

Contemporary Challenges of India's Foreign Policy

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Abstract

From a vantage point, Indian foreign policy is drastically different from its initial predilections. This paper briefly traces the development of India's foreign policy and zooms in on the contemporary challenges and opportunities for foreign policy of India by briefly analysing its relations with the neighbouring countries such as China, Pakistan, Nepal, Bangladesh, Sri Lanka, Bhutan, and Myanmar, with the western countries, namely the United States, the United Kingdom, Canada and Europe, and Russia and West Asia. India of the 21st century needs to navigate these complexities of global dynamics to position itself as a Vishwaguru or world leader.

Introduction

In contemporary geopolitics, the foreign policy of a state plays a significant role in deciding its standing at the global level (Pant & Paliwal, 2018). In essence, a state's foreign policy encompasses its national interests, principles, strategies, and objectives that it aims to advance through interactions with other countries and international organisations. A state's foreign policy is shaped by various determinants that mainly include its historical experiences, prevailing social structures, cultural values, economic goals, geographical standing, security concerns, political ideology of the party in power, and international trends. The impact of various determining factors on a nation's foreign policy contributes to the elements of continuity and transformation in its interactions with other nations. For example, India's relationships with key countries like the United States and Russia have evolved over time as the factors influencing its foreign policy have changed.

In the domain of foreign policy, the first one of the various determinants is its geography. With its extensive coastline and advantageous location in South Asia, India provides access to the Indian Ocean's commerce routes. The second determinant of foreign policy of India is historical and cultural factors. Colonial experiences led India to support anti-colonial movements around the world and to adopt the anti-imperialist and anti-colonial strategies in its foreign policy. India's cultural traditions and values like tolerance, non-violence, peace and universal brotherhood have helped in shaping its foreign outlook over the last years. India's 'no first use' policy on nuclear weapons is an example of its commitment to non-aggression and global peace. These determinants are majorly responsible for the continuity in India's foreign policy.

The first key determinant that brings change in foreign policy of India over time is its growing economic standing. The foreign policy of India aims to boost trade, investment, and commerce. For its economic needs, India maintains strong ties with the Gulf countries, Russia, and Iran. The second determinant is the existing political system and the leadership of India that shapes its foreign policy. Since gaining independence, India's political stability and effective administration have enabled it to protect its interests as a nation and preserve strategic independence in its foreign policy. "Prime Ministers play a critical role in steering the direction of Indian foreign policy" (Bandyopadhyaya, 1970). As Gujarat's chief minister, Modi established a "formidable political machine" to "create a philosophy of governance" and "craft a distinct style of governing", later, as prime minister, he sought to unleash India's "soft power" potential in international affairs (Hall, 2019). Consequently, Modi started repositioning India as a Vishwaguru or world leader. In this series, the last determinant is global trends such as globalisation, climate change, and changing power dynamics that shape foreign policy of India.

Over the past 70 years after gaining independence, India's foreign policy has changed and evolved significantly. Prime Minister Jawaharlal Nehru's foreign policy focused on Panchsheel, peaceful coexistence, and non-alignment. Meanwhile, under the leadership of Prime Minister Narendra Modi, the focus of India's

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foreign policy has shifted to a more assertive approach, aiming for strategic autonomy and multi-alignment (Miller, 2020).

We can broadly categorize India's foreign policy development into six stages to illustrate its progression over time. In his remarks at the 4th Ramnath Goenka Lecture in 2019, India's External Affairs Minister S. Jaishankar provided a comprehensive analysis of these six stages. The first phase, from 1946 to 1962, is considered the Nehruvian era which could be characterized as an ideational foreign policy. The blocs led by the USA and USSR were at loggerheads, and this era was characterized by a commitment to anti-colonialism, a persuasion of non-alignment, the management of neighboring states like China and Pakistan, and an active engagement with international organizations like the UN in order to uphold the principles of multilateralism. In this phase “India’s objectives were to resist the constraining of its choices and dilution of its sovereignty as it rebuilt its economy and consolidated its integrity” (MEA, 2019).

