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Traversing Faultlines and Economic Growth

by **Sanjay Pulipaka**

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In international politics, India continues to navigate the challenges posed by the Ukraine and Iran conflicts. Amid global uncertainty, India is scaling up its political and economic engagement not only with major powers but also with many other emerging and developing economies.

The first week of September saw substantive external engagement, with the Indian Prime Minister travelling to Central Asian countries. During his visit to Uzbekistan on August 30, 2026, the Indian Prime Minister was conferred the "Oliy Darajali Do'stlik" Order (Order of Highest Friendship) by Uzbekistan's President, Shavkat Mirziyoyev. Both countries elevated the bilateral relationship from a Strategic Partnership to a Comprehensive Strategic Partnership, upgraded the joint commission from the secretary level to the ministerial level and agreed to increase bilateral trade to USD 5 billion, organise a business summit and establish sister city/state arrangements.

In addition to reaffirming cultural relations, significant progress was also made "in the long-term arrangement for supply of uranium from Uzbekistan to India", and both countries agreed to strengthen cooperation in critical minerals. In 2019, India had signed an agreement for the supply of "1100 MTU of natural uranium ore concentrates during the years 2022 to 2026." So, current conversations focus on ensuring continued flows of uranium to India from Uzbekistan. Early this year, Kazakhstan has agreed to continue supplying large quantities of uranium to power civilian nuclear power plants in India. A few months ago, India and Australia also concluded an Administrative Arrangement that would facilitate long-term exports of Australian uranium to India under IAEA safeguards. India is stitching together numerous civilian nuclear agreements with other countries to achieve the target of 100 GW of nuclear power capacity by 2047, and the uranium supply agreement with Uzbekistan is an important component of that strategy.

In Bishkek, Kyrgyzstan, Prime Minister Modi participated in the 26th Shanghai Cooperation Organisation (SCO) Summit meeting on September 01, 2026. In his statement at the Summit, the Indian PM called for dismantling "the entire ecosystem of terrorist financing, recruitment, radicalisation, and safe havens." PM Modi also referred to India's humanitarian contributions in Afghanistan, the need to combat the menace of drug trafficking, and stressed the importance of resolving the crisis in West Asia through dialogue and diplomacy. While calling for efficient logistics networks, PM Modi also stated that connectivity projects should respect sovereignty and territorial integrity.

India's participation in this year's SCO Summit did not draw severe criticism from the US. The photograph of the Indian prime minister with Russian and Chinese presidents at the SCO Summit in Tianjin, China (in September 2025), elicited a sharp reaction from the West. For instance, US President Trump wrote: "Looks like we've lost India and Russia to the deepest, darkest China..May they have a long and prosperous future together!." However, a month later,

at the APEC summit in Busan, South Korea, President Trump met with Xi Jinping and referred to the US-China partnership as a G-2. He went on to add that his meeting with President Xi Jinping "will lead to everlasting peace and success…God bless both China and the USA!" Subsequently, in May this year, Donald Trump travelled to Beijing to meet President Xi Jinping. Because of shifts in US external political and economic engagement, many European countries are now placing a relatively greater premium on diversified partnerships and, consequently, perhaps, there is greater appreciation of India's policy of strategic autonomy.

Given the boundary dispute and trust deficit in its interactions with Beijing, India is nowhere close to bandwagoning with China by participating in the SCO. New Delhi's participation in the SCO is defined by the need to be at the table of a regional framework that seeks to define security dynamics in India's western and northern neighbourhoods.

On the 'sidelines' and the two wars

On the sidelines of the SCO, in addition to a bilateral meeting with the President of the Kyrgyz Republic, Prime Minister Modi met with other leaders, including the Prime Minister of the Republic of Armenia, Mr Nikol Pashinyan.

