



## EDITORIAL: INDIAN EXPRESS

### GENERAL STUDIES 2: INTERNATIONAL RELATION

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## THE BUDGET PIPELINE AND INDIA'S FOREIGN POLICY AMBITIONS

### Ministry of External Affairs (MEA) Budget and Its Importance

The Ministry of External Affairs (MEA) plays a pivotal role in shaping India's foreign policy, facilitating international collaborations, and maintaining diplomatic relations across the globe. However, despite its significance, the MEA remains one of the least-funded ministries in the country. In the fiscal year 2023-24, the MEA budget witnessed a notable 23% increase, yet it still accounted for only 0.4% of India's total budget allocation. Comparatively, the Parliamentary Standing Committee on External Affairs had recommended raising this to 1% of the total budget. A gradual increase to 0.6% or 0.8% would reflect a stronger commitment to global diplomatic engagements and ensure India's international ambitions are effectively supported.

### India's Global Aspirations and the Need for a Stronger MEA

As India moves towards achieving its vision of becoming a developed nation, or *Viksit Bharat*, by 2047, a robust and well-funded MEA is crucial. India has positioned itself as a leader of the Global South, aiming to strengthen ties with ASEAN, the Quad (India, Australia, Japan, and the U.S.), and global institutions like the International Solar Alliance. These partnerships necessitate extensive diplomatic engagements, infrastructure commitments, and financial aid. With increasing expectations from partner nations to deliver on key projects, India requires an adequately funded MEA to maintain credibility, expand its global footprint, and counter emerging geopolitical challenges.

### Key Areas Requiring Increased Funding

#### Economic and Regional Cooperation

India's regional diplomatic initiatives are crucial for maintaining stability and fostering economic growth. However, several challenges impact these efforts:

- Political changes in Bangladesh, instability in Myanmar, and the "India Out" movement in the Maldives have complicated regional ties.
- Strained relations with Nepal require careful diplomatic maneuvering and increased economic engagement.
- Positive engagements with Sri Lanka and Bhutan have led to strengthened cross-border projects.
- The growing influence of China in South Asia necessitates counterstrategies, including increased financial aid and investment in regional infrastructure projects.



To address these issues, increased funding for economic diplomacy, infrastructure development, and strategic collaborations with neighboring countries is imperative.

## Strengthening Institutional Capacity

A well-equipped diplomatic workforce is fundamental to India's foreign policy success. However, the Indian Foreign Service (IFS) remains understaffed, with a smaller cadre than required for a nation of India's global stature. The lack of lateral hiring, slow expansion, and coordination inefficiencies hinder India's diplomatic reach. While the training budget for diplomats saw a 30% rise, overall capacity-building initiatives remain inadequate. An enhanced budget allocation would ensure:

- Recruitment of more diplomats to handle India's expanding global engagements.
- Improved training programs to equip diplomats with expertise in emerging geopolitical and economic trends.
- Strengthened institutional coordination to improve efficiency in foreign policy implementation.

## Foreign Aid Trends and Strategic Shifts

India's approach to foreign aid has witnessed a shift in 2024-25, with a 10% decrease in direct grants but a 29% increase in loans to other governments. Approximately 50% of India's grants are directed toward neighboring countries, highlighting the strategic importance of regional stability. Notable changes include:

- Bhutan remains the largest aid recipient, reinforcing strong energy and hydropower collaborations.
- Bangladesh's aid has declined from ₹200 crore in 2023-24 to ₹120 crore in 2024-25, possibly reflecting shifting diplomatic priorities.
- Sri Lanka's aid allocation increased by 63%, signaling growing bilateral cooperation.
- India is transitioning from direct grants to Lines of Credit (LoCs), with 45% of these funds directed toward neighboring countries.
- Bangladesh remains the largest LoC recipient, with \$7.86 billion allocated for infrastructure development.

This strategic shift requires a robust financial framework to ensure effective aid distribution, monitoring, and impact assessment.

## Challenges in Research and Policy Support

While India has invested significantly in global dialogues and diplomatic conferences, there is a noticeable gap in funding for evidence-based research. Universities and think tanks play a crucial role in shaping foreign policy, but recent budget reductions have hampered their contributions:

- Nalanda University's budget was cut by 20%.
- South Asian University's funding decreased by 22%.



Although funding for foreign missions and cultural diplomacy increased by 7%, it remains insufficient to support India's growing global presence. Greater financial support for academic institutions and think tanks would enhance India's research capabilities, providing data-driven insights for diplomatic strategies.

## Need for Declassification and Digitization of Records

External Affairs Minister S. Jaishankar has emphasized that India's formal diplomatic efforts (Track 1) are significantly ahead of academic and research-based diplomacy (Track 2). To bridge this gap, the MEA should allocate resources for the declassification and digitization of historical diplomatic records. Public access to these records would:

- Facilitate scholarly research on India's foreign policy evolution.
- Challenge misconceptions and enhance global perceptions of India's diplomatic history.
- Provide policymakers with valuable insights by learning from past diplomatic engagements.

By modernizing archival access, India can improve transparency, boost academic contributions, and strengthen its long-term foreign policy framework.

## Conclusion

India's aspirations as a global power require a well-funded and efficiently managed Ministry of External Affairs. The current budget allocation is insufficient to support India's expanding diplomatic needs, strategic partnerships, and regional cooperation. Strengthening diplomatic capacity, increasing regional engagement funding, and supporting academic research are essential steps in reinforcing India's global position. Additionally, strategic shifts in foreign aid distribution and a focus on infrastructure financing require improved oversight and resource management. Investing in the digitization of diplomatic records will further enrich foreign policy research and aid in informed decision-making.

As India progresses toward *Viksit Bharat*, an enhanced MEA budget is not just a necessity but a strategic imperative to ensure India's influence, credibility, and leadership in global affairs.

**Source:** <https://www.thehindu.com/opinion/op-ed/the-budget-pipeline-and-indias-foreign-policy-ambitions/article69151819.ece>

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