reshaping of the structures of the economy.

Diaspora diplomacy has been suggested to be no paradigm replacement for economic fundamentals at home. The capacities of diaspora networks in accessing investment and markets in the global arena include internal factors such as: labour market efficiency, industrial competitiveness, institutional strength and stability, and regulatory stability. From an international political economy angle, the optimal diaspora can think of is to complement current domestic expansion avenues, not supplant them. Diaspora diplomacy therefore cannot tackle the structural constraints of poor manufacturing capacity and employment creation and institutional reforms, and is a catalyst to the opportunities of external India's economy. The key argument of this research is that foreign policy instruments are not ‘independent agents of sustainable growth’ (Saran, 2017; Rodrik, 2017; World Bank, 2023) but rather instruments of economic opportunity.

Multilateral Diplomacy and India's Global Economic Status

Multilateral diplomacy has become an integral component of Indian foreign policy and has been a catalyst in shaping India's stance in the international economic arena and its role in the international economic governance. The upcoming India G20 Presidency in 2023 has provided an important platform to express India's stance on the international economic governance agenda. The agenda focused on resilient supply chains, trade facilitation, climate finance and digital public infrastructure, amongst other issues, as well as those of the developing economies. India's agenda of the G20 aligns with the priorities of the G20 Global South and is reflected in the official outcome documents of the G20, in particular in the field of sustainable development and the reform of multilateral financial institutions (MLFIs) (G20 India, 2023; Ministry of External Affairs, 2023). Apart from G20, India has been engaged in Global South diplomacy, which involves the formulation of the 'Voice of Global South' platform, development partnership programmes through concessional credit lines and capacity building in Africa, Asia and Latin America. India has also been actively promoting a digital public infrastructure as a model for development and has been promoting platforms such as digital identity and payments to partner countries. All these initiatives collectively place India as a development partner, and as a norm entrepreneur in the global economic governance (MEA, 2023; UNCTAD, 2023). The key intent of India's multilateral diplomacy is to enable it to serve three purposes in its economic interests: India as a bridge between developed and developing countries, India as a representative of the developing world (Global South) and India as a key architect of rules in the realm of digital governance and climate finance. It also underscores an essential international political economy lesson: but influence in global governance is not sufficient to inspire structural economic transformation without solid internal economic capacities (UNCTAD, 2023; Rodrik, 2017).

Neighbourhood First and Regional Economic Integration

The 'Neighbourhood First' is one of the key policies that will be implemented in the region by India. It is about the connectivity and more integration of trade and infrastructure development in South Asian region. It emphasises on neighbouring countries as partners of Bangladesh to reach to economic interdependence like Bangladesh, Nepal, Bhutan, Sri Lanka, Maldives and Myanmar. It's not only an unilateral process, but also different aspects that are covered: energy grid integration in the region, port and maritime cooperation, transport and logistics connectivity, electricity exchange agreement and trade facilitation at the borders. The maritime/port cooperation further between India and its neighbouring countries like Sri Lanka, Maldives and Indian Ocean through the Ministry of External Affairs, 2023 and World Bank, 2022 also contributes to the economic security concerns of India. But there are structural and geopolitical obstacles which hinder a larger degree of economic cooperation between the south Asian countries.

The integration of the region group into the world and intra-regional trade is also lower compared to other similar region groups, and one of the lowest in the world. The region's lack of political trust, border problems and strained bilateral relations have yet to be resolved and impact the progress of building a regional economic plan. It's another dimension of the economic threat to India's influence in the region as China's economic influence is increasing in some of its neighbouring countries like Sri Lanka, Nepal, Maldives and Myanmar. In terms of politics, these constraints reveal that there is no institutional constraint or lack of trust in political relations that is inhibiting economic diplomacy in the region (World Bank, 2022; UNCTAD 2023). The Neighbourhood First policy has created better bilateral connectivity and has enabled cooperation to be formed among the energy and transport and infrastructure sectors but a substantial economic integration between the South Asian region is still less attained. In this regard, it is important to note that while foreign policy can contribute to connectivity and cooperation, economic integration requires levels of institutional stability, trust and a reduction in geopolitical fragmentation (Rodrik, 2017; World Bank, 2022).

