

"Global Commerce in the New World Order: India's Strategic Role, Government Policies, Opportunities, and Challenges"

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DOI: <https://doi.org/10.51244/IJRSI.2026.13010071>

Received: 08 January 2026; Accepted: 13 January 2026; Published: 31 January 2026

ABSTRACT

Global commerce in the new world order is characterized by rapid technological change, shifting geopolitical power, and an increasing emphasis on sustainability. This paper explores the evolving landscape of global commerce in the context of the new world order, with a particular focus on India's role. It examines the changing geopolitical dynamics, the impact of technological advancements, and the shifts in trade relationships. India's strategies to position itself as a key player in global trade, the government policies aimed at boosting the economy, and the opportunities and challenges India faces in this new global framework will be analyzed. This paper also offers insights into how India can capitalize on its strategic position to navigate the complexities of the global economy in a post-pandemic world.

INTRODUCTION

The term "New World Order" often refers to the evolving global political and economic structure, one that reflects a post-Cold War, post-pandemic world, and the rapid acceleration of globalization. The rules of global trade, investment, and commerce are being rewritten, with new actors, alliances, and strategies emerging. Global commerce in the new world order is characterized by rapid technological change, shifting geopolitical power, and an increasing emphasis on sustainability. Countries like India have the opportunity to leverage their strategic advantages to become key players in the future global economy. As global supply chains become more diversified and resilient, and digital and green economies take center stage, The United States, historically the dominant force in global commerce, has faced challenges in maintaining its hegemony due to rising protectionism (e.g., tariffs on China and other countries), shifting alliances, and the reorganization of global trade rules. Countries like India, Brazil, and other members of the Global South are becoming increasingly important players in the global economy, as they are rapidly growing economies with rising populations, middle classes, and technological capabilities. The world is increasingly becoming multipolar, with no single country or region holding all the power.

In response to the changing geopolitical environment, countries are forming new trade alliances. India is increasingly pursuing bilateral and multilateral trade agreements to secure its position, especially with countries like Japan, Australia, and the U.S. as part of the Quad Alliance. Technological disruption is one of the key factors transforming global commerce. The rise of new technologies, such as artificial intelligence (AI), block chain, 5G, and robotics, is reshaping the structure of trade and commerce in significant ways, the internet and digital platforms have transformed how businesses and consumers interact across borders. E-commerce giants like Amazon, Alibaba, and Flipkart have revolutionized retail, and digital trade is now a massive part of global commerce. In addition, digital payments and fintech innovations are enabling smoother cross-border transactions. Automation, robotics, and data analytics are helping businesses create smarter and more resilient supply chains. Technologies like block chain are being used to track goods through every step of the supply chain, enhancing transparency and reducing fraud. The rise of the gig economy and freelance work enabled by digital platforms has created a new class of global workers. The platforms are disrupting traditional labor markets

and allowing workers from across the globe to engage in commerce in a decentralized, borderless manner. AI and machine learning are transforming industries by optimizing production, predicting demand, and automating many processes. Countries and businesses that invest in data analytics and AI will be better positioned to tap into future commercial opportunities. The rollout of 5G networks around the world is expected to significantly enhance communication and the flow of goods and services. It will enable more efficient global trade by reducing latency, increasing data transfer speeds, and enhancing real-time communication between global supply chains.

Another defining characteristic of global commerce in the new world order is the increased emphasis on sustainability. As environmental concerns grow and the effects of climate change become more evident, businesses and governments are prioritizing sustainable practices. The global shift toward green economies has important implications for trade and commerce, as global awareness of climate change increases; countries are implementing stricter environmental regulations. This is leading to the rise of green trade—trade focused on sustainable goods and services. Companies will increasingly need to meet environmental standards if they want to participate in global commerce. The transition to renewable energy sources is creating new sectors of trade, particularly in solar, wind, and electric vehicles. Countries that invest in these industries will be better positioned in the future global marketplace. Companies are under increasing pressure to make their supply chains more sustainable, reducing waste and emissions. This trend is leading to the rise of circular economies, where products are designed to be reused or recycled. Investors are increasingly looking to support companies and projects that align with sustainable and socially responsible practices. Green bonds and ESG (Environmental, Social, and Governance) investment strategies are becoming a growing part of global finance. Global commerce is not only shaped by individual countries, but also by international institutions that create the frameworks within which trade occurs. Such as WTO, IMF, UNSDGs etc.,