The second phase, from 1962 to 1971, was all about the reorientation after the Sino-India War of 1962. The humiliating defeat of 1962 reinforced the need to prioritize national security and brought a shift in policy towards efficient defence preparedness and reexamined diplomatic strategies particularly with its neighbors. S. Jaishankar called this period a decade of realism and recovery. He specified in his speech that “India made pragmatic choices on security and political challenges despite a paucity of resources. It looked beyond non-alignment in the interest of national security, concluding a now largely forgotten defence agreement with the U.S. in 1964” (MEA, 2019).

The third phase, from 1971 to 1991, could be defined as a period of regional assertiveness and strategic autonomy in which India made a successful military intervention in erstwhile East Pakistan (now Bangladesh) to liberate it from West Pakistan. While still adhering to its policy of non-alignment, India began to exhibit the elements of selective alignment by balancing its relationships with multiple powers keeping its national interests in the centre of the foreign policy. Also, during this phase, India began to realise its long awaited dream of becoming a nuclear power. This phase also saw a greater emphasis by policymakers on fostering India’s soft power by outreaching India’s culture across Asia and beyond. “It was a particularly complex phase as the US-China-Pakistan axis which came into being at this time, seriously threatened India’s prospects. While they had many long-term consequences, the shift in India’s posture came more from other factors. The collapse of the USSR, its close ally, and the not unconnected economic crisis in 1991 compelled us to look again at the first principles of both domestic and foreign policy” (MEA, 2019).

The fourth phase, from 1991 to 2001, was a period of economic liberalisation and global integration in which India adopted a paradigm shift in its economic policies and initiated liberalization of the Indian economy. “Although Inder Kumar (I.K.) Gujral, who shepherded India’s foreign policy from 1996 to 1998, tried to keep up with the Nehruvian tradition of vocalizing ideas, both P.V Narasimha Rao and Atal Bihari Vajpayee chose to be reticent about the foreign policy transition. Nevertheless, all the prime ministers were under the constant pressure of circumstances to tinker and innovate on the diplomatic front” (Mohan, 2003). The focus of India’s foreign policy shifted towards prioritizing trade, investment, and technological cooperation bilaterally and at a global level (India played a proactive role in the formation of the World Trade Organization in 1995 to regulate and facilitate international trade). India chose to engage more closely with Western nations, especially the United States, after the Soviet Union (USSR) collapsed on a global geopolitical scale. “This is a period where India reached out to engage the US more intensively, yet did so while protecting its equities in critical areas. This quest for strategic autonomy was particularly focused on securing its nuclear weapon option, but also visible in trade negotiations” (MEA, 2019).

The fifth phase, from 2001 to 2014, could be called an era of strategic and soft power diplomacy where India chose a more balanced approach in its foreign policy that combined hard power with soft power initiatives. In this period, initiatives like Pravasi Bharatiya Divas were included in the policy acknowledging the critical role played by the Indian diaspora in enhancing India’s stature globally. During this time, India's involvement in multilateral forums and organizations increased dramatically. For example, in 2002, India signed a free trade deal with ASEAN. “This fifth phase is one where India gradually acquired the attributes of a balancing power. It is reflected in the India-US nuclear deal as well as a better understanding with the

West at large. At the same time, India could also make common cause with China on climate change and trade, and consolidate further ties with Russia while helping to fashion BRICS into a major forum” (MEA, 2019).