This was a period that witnessed that India's foreign policy is taking a new trajectory with soft power emerging as an integral part of its official foreign policy tool kit in the realm of civilisational and cultural diplomacy. Promotion of Yoga around the world, Buddhist Heritage Diplomacy and export of Ayurveda and traditional wellness systems abroad are some of the tools. Some of the initiatives in this direction include the political agenda of the establishment of International Yoga Day and the Buddhist diplomacy to foster civilisational bonds with other countries in East and South-East Asia including tourism, cultural exchange etc. Soft power diplomacy has indirect impact on the development of various sectors like tourism, education, medical tourism, cultural industries and branding India in the international world etc. In the realm of healthcare, India's medical tourism is renowned for its economic cost-effectiveness, while its digital public infrastructure (DPI) is shaping the country's reputation as an innovator in governance models, which both greatly contribute to the development cooperation and the economic diplomacy of India (World Bank 2023; UNCTAD 2023).

However, the economic value of soft power is not very tangible and difficult to quantify. Cultural diplomacy is not always enough to create structural economic change, but it does play a role in increasing India's visibility, and developing its world-class brand. International political economy perspective: Soft power is mostly a reputation factor and should be strengthened by the industrial competitiveness and export potential of the country as well as by increasing production in the country. So, the positive external effects of India's civilisational diplomacy contribute to its external positioning and to sectoral successes, but not to transformative effects on the economy (Rodrik, 2017; Tharoor, 2018).

Defence Diplomacy and Economic Impact Section

In addition to arms sale, Defence diplomacy has always been a part of India's foreign economic policy and the areas highlighted are geared towards industrial cooperation, technology transfer, co-production and export promotion. The India's defence ties with the USA, France, Russia, Israel, Japan and Australia have evolved from a buyer-seller relationship to more relaxed and strategic and industrial cooperation. United States: The Roadmap for U.S.-India Defense Industrial Cooperation focuses on co-development, co-production, integration of the supply chain, and maintenance ecosystems to strengthen India's integration into advanced defence-manufacturing ecosystems and broaden access to critical technologies (U.S. Department of Defense, 2023). France is also proving to be a significant partner, particularly in terms of technology transfer, system integration, such as the Rafale and naval systems, with a greater emphasis on domestic manufacturing and maintenance facilities (embassy of India, Paris 2026).

Russia continues to have an historically significant role in India's defence architecture, although this is decreasing as India diversifies its defence suppliers and boosts home production. India's dependency on arms imports and diversified sources of arms imports are reflected in the SIPRI data, which indicates that the share of those imports rose to 8.3% of the world total in 2020–24, with imports from Russia remaining the largest (36%) followed by France and Israel. (SIPRI, 2025). Israel has been receiving advanced missile systems, drones, electronic warfare technologies from both Japan and Australia, and is continuing to explore opportunities for regional security cooperation in the Indo-Pacific, maritime drills, and new opportunities for discussions on defence technology and supply-chain resilience. The coordinated efforts of the partnerships highlight India's emerging approach of defence diplomacy that seamlessly brings together security interests and capacity-building in the areas of industry and technology.

Defence diplomacy becomes a key pillar in the economic dimension of India's pursuit for defence industrialisation as part of the Atmanirbhar Bharat initiative. Foreign policy measures now incentivize domestic manufacture through joint ventures, licensed manufacture, co-production, and start-up ecosystems and innovation platforms. According to the official data, the defence production has also surpassed the limit of ₹1.78 lakh crore in FY2025-26 and defence exports have also improved manifold from ₹686 crore in FY2013-14 to more than 80 countries in the current financial year (2026) (Press Information Bureau, 2026). In both cases, there is an increase in industrial capacity, and defence diplomacy is increasingly being linked to other foreign policy objectives such as employment, strengthening of technology and expansion of exports.

But an in-depth analysis shows that the structure is still constrained. There is increased cooperation, especially in the areas of assembly and maintenance, and system integration, but there is little cooperation in advanced design and core technologies, and technology transfer is still limited. Imports for high-end platforms such as fighter aircraft engines, submarines, drones and advanced electronics continue to be important for Indian industry. India is a big buyer of arms and SIPI data shows that the goal of being self-reliant has not yet been accomplished (SIPRI, 2025). Hence, the impact on the economy by defence diplomacy is constrained by a lack of advanced materials, systems integration and research and development. Its effectiveness will be determined by the ability to scale up existing cooperation from procurement to a more advanced level of technological absorption and indigenous innovation by the country, which is internationally competitive.

