



Foreign Policy Autonomy in an Interdependent World: Challenges and Opportunities (India-Centric Case Study)

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DOI - 10.5281/zenodo.18655213

Abstract:

In an era of deep global interdependence, foreign policy autonomy is no longer a binary choice between alignment and non-alignment. It is a dynamic capability: preserving national decision-space while remaining embedded in dense networks of trade, finance, technology, and security cooperation. This paper develops an India-centric analysis of autonomy under interdependence and asks how India can maximise strategic autonomy without incurring prohibitive economic and diplomatic costs. It proposes a three-part framework—decision-space under pressure, diversification against asymmetric dependence, and rule-shaping capacity—and connects it to official Government of India indicators of external integration (merchandise trade and FDI inflows). Findings suggest that autonomy is strengthened when India diversifies partners, builds resilience in critical technologies and supply chains, and engages in rules entrepreneurship in digital governance, climate and energy security, and Indo-Pacific maritime cooperation. The paper concludes with a concise policy roadmap for resilience-oriented openness and institutionalised economic security.

Keywords: Foreign Policy Autonomy; Strategic Autonomy; India Foreign Policy; Global Interdependence; Multi-Alignment; Economic Statecraft; Indo-Pacific; Supply Chain Resilience; Digital Diplomacy; Energy Security.

Introduction:

Globalisation has intensified cross-border flows of goods, capital, energy, data, and people. As a result, foreign policy outcomes are increasingly co-produced by domestic institutions and international networks. For India, this environment turns “autonomy” into a practical question: how to preserve sovereign decision-making while engaging deeply with partners whose policies can affect Indian growth, technology access, and security.

Historically, Indian foreign policy emphasised non-alignment. In contemporary practice, the language has shifted toward strategic autonomy—an effort to avoid rigid alliance commitments while cooperating widely. In the

2020s, however, interdependence is also a source of vulnerability. Sanctions, export controls, supply-chain shocks, and standards-setting can impose costs even on countries that are not the primary targets. Autonomy therefore needs a new operational meaning: it is the capacity to keep options open, resist coercive lock-in, and shape outcomes in arenas where India must remain connected.

This paper provides an India-centric analysis of “foreign policy autonomy in an interdependent world” with an emphasis on challenges and opportunities. The paper proceeds with a focused literature review, a simple analytical framework, evidence based on official

Government of India data, and a policy-oriented discussion.

Literature Review (2019–2025):

Recent scholarship treats autonomy as an active strategy for managing multipolar rivalry and “regime complexity.” **O’Donnell & Papa, 2021**, O’Donnell and Papa conceptualise India’s “multi-alignment management” through the Russia–India–China (RIC) triangle, showing how India uses overlapping forums and calibrated signalling to preserve flexibility under great-power competition. This approach reinterprets autonomy not as avoidance, but as the governance of multiple relationships simultaneously.

Indo-Pacific research similarly emphasises selective cooperation. **Sullivan de Estrada, 2023**, Sullivan de Estrada argues that India has resisted the Quad’s evolution into a tighter “security community,” contesting some of its identity narratives while still supporting functional cooperation and regional order-making. **Abraham & Purushothaman, 2024**, Studies of India–US relations also stress autonomy as a balancing mechanism: cooperation is pursued where interests converge, while policy independence is maintained on issues where costs of lock-in would be high.

Hedging literature offers a parallel explanation of India’s behaviour in great-power competition. **Kara, 2025**, Kara’s study of India’s hedging strategy argues that India avoids binary choices by sustaining diversified engagements across economic, diplomatic, and military domains—especially salient after Russia’s invasion of Ukraine reshaped expectations of alignment and “solidarity signalling”.

Vinodan, 2024, Vinodan’s analysis of India’s hedging policies in the Indo-Pacific similarly links strategic autonomy to selective alignment on specific problems without a binding alliance framework.

