

# Why The World Needs India, And India Needs The World?

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## Abstract

*India is one of the fastest growing major economies in the World, with an expected GDP growth rate of around 7% annually. With a population of over 1.4 billion people, India offers not only a vast market but also the world's largest pool of youth and skilled professionals. In the fields of IT, space technology, and pharmaceuticals, Indian talent is driving global innovation. At the same time, India relies heavily on the global community for oil, gas, and technology. Nearly 80 per cent of India's crude oil is imported. Foreign direct investment and trade partnerships fuel India's economic growth. The world looks to India as a partner in growth, innovation, and peace, while India depends on the world for resources, investment, and global influence. Together, this mutual interdependence builds a future that is not just prosperous, but sustainable and inclusive for all.*

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## I. Introduction

Today, the most burning issue on the global economic and financial platform is imposition of a new Tariff Rate by the US, and which countries will hit the most?. The US has imposed new tariff rates on several countries with effect from August 7, 2025. These include: 35 per cent tariffs on Canadian goods, 30 per cent on South African goods, 50 per cent on Brazilian goods, 35 per cent on China and 20 per cent on Vietnamese goods. And finally, 50 per cent tariffs on Indian goods came into effect from August 27, 2025. Based on their own hypothesis and country's economic circumstances, every country might have done or in the process to undertake primary impact assessment of this tariff effect on their domestic economy. In Indian context, on September 8, 2025, India's Chief Economic Adviser indicated that 'depending upon how long it lasts even in this financial year, it may translate into a GDP impact of somewhere between 0.5 per cent to 0.6 per cent'.

Due to this new tariff imposition, some of the pertinent question arises like: Is the US under its "America First" trade policy is moving toward protectionism? and Are tariffs a tool used to achieve this? Is this approach to dismantle the globalisation? In this context, this note examines whether the World Needs India or India Needs the World?

## II. Global Integration

Over the past few decades, the degree of global integration has increased persistently. The 1990s marked the acceleration of globalisation after the Cold War. The establishment of the World Trade Organization in 1995 and the liberalisation of many economies opened the way for free trade and investment. The internet revolution further connected people across borders. In the 2000s, China's entry into the WTO in 2001 made it a global manufacturing hub. Outsourcing and IT services expanded. The 2010s witnessed the rise of digital platforms, globally implantation of Basel III reforms, e-commerce, the Paris Climate Agreement of 2015 big reflection of global cooperation in the area of climate change. In 2020-21 the digital globalisation accelerated during Covid-19 pandemic through remote work, online education, finTech innovations and green globalisation emerged, with countries focusing on renewable energy and sustainable trade. Today, the global economy at critical juncture.

In this interconnected epoch, no country can remain isolated, of course, India is not an exception. The policy spillover from one part of the world immediately spillback<sup>1</sup>, sometimes with more severe impact.

## III. Why World Needs India?

Historically, India plays a vital role in shaping global landscape. In pre-independence era, India's importance stems as one of the oldest civilizations in the world, a source of major key scientific, and mathematical

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<sup>1</sup> Spillover effect (spreading beyond its original intended scope) and spillback effect (the external impact of a country's domestic policy decisions) effects can be positive, such as a public education program benefiting the entire workforce. Negative, like a protectionism, trade war, which disrupting global supply chains. The term "spillover" itself refers to the idea of something overflowing or spreading beyond its original intended scope.

