



## Delivering Soft Power

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This article is based on “**How to deliver abroad**” which was published in The Indian Express on 21/10/2021. It talks about the need to create an independent development partnership agency.

**Soft power** is the **ability of a country to persuade others to do what it wants without resorting to force or coercion**. Soft power lies in a country’s attractiveness and comes from three resources: its **culture**, its **political values**, and its **foreign policies**.

According to **Brand Finance’s Global Soft Power Index**, India **ranks 27<sup>th</sup>** in terms of soft power. India’s main challenge, though, has been to timely deliver on International projects especially on infrastructure projects. For eg. **Iran’s Chabahar Port**.

### Need to Deliver on Soft Power

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- **For creating Goodwill:** Indian ethos and practices has helped it build a benevolent image and tremendous goodwill globally, but it has to be backed with quality project delivery.
- **As a Strategic Investment:** To become a leading strategic investor in commercially viable and financially attractive **public-private partnership** infrastructure projects, India needs to deliver on its promises.
- **Post Pandemic Changes:** With increased scope of cooperation and the realization that global problems require global efforts, India’s role has gained prominence as the **pharmacy of the World**.
- **Trade and Investment flow:** To build an **image of a trusted and reliable partner**, India needs to make other countries believe in its commitment to deliver. This will **lead to rising trade and investment flows** to growing Indian markets.

### India’s Delivery Framework

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India’s development cooperation has converged to an all-encompassing integrated framework, a development compact that has five modalities.

- **Capacity Building:** India focuses on **three main components: providing training in India, sending teams of experts to partner countries and providing equipment for project sites.** India has also taken up **larger issues at various multilateral forums** including the **World Trade Organization (WTO)** and the **World Intellectual Property Organization (WIPO)**.
- **Concessional Finance:**
  - Concessional financing constitutes close to **70%** of India's development cooperation portfolio.
  - Development assistance in the form of concessional **Lines of Credit (LOCs)** is extended by the Government of India under **the Indian Development and Economic Assistance Scheme (IDEAS)** through the **Exim Bank of India.** In total **306 LOCs worth US\$ 30.59 billion** have been extended to 65 countries.
- **Technology Sharing:**
  - **Innovation and entrepreneurship** should be the soft power of choice both within the country and outside.
  - For instance, in **Ethiopia**, Indian engineers provided support and training in areas such as irrigation, electrical power and railway management.
- **Grants:**

India provides **development assistance of \$6.48 billion** and receives assistance of **\$6.09 billion annually** from key partners as **Official Development Assistance (ODA)**.
- **Trade:**
  - By providing **duty-free and quota-free access** to the Indian market. India was one of the first few countries that announced **duty free, quota free access to low income countries**.
  - Indian **private investment** in the world has also surged over a period of time with major investments in **telecommunications, IT, energy, and automobile sectors**.

## Concerns/Challenges

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- **Lack of Institutional Framework:**
  - India needs an **independent development partnership agency** that develops **long-term and short-term strategies, identifies priorities, builds knowledge and facilitates learning.**
  - It needs to **remove Internal institutional hurdles**, such as policy and bureaucratic delays, to meet its infrastructure targets.
- **Lack of Funds:**
  - With **limited capacity to fund** infrastructure projects, India needs to **rationaly allot its funds**, keeping in mind its strategic objectives.
  - Moreover, **improving the Indian economy and opening up the market** can help India to accumulate funds for international projects.

- **Delivery-Deficit Nation:**
  - India's neighbors have often complained of India **making big promises but suffering from a delivery deficit.**
  - This is the **case with most countries** in which India has taken up projects, for instance, road and railway lines, establishing integrated border checkpoints, and hydropower projects.
- **Protectionism:**
  - Protectionism is leading to a **significant impact on economic diplomacy.** India stood at **rank 24 out of 25 countries in the Asia-Pacific region** in terms of **trade openness** as per an Asian Development Bank (ADB) report.
  - **Integrated Check Posts** set up at borders have suffered under cumbersome procedures, like **additional checks of trucks and delays in paperwork**, that consume both time and profits.

## Way Forward

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- **Creation of Institutional structure:**
  - A specialised agency for proficient delivery of outcomes is the need of the hour. For example, In 2018, **China founded its international development cooperation agency.**
  - An **independent development partnership agency** that facilitates **information sharing** and **creates platforms for policy coordination** across government departments, ensures coordinated efforts needed for development gains and mobilises resources quickly.
  - The agency must **work towards Sustainable Development Goals (SDGs)** **coordinating the government, private sector, academia and civil society.**
- **Private sector and civil society engagement:**

Exploring innovative public-private partnership (PPP) models with Indian businesses to leverage their expertise in helping realise India's development cooperation goals.
- **Multilateralism:**

Covid-19 showed that **cooperation among countries** can accelerate the response within individual nations and across regions **during a global health crisis**. It involves creating, adapting, transferring, and sharing knowledge and experiences to improve health, while making the most of existing resources and capacities.
- **Non Sovereign funds:**
  - A **non-sovereign window** like the private sector window of **Asian Development Bank**, would provide greater flexibility and bandwidth.
  - **In addition to greenfield projects**, the fund may take up incomplete projects and prepare future timelines for their execution.

- **Trade openness:**

- India needs to **work on smoothening clearance procedures, import policy barriers, testing and certification requirements, anti-dumping and countervailing measures.**
- India must **increase its investments and trade** with neighboring countries to reap the benefits of greater regional and economic integration, making India open rather than being closed to its neighbors' economies.

## **Conclusion**

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It is high time **India restructures its development finance apparatus** for deeper and effective engagement and to address the rapidly evolving newer competitive development financing landscape.

India's own development experience is also evolving with programmes like the **JAM Trinity, Ayushman Bharat and other initiatives like Gati Shakti** - the learnings from which should be absorbed in the portfolio to be shared with fellow developing countries.

### ***Drishti Mains Question***

"It is high time that India sheds its image of a delivery-deficit Nation." Comment on India's poor record in timely completion of projects in foreign countries.