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Challenges and Criticisms

It is undeniable that India has faced a number of structural challenges that limit the capacity of its diplomats to become change agents to bring about lasting economic change in the Modi era of foreign policy. Though India is competitive in the area of IT and business services, manufacturing exports are still hampered by scale, logistics, and competitiveness and hence, integration with global value chains that demand a blend of strong manufacturing capability and services capability is constrained (Ministry of Commerce and Industry, 2025; Rodrik, 2017). China continues to be a significant supplier of electronics, machinery and pharmaceutical intermediates, thus reducing the policy autonomy of India. Despite the measures taken by India to limit some Chinese investments and exposure, it is limited by “entrenched supply-chain linkages,” and cost advantages of the Chinese manufacturing systems (UNCTAD, 2023; Rodrik, 2017). Besides external trade issues, structural problems in the domestic economy also affect the economic impact of foreign policy. This has led to inefficiencies in investments, as well as to lower levels of competitiveness of industries due to lack of infrastructure, inequality in human capital development, low labour productivity and regulatory instability. Foreign policy therefore can have more to do with strategic positioning and economic opportunities, but domestic reform and global instability are equally as important in determining outcomes, as global systemic risks cannot be completely mitigated through foreign policy (UNCTAD, 2023; World Bank, 2023).

The methodological approach of the present study is qualitative dominant mixed-method approach, which includes interpretive policy analysis along with selective quantitative trend analysis for evaluation of the impact of India's foreign policy on economic outcomes. The qualitative area assists in the interpretation of the policy intent and the geopolitical contexts and decision-making process, while the quantitative area provides empirical support based on evidence of trade performance, investment flows and growth trends. These methods can be applied together and as a complement to arrive at an overall evaluation of foreign policy as a form of economic statecraft in the context of the international political economy (UNCTAD, 2023; World Bank, 2023). The study is based on the use of a good amount of secondary data sources to ensure triangulation and analytical reliability. They are official publications of the Ministry of External Affairs, trade statistics of the Department of Commerce, Reserve Bank of India balance of payments data and FDI data provided by the Department for Promotion of Industry and Internal Trade. The study is carried out by analysis approach, which is policy analysis, comparative history analysis, trade and investment trend analysis, case study method and discourse analysis of foreign policy communication. This multi-method study helps to supplement the empirical study and substantiate the interpretation of India's external economic strategy (Rodrik, 2017; Tellis, 2016).

Conclusion

The economic dimension of foreign policy is also emerging in the study of India's foreign policy during the Modi government as the foreign policy is increasingly economic, while the goals of foreign policy are also increasingly economic such as investment, trade, technology cooperation, and increasing the integration of India into global governance. This transformation has made India more prominent in the international economic sphere and improved the country's strategic relationship with big powers like U.S., the European Union, Japan, the Gulf countries and other emerging economies. It has also been trying to build a Global South presence in multilateral fora, like the G20, as an advocate and through participation in the process of global economic rule-making. In the meantime, that the results suggest that economic impacts of foreign policy are not ironclad. The traits of diplomacy can contribute to better external conditions, demonstrate stability and attract investment interest, however, to a large extent, they can culminate in long-lasting economic outcomes based on the structural factors within the nation. These are related to the quality of the regulatory environment, industrial capacity, innovation systems, human capital development and infrastructure quality. This reflects international political economy view, which states that external integration is not a solution to structural change in the country (World Bank, 2023; Rodrik, 2017). In conclusion, the study reveals that Modi's foreign policy is oriented towards accommodating the economy, rather than expanding it. It has contributed in providing Capital, Technology, Energy and Markets to India and it has improved its status in the world, but it is dependent on the developmental impact of it. The building of institutions and domestic reforms must go in tandem with diplomatic successes if the benefits are to be realised in the long-term economic transformation. Foreign policy thus resides on the domestic capabilities, and is not a primary catalyst for development, suggesting the need for foreign policy and domestic economic reform to reinforce each other.

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