The sixth phase, which started post-2014 and is popularly called the Modi era, witnessed more assertiveness and proactiveness in India’s diplomacy. This phase is characterized by a higher number of international visits by the prime minister and other high-profile ministers and officials, signing of many landmark agreements in both defence and civilian sectors and active participation in global and regional forums. In his speeches over the years, Indian Prime Minister Narendra Modi has spoken about his desire to position India as a *Vishwaguru* or world leader, by adhering to India’s ancient and cultural principle of *vasudhaiva kutumbakam*, which implies that the world is one family. During this phase, the government’s vision was articulated through significant policy measures including the Act East Policy, the Neighbourhood First Policy, the establishment of the Quadrilateral Security Dialogue (QUAD) among the United States, Australia, Japan, and India, the India-US Strategic Partnership, negotiations for the India-EU Free Trade Agreement, policies focused on West Asia, and climate diplomacy. This era has also seen a push for digital diplomacy and innovation driven growth with more emphasis on the policy of technological advancement and economic and defense modernization. India is actively promoting its rich culture and democratic values through initiatives in education, climate action, technology, and sustainable development. “We share with the international community the objective that a multi-polar world should have a multi-polar Asia at its core. And to ensure that, India needs to follow an approach of working with multiple partners on different agendas. Obviously, they would each have their importance and priority but *Sabka Saath, Sabka Vikas, Sabka Vishwas* is today relevant in foreign policy. It is the nations who have an optimal mix of capabilities, relationships, and positioning who can aspire to occupy the multiple poles of the emerging international order. And it is the confidence of being able to forge ahead in this looser architecture that can inspire us to emerge as a leading power in the future” (MEA, 2019).

The progression of India’s global outlook over these six phases reflects a journey from ideological idealism to pragmatic assertiveness. Each phase has contributed to shaping a foreign policy that not only safeguards national interests but also seeks to enhance India’s standing at the global level. While India continues to strengthen its bilateral and multilateral ties, it is also facing multiple contemporary challenges impacting its security, economy, diplomacy and strategic interests. These challenges include border disputes and security dilemmas in its neighbourhood, managing relations with key countries with the shift in global power dynamics, adherence to international climate commitments while balancing its economic growth, and realising its vision to become a *vishwaguru*. This paper discusses the contemporary challenges of India’s foreign policy concerning its relations with its neighbours, the United States, Europe, Russia, and West Asia.

Challenges Emanating from the Neighborhood

Over the decades, India’s foreign policy has evolved to meet new challenges as the geopolitical, economic, and political landscape has changed. In the case of its neighbors, India has likewise pursued a foreign policy that aims to preserve peace and promote international cooperation. Most South Asian nations decided to become part of the India-led Non-Aligned Movement (NAM) during the Cold War, influenced by their colonial history. India has always championed peaceful coexistence and non-interference in its foreign policy, but it never hesitated to take important steps when its security was at stake. For example, India sent the Indian Peacekeeping Force (IPKF) to Sri Lanka in 1987 during the civil war, and it aided Bangladesh in its struggle for independence in 1971.

Modi, in his first speech on Independence Day, addressed the crowd at the Red Fort, “India’s foreign policy has many facets, but I want to focus on our relations with our neighbors in my speech” (Gateway House, 2014). India continues to play a significant part in fostering political stability in Bangladesh, Nepal, and Sri Lanka, among other nearby nations. Additionally, via promoting commerce and investment, India’s foreign policy aims to establish solid economic relations with South Asian nations. India has regional trade agreements like SAFTA and the India-ASEAN free trade deals, as well as bilateral FTAs with Bangladesh, Nepal, and Sri Lanka. Currently, India faces challenges in managing relationships with neighboring

countries such as Pakistan, China, Nepal, Bangladesh, Sri Lanka, Bhutan, and Myanmar. The status quo in relations with Nepal, border disputes and strategic rivalry with China, migration issues and concerns due to political instability in relations with Bangladesh, managing ties with Bhutan, Sri Lanka, and Myanmar in order to increase China's strategic influence in South Asia, and cross-border terrorism and political hostility with Pakistan are some of these key challenges.