PM Modi's meeting with the President of the Islamic Republic of Iran, Dr Masoud Pezeshkian, received considerable domestic and international attention. After his meeting with Dr Masoud Pezeshkian, PM Modi stated on social media that he reiterated India's commitment to strengthening "long-standing friendship with Iran across diverse sectors….[and added that]…India will continue to support all efforts aimed at ensuring lasting peace." The Indian premier also called "for safeguarding the freedom of navigation and commerce…and emphasised that… seafarers must not be harmed under any circumstances." Responding to a query from the media on the Indian premier's interaction with the Iranian president, the US Secretary of State Marco Rubio said: "Well, I don't think there's a trade deal between India and Iran. Obviously, there are countries… *all develop their own foreign policy, and many countries around the world talk to the Iranian regime…I mean, we've met with elements of the Iranian regime as well, in terms of some of these discussions that have occurred* (emphasis added), and there's been contact with them…no country should be out there helping them create mechanisms by which they can generate revenue that they will then use to sponsor terrorism and try to build a nuclear weapon."

The Indian premier also interacted with Russian President Vladimir Putin and discussed multisectoral cooperation to further strengthen the Special and Privileged Strategic Partnership between the two countries. In his interactions with President Putin, India's PM Modi stated: "Every day that the war continues, humanity is, in effect, set back a step, whilst every step towards peace gives all of humanity real hope for peace. We need to move from endless war to an end to the war, to a cessation of hostilities…And we will need to move precisely in this direction.."

India's External Affairs Minister (EAM) Dr S. Jaishankar met with Ukraine's President Volodymyr Zelensky and with Ukrainian Foreign Minister Andrii Sybiha on September 03, 2026. EAM Jaishankar called for a quick end to the War and added: "If India can be of any help in any manner, we are ready, and this was the core of my discussion so far with Foreign Minister Sybiha." The EAM also referred to attacks on commercial shipping, casualties of Indian seafarers and mentioned that India so far has "provided 19 consignments

of humanitarian assistance including 160 tonnes comprising generator sets, medicines, medical equipment..”

In the global media, India’s purchase of Russian oil is often a point of discussion. The Lindsey O Graham Sanctioning Russia and Iran Act of 2026, which authorises the US president to impose a 100 per cent tariff on countries purchasing oil from Russia, has been passed by the US Senate and is awaiting approval from the House of Representatives. After the closure of the Strait of Hormuz, the United States has emerged as India's leading LNG supplier, and imports of US-approved Venezuelan crude oil have risen significantly. The American oil companies would be eager to gain a greater foothold in India, which is the third-largest oil-consuming country in the world.

Engaging the West

The Ukraine conflict figured prominently during EAM Jaishankar’s visit to Poland on September 04. In his interaction with Deputy Prime Minister and Foreign Minister Radosław Sikorski of Poland, EAM S Jaishankar affirmed that India sees the European Union as an important pole in an increasingly multipolar world. The talks focused on enhancing cooperation in AI, defence, digital, energy, innovation, investments, mining, space, and related domains, and on leveraging the India-EU free trade agreement (FTA) to strengthen India-Poland relations.

Prime Minister of the Kingdom of Belgium, Mr Bart De Wever, visited India from September 02-04, 2026. The Indian premier said the two countries agreed to “deepen cooperation across trade, defence, clean energy, critical minerals, semiconductors, research and talent mobility.” Both countries signed a Letter of Intent on Defence Cooperation, and agreed on a few concrete defence industrial cooperation initiatives such as in the domains of air-defence network, ammunition production, counter-drone technology, electro-optics, mine warfare, and others. In addition to increasing bilateral trade, both countries agreed to enhance collaboration “in port development, logistics, connectivity, dredging and offshore wind infrastructure.” Prime Minister Mr Bart De Wever called on India and Europe to become a pole star of multilateralism to ensure a peaceful world.

India-Canada Foreign Office Consultations were held in New Delhi on September 02, 2026. Canada’s Deputy Minister of Foreign Affairs and India’s Secretary (East), Ministry of External Affairs, led their countries’ respective delegations. The discussions focused on enhancing cooperation in the domains of culture, people-to-people, energy and critical minerals, science and technology, education and security and defence cooperation, among others. After a period of considerable strain, India-Canada relations have steadily improved recently. Canada’s Prime Minister Carney visited India in February-March 2026. The Australia-Canada-India Technology and Innovation (ACITI) Partnership, agreed in 2025, was formalised through a Memorandum of Understanding (MoU) in July 2026.

In the neighbourhood

On August 26, flash floods hit northern Nepal, resulting in considerable loss of life and property. In response to the tragedy, as of September 02, Indian Air Force flights delivered 74 tonnes of relief assistance, including medical and other essential supplies. The Indian rescue teams and forensics teams are also assisting the Government of Nepal.