Taken together, the 2019–2025 literature converges on a practical view: autonomy today is a set of techniques—multi-alignment, hedging, Mini lateral cooperation, and resilience-building—used to manage interdependence, not to escape it. This paper extends that view by anchoring the autonomy debate in official indicators of India’s economic embeddedness and by proposing a policy toolkit focused on dependencies, diversification, and rule-shaping.

Analytical Framework and Methodology:

Framework:

The paper defines foreign policy autonomy as a capability with three components: (1) **Decision-space under pressure**: the ability to take positions without being compelled by external coercion or crisis-time dependence. (2) **Diversification against asymmetric dependence**: reducing exposure to single points of failure (suppliers, markets, platforms, financing channels). (3) **Rule-shaping capacity**: influencing norms and standards so that the operating environment is predictable and does not impose sudden compliance costs. Interdependence can be a constraint and a resource. When dependence is asymmetric, it enables coercion. When interdependence is diversified and combined with market power and credibility, it can generate bargaining leverage. Autonomy, therefore, is not “less interdependence,” but “better interdependence.”

Method:

The paper uses a qualitative case-study design supported by descriptive official data. Two Government of India series illustrate the scale of India’s external integration that conditions policy space: (a) merchandise trade (exports and imports) from DGCI&S; and (b) total FDI inflows (US\$) from DPIIT’s compilation of RBI data. These indicators do not measure autonomy directly, but they establish a baseline: India’s

foreign policy is designed in an economy that is deeply connected to global markets and capital. The discussion then connects this baseline to the autonomy literature and to observed challenges such as technology chokepoints and sanctions spillovers.

Limitations:

A fuller model would add technology import dependence (e.g., semiconductors), energy import exposure, defence procurement composition, financial outflows, and sanctions-compliance costs. The present approach is intentionally parsimonious but sufficient for a policy-relevant autonomy assessment.

Evidence: India's Interdependence Baseline:

Government of India trade statistics show a high and persistent level of external economic engagement. After the pandemic period, India's merchandise exports expanded strongly, while imports rose even faster, producing a structural trade deficit (DGCI&S, 2025). This matters for autonomy because trade ties create exposure to external regulatory decisions, logistics disruptions, and supply-chain shocks—especially for energy, key intermediates, and advanced manufacturing inputs.

FDI inflows provide a second window into interdependence. DPIIT's compilation of RBI FDI inflow data reports total FDI inflows of US\$ 71.28 billion in FY2023–24, following US\$ 71.36 billion in FY2022–23 and a peak in FY2021–22 (DPIIT, 2025). FDI is often welcomed as a source of capital, technology transfer, and jobs; but it can also increase sensitivity to foreign investor expectations, international compliance requirements, and geopolitical screening in critical sectors.

Figures 1–2 (below) visualise these official series. Together they underline a core implication: India's autonomy strategy cannot be based on disengagement. It must be designed for

an interdependent economy, where external shocks and policy instruments (sanctions, export controls, standards) can directly affect domestic outcomes.

Discussion: Challenges and Opportunities for India:**1. Challenges:****Sanctions Spillovers and Compliance Costs:**

Autonomy is increasingly tested by the spillover effects of sanctions regimes and financial de-risking. Even when India is not targeted, Indian firms may face payment frictions, higher insurance and shipping costs, or restricted access to dual-use goods. This can narrow policy options during crises, particularly when partners frame compliance as a measure of “alignment.” Building institutional capacity for compliance management becomes an autonomy-enabling measure.

Critical Technology Chokepoints:

Strategic autonomy in the 2020s is tightly linked to technology ecosystems: semiconductors, telecom equipment, cloud and AI compute, cybersecurity, and critical minerals. Dependence on a narrow set of suppliers or standards can translate into foreign policy constraints. Technology denial—through export controls or standards exclusion—can impose long-term costs by slowing productivity growth and defence modernisation. Autonomy therefore depends on domestic capability, trusted partnerships, and diversified supply chains.