One of the most significant foreign policy issues since independence is the relationship between India and Pakistan (Bhasin, n.d.). The issue of terrorism emanating from across the border is one of the key security concerns for India. Recent terrorist attacks, such as the 2016 Uri attack followed by the 2019 Pulwama attack, have escalated the tensions in the relationship. India, which has opted for assertive diplomacy since the change in the ruling party in 2014, responded with surgical strikes and airstrikes in Pakistan (MEA, 2020). Despite all the possible measures that India took at bilateral and multilateral levels, terrorism continues to remain a persistent issue. India has maintained a position with Pakistan that meaningful dialogue is only possible when the issue of terrorism is addressed. Additionally, tensions in ties were exacerbated by the 2019 repeal of Article 370 of the Indian Constitution, which withdrew Jammu and Kashmir's special status. "Indian bilateralism on Kashmir contrasted with Pakistan's preference for a multilateral approach. India sought to restrict the scope of a possible resolution of the Kashmir question to bilateral negotiations, laying much stress on the Simla Agreement of 1972, which it viewed as a mutual commitment to bilateralism. Pakistan, on the other hand, consistently attempted to drum up support from the United Nations, the Organization of the Islamic Conference, and individual states, notably the United States and China. These contrasting approaches produced continual tension and exacerbated the animosity over Kashmir" (Ganguly, 2015). Pakistan keeps bringing up the Kashmir problem at the UN and other international platforms in an attempt to get help, but it is challenging for Pakistan to find a solution given India's current sway over the world.

Economically, the relations among the two nations have been in doldrums due to the suspension of trade by Pakistan post-abrogation of Article 370, high tariffs and other trade restrictions, and limited effectiveness of the South Asian Association for Regional Cooperation (SAARC) as an economic bloc. India-Pakistan relations continue to be antagonistic as Pakistan and China's relationships strengthen, particularly through the China-Pakistan Economic Corridor (CPEC). Under the Asian leg of CPEC, the infrastructure project aims to connect China's Xinjiang region to Pakistan's Gwadar port, and it passes through Pakistan-occupied Kashmir (PoK) region. China is strengthening Pakistan's defense capabilities by providing it with military equipment, fighter planes and missile technology. One of India's most pressing foreign policy difficulties today is balancing its strategic connections with Pakistan while controlling China's expanding influence and protecting its security interests.

The two countries are economic giants, with India standing at the fifth and China at the second positions (in terms of nominal GDP) in the world. India continues to share a complex and tense relationship with China since Independence. The fundamental contemporary challenges that India faces in its foreign policy with China are long-standing border disputes, trade imbalances, military confrontations, regional influence, and water sharing concerns (MEA, 2023). Recent clashes such as the Galwan Valley clash of 2020, Doklam Standoff of 2017, and other occasional skirmishes between the Indian and Chinese soldiers around the disputed borders have heightened the tensions between the countries (Gokhale, 2021). Another major concern for India is its trade deficit with China. India is economically dependent on Chinese imports, particularly in electronics, pharmaceuticals, and industrial machinery. In response to this, India takes the initiative of *Atmanirbhar Bharat* (the principle of self-reliance) in its domestic as well as foreign policy.

China's expanding influence in South Asia presents a geopolitical concern to India (US Institute of Peace, 2020). China's rapid expansion in investments, particularly in infrastructure projects like the Belt and Road Initiative (BRI), demonstrates its goal to become the major actor in Asian politics. BRI is China's ambitious project that allows its massive investments in South Asian countries, particularly Pakistan, Nepal, Sri Lanka, and Bangladesh, thus it poses a strategic challenge for India (Abhijeet, 2020). China has secured control of Sri Lanka's Hambantota Port for 99 years, stirring concerns about its influence in the Indian Ocean. These investments result in a growing pro-China stance among these countries. India has taken a stand of not joining the BRI to safeguard its national interests and security concerns. Other challenges include water

sharing disputes over the Brahmaputra River and diplomatic challenges and political differences in global forums. “Regaining the psychological parity with Beijing, reasserting a role in the Asian balance of power and getting out of the subcontinental box became important national objectives that had a significant bearing on India’s nuclear policy in the 1990s” (Mohan, 2003). India is bolstering ties with the US, France, and Russia to address China's growing influence in South Asia.