innovations such as the decimal system and the concept of zero<sup>2</sup>. In the post-independence, India became a founding member of the Non-Aligned Movement, promoting peace and challenging bipolar global power during the Cold War. India is one of the major producers of rice, pulses, wheat and spices in the world, India has become one of the world's leading hubs for startups (Over 100,000 recognized startups as of 2025 and more than 100 unicorns companies valued over \$1 billion), India's pharmaceutical industry is one of the most important pillars of the economy and a key contributor to global healthcare (exports medicines to more than 200 countries including the U.S., EU, Africa, and Latin America, master in technology, India's digital public infrastructure (DPI) model is being studied and adopted by countries worldwide. UPI-like systems are being replicated in countries such as Singapore, UAE, and France and India is positioning itself as a leader in digital inclusion and affordable innovation. India is one of the fastest-growing digital economies in the world. With over 850 million internet users, our country is the second-largest online community globally. India supplied over 66 million doses of vaccines vaccine maitri<sup>3</sup> to more than 100 countries including Bangladesh, Nepal, Sri Lanka, Maldives, Bhutan, Myanmar, Mauritius, Seychelles, African nations, Latin America, and Caribbean countries by mid-2021. India is also a favoured investment destination, supplier of medicines and equipment's to 150 countries during pandemic, country of largest young population, provider of skilled workforce, giving a mantra of vasudhaiv kutumbkam, major deployer of Indian personnel as a peace keeping force in many countries, space exploration (chandrayan 3), most valued player and partner and voice in international forums like the G20<sup>4,5</sup> and Quadrilateral Security Dialogue (QUAD), BRICS<sup>6</sup>, SAARC<sup>7</sup>, global south, UN, etc.

In the 21<sup>st</sup> century, India has emerged as a nation whose presence and participation are vital for the progress of the global community. The world needs India not just for its economic growth, but also for its democratic ideals, cultural values, and strategic importance. Today, India stands as the 4<sup>th</sup> largest economy in the world, boasting a GDP of US \$4.19 trillion, with growth rates climbing toward 7 per cent the highest among global major economies. Our progress in both nominal and purchasing power parity (PPP) terms underlines why India matters on the world economic stage. With a population exceeding 1.46 billion people nearly 18 per cent of humanity, India is not just populous; it is young and vibrant, with a median age of just 28.8 years. That demographic strength is a global asset.

India has emerged as one of the key players in international trade and commerce. India trades merchandise and services globally, with major export products including refined petroleum, electronic goods, packaged medicaments, diamonds, and telephones. At the same time, the country imports significant amounts of crude oil, precious metals, and other goods. Key trading partners for India include the United States, United Arab Emirates, and the Netherlands, with an increasing focus on services like IT and financial services. In the first quarter of 2025–26, foreign direct investment (FDI) inflows surged 15 per cent year-on-year to \$18.62 billion, with the United States as the top investor<sup>8</sup>. This reflects global confidence in India's economic growth. In terms of bilateral trade, India-U.S. trade reached at \$129 billion in 2024, making the U.S. India's largest trading partner. However, recent U.S. tariff hikes of up to 50 per cent on Indian imports could shave 0.5-

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<sup>2</sup> Around the year 500, Aryabhata introduced a decimal system of positional numeration, laying the groundwork for modern mathematics. Although he used the word "kha" instead of a symbol for zero, subsequent scholars like Brahmagupta in the seventh century solidified zero as a bona fide number, essential for arithmetic operations.

<sup>3</sup> Why Bharat Matters' by S. Jayashankar (2024).

<sup>4</sup> The Group of 20 (G20) is an intergovernmental forum comprising 19 sovereign countries, the European Union (EU), and the African Union (AU). It works to address major issues related to the global economy, such as international financial stability, climate change mitigation and sustainable development, through annual meetings of Heads of State and Heads of Government. India hosted the 18th G20 Summit in New Delhi during 9-10 September, 2023.

<sup>5</sup> Author served as Officer on Special Duty in G20 India Secretariat, Government of India, New Delhi during 2011 to 2014.

<sup>6</sup> The BRICS is a forum for cooperation among a group of leading emerging economies. The BRICS includes 10 countries - Brazil, China, Egypt, Ethiopia, India, Indonesia, Iran, Russian Federation, South Africa, United Arab Emirates.

<sup>7</sup> SAARC stands for the South Asian Association for Regional Cooperation. It is a regional intergovernmental organization and geopolitical union of states in South Asia that was established on December 8, 1985, in Dhaka, Bangladesh. Its purpose is to accelerate economic, social, and cultural development through regional cooperation.

<sup>8</sup> Economic Times, 2025.

0.6 per cent off India's GDP and impact nearly 55 per cent of its \$87 billion in exports to the U.S.<sup>9</sup> To adapt, India is cutting taxes to boost domestic demand while diversifying trade relations with the EU, Africa, and Southeast Asia<sup>10</sup>.