Security Entanglements in the Indo-Pacific:

India's strategic environment intersects multiple theatres: continental borders, the Indian Ocean, and Indo-Pacific maritime competition. Scholarship suggests India supports functional cooperation but resists formal alliance structures that could reduce freedom of manoeuvre (Sullivan de Estrada, 2023). The challenge is that crisis situations can compress decision time and

amplify partner expectations, increasing the risk of unwanted lock-in.

Domestic Political Economy Constraints:

Autonomy strategies often require difficult domestic reforms—trade facilitation, infrastructure upgrades, innovation ecosystems, and regulatory clarity. Without domestic capacity, India may be forced into reactive choices when external shocks occur. Thus, autonomy has a domestic foundation: it depends on competitiveness, fiscal space, and institutional coordination across ministries, as well as credible consultation with industry and research ecosystems.

2. Opportunities:

Portfolio Diplomacy and Multi-Alignment:

India's ability to engage multiple partners across issue areas is a core autonomy asset. The literature on multi-alignment management shows how India can use different institutional venues to pursue distinct goals, reducing the likelihood that a single relationship becomes decisive (O'Donnell & Papa, 2021). In practice, this supports deeper cooperation with the US, Europe, Japan, and Australia in technology and maritime domains, while sustaining workable ties with other partners where India has interests in energy, connectivity, or regional diplomacy.

Economic Statecraft and Market Leverage:

Interdependence can generate leverage when India's market size and growth prospects are coupled with credible policy. Trade and investment agreements, standards cooperation, and supply-chain partnerships can convert connectivity into bargaining power. The autonomy payoff rises when India diversifies export markets and reduces concentration in critical imports, thereby increasing exit options.

Rules Entrepreneurship (Digital, Climate, Maritime):

Autonomy is strengthened when India helps write the rules rather than merely comply.

Digital governance is an emerging arena where India can shape norms around public digital infrastructure, cross-border data, and cybersecurity cooperation. Climate and energy transitions also create rule-making opportunities (critical minerals, green finance, carbon border measures). In the maritime domain, leadership in norms for domain awareness, disaster response, and freedom of navigation can raise India's influence and reduce the reputational costs of independent stances.

3. Policy Roadmap:

1) **Resilience-Oriented Autonomy:** Build domestic capability in critical technologies and critical minerals processing; use trusted partner networks to reduce chokepoints. This is “selective self-reliance,” not autarky.

2) **Diversify Interdependence:** Reduce concentration risks by widening trade partners, upgrading logistics, and improving standards compliance so Indian firms can access multiple markets. Diversification increases bargaining space.

3) **Institutionalise Economic Security:** Strengthen sanctions-screening and export-control compliance capacity; improve risk management for firms operating in geopolitically sensitive sectors. Predictable institutions reduce crisis-time uncertainty.

4) **Lead Coalitions on Global Public Goods:** Expand coalition leadership on health security, climate adaptation finance, maritime safety, and digital governance. Coalition leadership increases legitimacy and reduces pressure to align narrowly.

These measures are consistent with scholarship that frames strategic autonomy as a practical balancing tool and a form of hedging rather than a withdrawal from global engagement (Abraham & Purushothaman, 2024; Kara, 2025; Vinodan, 2024).

Implications for Research and Practice:

Implications for Research:

For social science and International Relations scholarship, the India case suggests that “strategic autonomy” should be studied as an observable set of practices rather than as a rhetorical label. Future research can operationalise autonomy by combining indicators of asymmetric dependence (supplier concentration, platform dependence, critical import shares) with indicators of diversification (partner breadth, redundancy in logistics routes, and alternative financing channels). A second research direction is to examine how autonomy interacts with domestic institutions: coordination capacity, regulatory quality, and innovation systems can either expand or compress decision-space during crises.