India and Bangladesh ties are one of the most long shared and stable ties among its relations with neighbors. Despite strong diplomatic and economic ties, there are challenges to India’s foreign policy, including illegal migration, connectivity and infrastructure delays in initiatives like Bangladesh-Bhutan-India-Nepal (BBIN), Chinese strategic investments in Bangladesh, Rohingya refugee crisis, and the ongoing internal politics of Bangladesh. Among these challenges, the contemporary concern arising due to the political instability in Bangladesh caused by the sudden collapse of Sheikh Hasina’s government, is the most significant one. India has called for stability in the region (Chaudhary & Solanki, 2024). The good news is that political experts think Bangladesh’s political situation is stabilizing, and elections will be held soon. The foreign policy challenge for India will be to continue its good bilateral ties with Bangladesh if a party with different political beliefs comes to power. In his book, “The India Way: Strategies for an Uncertain World,” S. Jaishankar suggested that “the key to a more settled Sino-Indian relationship is a greater acceptance by both countries of multipolarity and mutuality, building on a larger foundation of global rebalancing” (Jaishankar, 2020).

India and Nepal have traditionally shared a close relationship based on cultural, religious, and economic ties. However, foreign policy of India faces obstacles in its relations with Nepal, including a border dispute over the Kalapani- Limpiyadhura region. Nepal’s growing reliance on China, political instability and frequent change of government in Nepal, and trade and connectivity issues. On similar lines, India’s foreign policy with Sri Lanka is facing challenges such as a long-standing Tamil ethnic issue that creates friction in the ties because India advocates for Tamil rights and their political representation, China's expanding influence, and the internal political disturbances in Sri Lanka (MEA, 2024d). With Bhutan India has a long-standing relationship marked by strong historical, cultural and economic ties (MEA, 2024a). However, there are key contemporary challenges to India’s foreign policy such as China’s increasing engagement with Bhutan and Bhutan’s aspirations of diversification of economic engagements with India. India-Myanmar relations face challenges due to Myanmar's political instability, China's increasing influence, and delays in projects like the Kaladan Multi-Modal Transit Transport Project. To address these challenges, India continues to engage in high-level talks, economic investments, increased security and defense cooperation, and strengthened cultural and people-to-people ties through tourism, education, and social exchanges.

Challenges Emanating from the Western World

India’s relations with Western countries have significantly evolved over the years, and the ties have become strong particularly after the 1991 economic reforms in India. “The end of the Cold War, however, offered one simple truth about India and the West—that they share the basic ideas of European Enlightenment. The shared commitment to Enlightenment values has gained a new prominence since the end of the Cold War, and it provides the long-term bond between India and the West” (Mohan, 2003). Although India maintains robust diplomatic and economic relationships with Western nations, its foreign policy currently encounters considerable challenges. The challenges include trade and economic concerns, geopolitical tensions, and political differences on global issues.

India's relations with the United States have evolved into a comprehensive strategic partnership throughout the years, notably since the disintegration of USSR, driven by shared democratic principles, common interests on many problems, and strong people-to-people links (Ganguly & Mason, 2019). There are now regular high-level dialogues such as the 2+2 Ministerial Dialogue, various defense agreements have been signed, including the Logistics Exchange Memorandum of Agreement (2016), Communications Compatibility and Security Agreement (2018), Industrial Security Agreement (2019), Basic Exchange and Cooperation Agreement (2020), and Memorandum of Intent for Defense Innovation Cooperation (2018), convergence on counterterrorism policy, and increased trade and investment (India-US Bilateral relations, 2024). According to US census data, the US has been India's greatest trading partner in recent years.