Energy security binds India closely to the world. As of March 2025, India's renewable energy capacity reached 220.10 GW, with solar contributing 105.65 GW, accounting for nearly half of the total<sup>11</sup>. In FY 2024–25 alone, India added 29.5 GW of renewable capacity, making it one of the fastest-growing clean energy markets. This transition also carries social benefits. Estimates suggest 1.5 million green jobs will be created by 2030 in solar manufacturing, installation, and maintenance<sup>12</sup>. Furthermore, India has electrified over 99 per cent of its railway network, integrating 4,500 MW of solar capacity to reduce fossil fuel dependence<sup>13</sup>.

Indian cities are expanding fast in just three decades, urban footprints in major cities have doubled. By mid-century, India will add urban dwellers equivalent to the U.S. population. This rapid urbanization will drive infrastructure innovation and climate-smart development. Beyond economics and infrastructure, India's cultural footprint spans the globe. India's 35 million- strong diaspora<sup>14</sup>, and soft-power exports yoga, literature, brings India wider historical perspectives, unity in diversity, and creativity to the world. India contributes actively to international law, human rights, and peacebuilding. As the world's largest democracy, it plays an important role in forums like the United Nations, G20, and BRICS. Its leadership in initiatives such as the International Solar Alliance demonstrates how India combines national interest with global responsibility.

#### **IV. Why India Need World?**

India is one of the fastest-growing economies, but in today's interconnected era, no country can progress in isolation. India's trade, growth, prosperity, and security are linked with the world. India's total foreign trade is over \$1.6 trillion, which is nearly 45 per cent of our GDP. India export software, pharmaceuticals, textiles, and services worldwide, and in return its import crude oil, electronics, defence equipment, and technology. Therefore, without global markets, India's economic engine may not run at full speed. With regard import of oil, India imports around 85 per cent of its crude oil and 50 per cent of its natural gas. Its energy needs are directly tied to Middle Eastern countries, notably Russia, the US, and Africa. Hence, without these global partnerships, India cannot sustain its industrial growth or mobility.

In a cutting-edge technology like semiconductors, AI, defence systems, and space research often come through global collaboration. India may not follow a lonely path to achieve these targets, it need a global cooperation. India attracted \$71 billion FDI in 2023, with major investors like the USA, Singapore, Japan, and Mauritius. These investments perhaps the instruments to create jobs for youth and boost Make in India, Startup India, and Digital India programs. India's diaspora of 35 million people plays a vital role in sending remittances more than \$125 billion, which is the highest in the world. There are global issues like climate change, pandemics, terrorism, and cybersecurity, which cannot be solved by a single country alone. India works closely with the UN, G20, BRICS, WHO, SAARC to address these global challenges. India is actively engaged in several bilateral trade treaty and free trade agreements (FTA) negotiations. In short, the world needs India not only in terms of not only for growth, stability, and innovation, but also for the human values, creative energy, and leadership it contributes to the global community.

#### **V. Conclusion**

As it ascends the international hierarchy, India speaks not just for itself but for a larger global constituency as well. At the time when much of the world has fallen back to a nationalism of an earlier era, enlightened Indian interest dictate that it puts even greater emphasis on internationalism. Today, as India confront global challenges, the strength lies in its strong macroeconomic, socio and cultural policies, which supports a strong foundation in India's march towards becoming Viksit Bharat by 2047. India's journey shows that national progress is tied to global engagement. The world depends on India's markets, innovation, and democratic voice, while India relies on global trade, investment, technology, and partnerships. The areas of economics, energy, law, and gender equity reveal a relationship of mutual dependence. In short, the path to a peaceful, prosperous, and sustainable future will not be built by India or the world alone, but by their shared cooperation. Therefore, it is quite obvious that **'the World Needs India and India also Needs the World'**.

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<sup>9</sup> Reuters, 2025.

<sup>10</sup> AP News, 2025.

<sup>11</sup> ET EnergyWorld, 2025.

<sup>12</sup> ET EnergyWorld, 2025.

<sup>13</sup> Economic Times, 2025.

<sup>14</sup><https://www.ndtv.com/world-news/pm-modis-govt-gives-highest-priority-to-over-35-million-indian-diaspora-says-eam-jaishankar-on-website-launch-for-pravasi-bharatiya-divas-7010128>

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