Implications For Policy and Practitioners:

For policymakers and practitioners, the practical lesson is that autonomy must be planned before crises. Institutional capacity for sanctions-screening, export-control compliance, and strategic communications should be treated as “peacetime infrastructure” that reduces panic-driven decisions. In technology and supply chains, the goal should be resilience-oriented openness: building domestic capability where dependence is most coercible, while remaining open to trusted partnerships that accelerate scale and learning. Finally, India’s autonomy is strengthened when it is paired with coalition leadership on global public goods—health security, climate adaptation, maritime safety, and digital governance—because leadership reduces reputational costs of independent positions and increases bargaining leverage.

Conclusion:

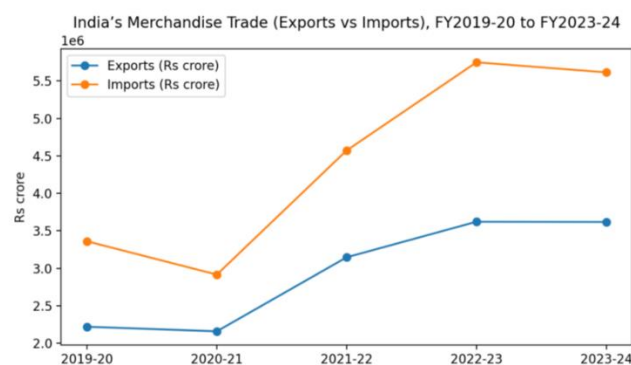
Foreign policy autonomy in an interdependent world is best understood as an adaptive capability. The India case shows that

autonomy is threatened not by engagement itself, but by asymmetric dependencies that create coercive leverage and by governance regimes that impose sudden compliance or technology-access costs. Government of India data on merchandise trade and FDI underline India’s deep integration with global markets, reinforcing the point that autonomy cannot be built on disengagement.

The opportunity is to redesign interdependence: diversify partnerships, build domestic capability in critical sectors, and invest in rule-shaping across digital governance, climate and energy security, and Indo-Pacific maritime norms. For future research, a key agenda is to develop autonomy metrics that better capture technology dependence, sanctions exposure, and network centrality. For policy, the implication is clear: India can maximise strategic autonomy by treating interdependence as a design problem—reducing vulnerabilities while converting connectivity into influence.

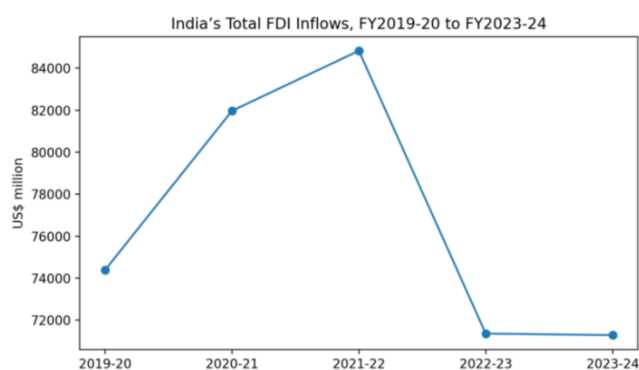
Figures:

Figure 1. India’s Merchandise Trade (Exports vs Imports), FY2019-20 to FY2023-24.



Source: DGCI&S, *Selected Statistics of Foreign Trade of India 2023-24* (values in Rs. crores).

Figure 2. India's Total FDI Inflows, FY2019-20 to FY2023-24.



Source: DPIIT compilation of RBI FDI inflow data (US\$ million).

Table 1. Data series used in Figures 1–2

FY	Exports_RsCr	Imports_RsCr	Trade_Deficit_RsCr	Total_FDI_USDm
2019-20	2219854	3360954	-1141100	74391
2020-21	2159043	2915958	-756915	81973
2021-22	314702	1 4572775	-1425754	84835
2022-23	3621550	5749801	-2128251	71355
2023-24	3618952	5616042	-1997090	71280

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