Despite the promising cooperation, India-US relations face several challenges. These include trade and tariff disputes, with the US criticizing India's high tariffs on American goods while India is concerned about the US's protectionist policies and restrictions on Indian exports. There are differences over intellectual property rights, maintaining strategic autonomy, restrictions on technology transfer, and varying approaches to managing China's growing geopolitical influence. Other issues include visa and migration policies, as well as the spillover of US's internal politics into countries like India (MEA, 2025b). The return of Trump's government in the US brings elements of uncertainty in US foreign policy considering the unpredictability seen during his previous term (The Hindu, 2025). After coming into power, Trump has taken a stance on issues with India like imposing counter-tariffs on Indian products and deporting undocumented immigrants back to India (Jacob, 2024). These issues, combined with the uncertainty of Trump's presidency, could pose challenges for foreign policy of India. As India strengthens its strategic and economic collaboration with the next US administration, it will need to maintain its forceful pragmatism and strategic autonomy.

India and Canada's long-standing relationship is facing key contemporary challenges such as the Khalistan issue, trade and economic challenges, and diplomatic differences on global issues. Canada has a preponderance of people moving from India and some of the Sikh diaspora is advocating for an independent Khalistan. These extremist separatist organisations in Canada are openly demanding Khalistan and are often associated with anti-India activities, hence it is a major security concern for India. There has been speculation that certain Canadian politicians support the Khalistan movement in order to secure votes from the Sikh community, leading to diplomatic tensions between the countries.

India and the United Kingdom's ties are deeply rooted in colonial history, economic ties, shared democratic values, and cultural exchanges (MEA, 2021). In contemporary times, the relationship is facing challenges such as trade and economic negotiations, immigration policies, and political differences on global issues. One of the key challenges in India-UK ties is the realignment of foreign policy post-Brexit (Mukherjee, 2018). The negotiations of FTA are stalled due to differences over tariff, labor mobility, and intellectual property rights. Similarly, the UK's concern over large-scale immigration post-Brexit prevented the adoption of a liberal visa regime for Indian professionals. Following Brexit, the UK's economic policies have fluctuated due to domestic political disputes, creating an uncondusive environment for bilateral trade and investment growth.

India and the European countries have strong economic ties, growing diplomatic cooperation, and evolving strategic partnerships. The data suggests that the European Union (EU) is one of India's largest trading partners in recent years. Despite the strong economic ties, India is facing key contemporary challenges in its relationship with the European Union. These challenges include delays in signing of FTA due to differences over tariff policy, labour laws, and market access, the EU's stringent data protection laws under the General Data Protection Regulation (GDPR) create challenges for India's booming IT sector, strict regulations on goods, and the adoption of carbon taxation policy for imports by EU (Roy & Mathur, 2016).

The key contemporary geopolitical challenge for India's relations with Europe is balancing its historical ties with Russia without hampering its growing engagements with the European countries. The Ukraine conflict and the political differences in response to it between India and the European countries have impacted India-Europe relations. India is in favor of a neutral stance on the Ukraine war and has refrained from condemning Russia outrightly. India suggests dialogue and diplomacy to resolve the conflict whereas European countries are strongly supporting Ukraine and have imposed several sanctions on Russia. By taking a pragmatic stance, India continues to maintain an independent foreign policy. "Strategic autonomy can no longer be visualized as keeping a safe distance from dominant players. It is instead a derivative of capabilities, allowing the fending off of pressures and the exercise of choices" (Jaishankar, 2020).

