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A Floundering India in a Changing World Order

PhD candidate in the Department of Geography, Shiznani Jain argues that while Asia, especially China, is driving global economic growth and reshaping world order, India's foreign policy under Modi is faltering amid U.S. pressure, regional conflicts, and economic vulnerabilities. She suggests that this reveals a stark contrast between India's rising-power image and its wavering diplomatic reality.

The 'Asian century'

The 21st century has often been described as the "**Asian century**," marked by the ascent of China and India as global economic powerhouses. For over thirty years, the two have been among the fastest-growing economies. By 2007, their **combined contribution** to global growth nearly matched that of the U.S.

In 2024, Asia was responsible for nearly **60% of global economic growth**. China led global manufacturing with nearly **28% of the total output**, surpassing the U.S. with the share of 17.3%. India, however, lagged far behind, ranking fifth with under 3% of global manufacturing, after Japan and Germany.

The U.S.-led global order is being reshaped amid military conflicts, economic downturns, and trade wars. Israel's genocidal war on Gaza has expanded to military strikes on Lebanon, Yemen, Iran, and most recently Qatar. In May 2025, India and Pakistan also engaged in a limited war.

Simultaneously, the US has launched a tariff war against many different countries from the Global North and South alike. This has driven a block of emerging economies to unite in challenging what they see as acts of 'bullying' by the Trump administration. China has taken the lead, calling for a **revamp of global governance** and revisions to UN policies. In this whirlpool of global contestations, India's boat appears to be wavering.

Diplomatic and Economic shocks

For over three years, the Indian government has claimed diplomatic success on the world stage under PM Modi. For Modi's supporters, these claims offered relief from growing woes on the domestic front such as rising taxes, stagnant incomes, and growing household indebtedness. Skewed and uneven economic growth has disproportionately benefited India's wealthy and urban population, while the middle and working classes—already hit hard by the COVID-19 pandemic—continue to struggle.

The image of India as a rising global power offered some comfort to India's struggling classes, but even this bubble has now been burst by the Trump administration's trail of erratic policies. In May 2025, President Trump announced a ceasefire between India and Pakistan before any official statement from New Delhi. This undermined the Modi government's image of strength and sovereignty. The Indian opposition sharply criticised the government of allowing foreign interference in what they saw as a 'bilateral issue between India and Pakistan'.

While India denied U.S. involvement, Pakistan has repeatedly lauded Trump's role and even nominated him for the Nobel Peace Prize, for this 'decisive diplomatic intervention'.

Some analysts have argued that Modi's lukewarm response offended Trump, who retaliated by imposing a 50% tariff on Indian goods, citing India's continued oil imports from Russia. The U.S. alleged that through these purchases, India has funded Russia's war in Ukraine. The tariff hike—double the initial rate of 25%—once again sparked criticism of Modi's muted responses to the US's bullying from the Indian opposition.

In September, Trump appeared to ease tensions with a birthday call to Modi, which was warmly received and reciprocated by Modi. Both leaders expressed interest in renewing the "India-U.S. Comprehensive and Global Partnership."

Shortly after the birthday call, the Trump administration raised the H-1B visa fee to \$100,000—a 50-fold increase. Indians, who make up over 70% of H-1B recipients, are expected to be disproportionately affected. The sudden move caused panic among the Indian beneficiaries of the H1B visa programme anticipating steep financial burdens.

India's response was again muted. Commerce Minister Piyush Goyal remarked, "They are also a little afraid of our talent," while Modi emphasized that India's true enemy was "dependence on other countries."

Fickle and Floundering

Recent events have led to growing scepticism of Modi's foreign policy. The U.S. tariffs have already impacted India's informal economy and working population. Between April and June, informal manufacturing employment dropped by 9.3%.

While other nations have pushed back against U.S. intimidation, India's silence has been striking. Chinese Ambassador Xu Feihong called the U.S. a "bully" and expressed Beijing's **firm opposition** to the tariffs on India. India's reluctance and non-confrontational posturing reflect deeper confusions and insecurities.

India's relationship with China has long been shaped by border tensions and economic rivalry. Following a face-off between Indian and Chinese troops along the Line of Actual Control (LAC) in 2020, the relationship between the two countries suffered a blow. In India, this clash brought about a wave of anti-China sentiments amongst the people. Leveraging this populist sentiment, the Indian government blocked over **50 Chinese apps** including TikTok, WeChat, Baidu, etc. and **pledged to block investment** from China.

The Trump tariffs have prompted India to reconsider its confrontational stance towards China. In September 2025, in an unprecedented move, the mainstream media in India, often criticised as '**lapdog media**', began airing China's Victory Day parade, even as Modi skipped the event. India is also considering easing investment restrictions on Chinese firms in sectors like manufacturing and renewable energy.

Foreign policy experts remain divided. Long-time U.S. advocates for a closer alliance with the US are now exhorting for a "**reset**" in India's relationship with Washington. Meanwhile, pro-government voices continue to protect the image of the emerging 'Asian giant' in India. Former general secretary of Modi's Bharatiya Janata Party, **Ram Madhav** warned that China must not view India as weak, insisting on a relationship of "sovereign equals."

Considering India's muted responses to bullying at the international stage, these demands for respect and recognition are hardly convincing. While China marches ahead in its efforts at reshaping the world order, India's foreign policy continues to falter and flounder.

The views expressed in this post are those of the authors and in no way reflect those of the International Development LSE blog or the London School of Economics and Political Science.

Feature image:

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Shinzani Jain is a researcher and author. She is currently pursuing a PhD in Regional and Urban Planning Studies at the London School of Economics and Political Science. Before joining the PhD programme, she worked as a journalist covering agricultural and political issues in India.

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