India's development assistance work in Sri Lanka is continuing apace with the handover of 24 housing units in Sri Lanka as part of the Model Village Housing Project, which is being implemented with an Indian grant. India's Defence Minister Rajnath Singh is likely to visit Sri Lanka from September 8 to 10. Given that the India–Sri Lanka Free Trade Agreement (ISFTA) was implemented over two decades ago, in 2000, discussions on an upgraded ISFTA 2.0 are likely to pick up momentum.

While there has been considerable reduction in the strain in India-Bangladesh relations, efforts are being made to improve the bilateral relationship. It is unclear whether Bangladesh Prime Minister Tarique Rahman will participate in the BRICS summit in India on September 12–13. Meanwhile, the High Commissioner of India to Bangladesh, Dinesh Trivedi, met with the Adviser to the PM of Bangladesh for the Ministry of Finance & Planning, the Speaker, and the Deputy Speaker of the Bangladesh National Parliament.

Multilaterals

A Quad Sherpas' Meeting was held in New Delhi on September 03, 2026. While India's Foreign Secretary Shri Vikram Misri hosted the meeting, Deputy Secretary, Strategic Planning & Coordination Group, Department of Foreign Affairs and Trade, Australia, Ms Elly Lawson; Senior Deputy Minister for Foreign Affairs, Japan, Mr Hiroyuki Namazu; and Mr Sergio Gor, Special Envoy to South and Central Asia and Ambassador of the USA to India, participated in the meeting. There is a perception that the US President is not giving the Quad the attention it needs. Given the alleged non-availability of dates, the possibility of India organising the Quad summit this year looks bleak, and reports say Washington is keen to hold it during the G-20 Summit in the US. However, at the foreign minister level, Quad meetings have been regularly organised with a substantive agenda.

Economic growth

Despite Trump's tariff policy, tense relations with China, ongoing conflicts in Iran and Ukraine, the closure of the Strait of Hormuz, and high oil prices, India clocked 7.8% economic growth in the April-June quarter (Q1). According to the PIB, in July, while overall Industrial production grew by 6.7%, capital goods production rose by 16.1%. In the same month, according to the PIB, "credit to agriculture and allied activities grew by 17.0%, credit to industry increased by 20.0% and credit to the services sector grew by 22.9%." A Reuters report noted that "auto sales rose 21% in August…India's net direct tax revenue rose more than 23% year-on-year in the April-August period."

While there is considerable discussion on the quality of economic growth, it should be noted that in July, the IMF, in its World Economic Outlook Update, stated that "India remains among the fastest-growing major economies, with growth projected at 6.4 per cent, supported by strong momentum in private consumption and services activity." In August, S&P Global affirmed "'BBB' long-term and 'A-2' short-term sovereign credit ratings on India" and added that "the stable outlook on the long-term rating reflects our expectation that policy stability and high infrastructure investment will support India's growth prospects." On September 02, India's sovereign credit rating was upgraded from BBB+ to A-Stable by the Japan Credit Rating Agency (JCR). The JCR, in its press release, stated that "the Indian economy has maintained a high growth rate of around 7%, supported by robust private consumption and public investment…The government of India has steadily implemented policies conducive to productivity growth and economic development.."

Conclusion

In the economic realm, India's engagement has focused on energy security and developing resilient supply chains, particularly those tied to advanced technologies. India's high economic growth rate may generate international attention and, perhaps, increased FDI flows into the country. In the security realm, India continues to use multilateral fora to advocate for full-spectrum coordinated actions to undermine terrorist ecosystems. India has engaged with all stakeholders involved in the Ukraine and Iran conflicts. While the Indian Prime Minister held talks with President Putin, India's EAM had conversations with the Ukrainian leadership. While India hosted the Quad Sherpas' Meeting, the Indian leadership interacted with the Iranian president. At a time when multilateralism is under stress, India continues to scale up its engagement with multilateral frameworks. In the first week of September, India participated in the SCO summit, and in the second week, it will host the BRICS Summit. To sum up, in the first week of September, India pursued energetic diplomacy and recorded strong economic growth.

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Sanjay Pulipaka is the Chairperson of the Politeia Research Foundation. The Views expressed here are personal.

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