Challenges Emanating from Russia and West Asia

India shared historical ties with Russia characterised by mutual trust, defence cooperation, and economic ties. India's relationship with Russia (formerly the Soviet Union) dates back to the pre-Cold War period. The Indo-Soviet Treaty of Peace, Friendship, and Cooperation (1971) was the watershed moment that strengthened the ties between the countries. The key areas of bilateral cooperation include defense, energy,

nuclear technology, and space exploration. However, due to the global shifts in power and the emergence of multipolarity, India-Russia relations are facing several foreign policy challenges. For instance, recurrent regional crises such as the Russia-Ukraine war have presented substantial obstacles to India's foreign policy, forcing it to reconsider its diplomatic strategy. Despite the competing international pressures, India has maintained a neutral stance on the issue by refraining from condemning Russia's actions outrightly. This neutrality shows India's commitment to strategic autonomy and allows it to preserve its longstanding ties with Moscow. Notably, India also abstained from voting on United Nations resolutions criticizing Russia. Presently, Russia remains India's largest defense supplier, with over 70% of India's military hardware being of Russian origin (Upadhyay, 2015). Joint ventures such as the BrahMos missile system and technology transfer agreements underscore the depth of defense cooperation (MEA, 2024b). "However, as long as India continues to be a major importer of Russian arms and remains important to Moscow as a hedge against a revisionist China, Russia is unlikely to jettison its long-standing friendship with India. On the Indian side, the deep-seated preference of the elite for autonomy, the heavy dependence on Russian arms, and the willingness of Moscow to enter into joint weapons production and development programmes provide New Delhi with a huge impetus toward sustaining Russian friendship" (Ganguly, 2015).

However, the recent Russia-Ukraine conflict has disrupted supply chains and maintenance schedules. This situation has prompted India to consider diversifying its defense procurement including acquisitions from the United States, France, and Israel and investing in indigenous production to mitigate dependency risks. The 2018 agreement to purchase the S-400 air defense system from Russia, despite US sanctions under CAATSA, once again reflects India's commitment to strategic autonomy (Miller, 2022). India and Russia have sought to expand economic ties further, particularly in the energy sector. India became a key buyer of Russian crude oil to diversify its energy dependency on West Asian Countries, especially in the wake of Western sanctions against Russia. The two countries are also engaging on trade routes such as the International North-South Transport Corridor (INSTC). Such decisions reflect India's prioritization of national interests, even though they lead to criticism from Western allies. The geopolitical ramifications of Russia's growing alignment with China also present key strategic challenges for India (Alam, 2019). "Russia has always considered itself as the centre of its bilateral security partnerships with India and China that could be used to counter American influence in areas of mutual concern. However, the deepening of strategic convergence between India and the US has coincided with rising tensions between the US and Russia and growing Chinese assertiveness." (Kaura, 2019).

West Asia holds strategic and economic significance for India in ensuring energy security, enhancing trade and investment. West Asia, particularly the Gulf Cooperation Council (GCC) countries, is crucial for India's energy security as more than half of the crude oil is sourced from here, with Saudi Arabia, Iraq, and the UAE being the key suppliers. Energy projects, such as the Farzad-B gas field in Iran are also crucial to strategic vision (MEA, 2025a). Also, the economic dimension of India's West Asia policy is shaped by the role of the large Indian diaspora, over 9 million Indians residing in the Gulf contribute significantly to remittances (Dahiya, 2015). The regional volatility due to the conflicts involving Iran, Israel, and other non-state actors, presents both challenges and opportunities for Indian foreign policy. These ongoing conflicts in West Asia and economic disruptions in the region often lead to volatility in oil prices, significantly affecting India's economy. Hence, one of India's biggest diplomatic challenges in West Asia is balancing relations between rival factions—Saudi Arabia and Iran, Israel and Palestine, and the broader Sunni-Shia geopolitical divide (MEA, 2024c). The growing Indo-U.S. strategic partnership also raises questions about India's positioning vis-à-vis its traditional partners in West Asia.

India's relations with Iran remain complex marked by energy cooperation and geopolitical dynamics. India has invested in the Chabahar Port project, which is pivotal for India's connectivity strategy in Central Asia and Afghanistan. However, U.S. sanctions on Iran have delayed the full realization of this dream project. India has also strengthened its ties with Israel in areas like defense and technology while maintaining its traditional support for Palestine. But the growing escalation of hostilities between Iran and Israel has placed India in a diplomatic dilemma. Both countries are strategically vital for India, Iran for its energy resources and strategic location, and Israel for its defense technology and innovation. India's foreign policy of de-hyphenation allows it to maintain its cordial relations bilaterally and without alienating either of them.

The UAE and Saudi Arabia have strengthened their defense ties with India through joint military exercises and intelligence-sharing agreements. The Abraham Accords and the realignment of regional geopolitics offer new opportunities for India, particularly in trilateral cooperation with the UAE and Israel in technology, trade, and security (MEA, 2024e). India's foreign policy needs to navigate these risks of regional instability, such as the Israel-Gaza conflict and tensions in the Strait of Hormuz, which impact its energy and trade security. India is also participating in West Asian regional connectivity projects like India-Middle East-Europe Economic Corridor (IMEC) that materialized at the G20 (2023), reflecting its ambition to expand trade routes beyond China's BRI. "As a rising economic and military force in Asian and world affairs, India must play a more proactive and pragmatic role to facilitate peace, security and stability in the Middle East. The threat of violent religious extremism has brought India closer to the US and to some moderate Arab states, which could help India to fight cross-border terrorism with greater conviction, determination and decisiveness. India must intensify efforts to develop more cordial and deeper political and socio economic engagements with Gulf countries" (Dodh, 2016).

Conclusion

This paper has discussed how India's foreign policy has evolved over the last seven decades to respond to the changing complexities of the world order. After independence, with the change in world order, India's global outlook has undergone a transformation, from adopting the stance of strict non-alignment during the Cold War to following a pragmatic and dynamic approach in the post-Cold War period and now embracing assertive pragmatism in navigating the complexities of the contemporary global environment. The study has been divided into three main sections, namely contemporary challenges of India's foreign policy with neighboring countries, contemporary challenges of India's foreign policy with the Western countries, and contemporary challenges of India's foreign policy with Russia and West Asia.

In the first section, the paper puts under the microscope the significance of the neighborhood in the global dynamics and how India is engaging in its strategic relationship with the neighbouring countries and managing China's expanding clout. India's ties with Pakistan are in a state of status quo due to the security concern for India over cross-border terrorism. The key challenges in their ties include conflict over Kashmir, the role of China's expansionism, and blockages in trade and investment. India's ties with China are marked by a mix of economic interdependence and strategic rivalry. In their relations the key challenges of India's foreign policy include border disputes, trade imbalances, and regional influence. With its other neighbors such as Nepal, Bangladesh, Sri Lanka, Bhutan, the engagements are characterised by historical and cultural bonds. The key challenges of India's foreign policy in relations with these countries are political instability, economic dependencies and China's strategic influence. Hence, in its neighborhood, India must continue to play the role of a leader and strive for stability and progress in the region.

In the second section of the paper, India's engagement with the Western countries is discussed. India's partnership with the United States has grown significantly in recent years marked by defense cooperation, trade agreements and mutual strategic interests. Despite the growth, there are key contemporary challenges to India's relations with other countries that include trade protectionism, regulatory standards and political differences on global issues. Conversely, a significant challenge in India's foreign policy with Canada is the concern surrounding the Khalistan Movement. India's relations with the United Kingdom and the European countries are characterised by the shared democratic values and economic engagements. The monumental challenges here are delays in negotiations for free trade agreements, disagreements over global issues and impact of Brexit on India-UK and India-European Union ties.

The final section of the paper examines India's relations with Russia and West Asia. It highlights India's defense and economic cooperation with Russia, and the challenges posed by Russia's growing ties with China, India's diversified defense procurement policy, the Russia-Ukraine War, and the balance of strategic relations with Russia amid increasing engagement with the US. West Asia holds strategic importance for India's trade and energy security, but the political instability and rivalries between the West Asian countries are the fundamental challenges for India's foreign policy.

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