India's Strategic Role in Global Commerce

India, the world's most populous country and the fifth-largest economy by nominal GDP, is poised to play an increasingly strategic role in global commerce. With a unique combination of demographic advantage, technological capabilities, geopolitical positioning, and evolving economic policies, India is no longer seen as just a developing economy — but as a future global leader in trade and commerce. India's consistent economic growth and large domestic market are key drivers of its growing influence in global commerce. India's GDP crossed \$4 trillion in 2025, and it's projected to become the third-largest economy by 2030, behind only the U.S. and China. With a rising middle class and rapid urbanization, India is one of the largest consumer markets in the world — an attractive destination for global businesses. Over 65% of India's population is under the age of 35, making it a global hub of labor, innovation, and consumption for decades to come. India's efforts to become a manufacturing powerhouse are gaining momentum, particularly in the post-pandemic world where businesses are diversifying away from China. Launched in 2014, this initiative aims to boost domestic manufacturing and turn India into a global export hub. Key sectors include electronics, textiles, pharmaceuticals, defense, and automobiles. The government is providing financial incentives to industries like electronics, solar panels, pharmaceuticals, and telecom to attract foreign investment and increase exports. India's exports of goods and services crossed \$775 billion in FY 2024–25 — its highest ever. Sectors like software services, petroleum products, and engineering goods are leading the way. India's geographic and political position enhances its influence in global trade and supply chains. India is at the center of the Indo-Pacific region, a strategic trade corridor that links the Indian Ocean with the Pacific. This region accounts for over 60% of global GDP and 50% of maritime trade. Due to increasing global skepticism about China's trade practices, India is emerging as a preferred alternative for companies looking to diversify supply chains in QUAD, G20 Leadership, Global South Advocate. India's dominance in the global services sector, especially IT, is a major strength. In IT and Business Services, India accounts for over 55% of the global IT services outsourcing market. Companies like TCS, Infosys, and Wipro serve clients across North America, Europe, and Asia. India has over 100+ unicorns and is the third-largest startup ecosystem globally, after the U.S. and China. Platforms like Aadhaar, UPI (Unified Payments Interface), and India Stack are now models being replicated by other countries, boosting India's reputation as a digital innovator. India is making significant investments to modernize its infrastructure and improve trade logistics. PM Gati Shakti National Master Plan, Sagarmala and Bharatmala Projects, Digital Logistics with New digital initiatives like e-Sanchit, Ice Gate, and Faceless Customs are simplifying trade procedures and improving ease of doing business. India's strategic positioning is also due to its dominance or growing strength in key sectors such as Pharmaceuticals, India is the world's largest provider of generic

medicines, supplying over 50% of global demand. It's also a key vaccine manufacturer (e.g., Serum Institute of India). India is the third-largest producer of renewable energy and is rapidly expanding solar, wind, and green hydrogen capabilities. As a leading exporter of rice, spices, and other agricultural products, India has potential to dominate global agri-trade with value addition and agri-tech. India's potential is immense, several challenges, India still imports more than it exports, particularly in areas like crude oil and electronics. A mismatch between skills and industry needs in sectors like manufacturing and AI. Red tape and policy inconsistency still affect investor confidence, though reforms are underway. Despite progress, port capacity, logistics, and cold chain infrastructure need further improvement to support large-scale exports. India is no longer on the periphery of global commerce — it is at the center of it. With its vast economic potential, strategic geographic location, skilled workforce, and bold government policies, India is uniquely positioned to shape the future of global trade in the new world order. As the world seeks more balanced, diversified, and sustainable commercial ecosystems, India's role will only grow in significance.

Government Strategies to Enhance India's Role

India's rise in the global economic landscape has been fueled not just by its market size and demographic advantage, but also by a series of proactive government strategies aimed at enhancing its competitiveness in international trade. In response to global shifts, India has restructured its trade, industrial, digital, and foreign policies to position itself as a major player in global commerce. India has prioritized the negotiation and signing of new trade agreements to facilitate market access and integrate into global value chains. India has concluded or is negotiating FTAs with countries like the United Arab Emirates (UAE), Australia (ECTA), United Kingdom, Canada, and the European Union. Focus on Bilateral and Regional Partnerships. Make in India programme launched in 2014 to boost domestic manufacturing and make India a global hub for production. Further launched Production Linked Incentive (PLI) Schemes, Start-up India and Stand-up India, India is now home to 100+ unicorns and a thriving start-up ecosystem.

PM Gati Shakti – National Master Plan, Sagarmala Project, Bharatmala Project,

Logistics Policy and Multi-Modal Parks, Digital India Initiative, Faceless Customs and Paperless Trade, Unified Payments Interface (UPI) Internationalization, Financial Reforms and Investment Promotion, Ease of Doing Business Reforms, FDI Liberalization, Export Financing and Incentives, National Green Hydrogen Mission, International Solar Alliance (ISA), Carbon Market and ESG Policies, G20 Presidency (2023), Voice of the Global South, Multilateral Institution, Skill India Mission, International Mobility and Talent Partnerships., etc.,

Opportunities For India in Global Commerce

India stands at a pivotal moment in its economic history, where global trends, domestic strengths, and strategic policy shifts are converging to create unprecedented opportunities in global commerce. As the world economy recalibrates in the post-pandemic era and shifts toward new models of trade, India has multiple avenues to expand its influence, boost exports, attract investments, and integrate deeper into global value chains.

With its large labor force, improving infrastructure, and government incentives (like PLI schemes), India can become the preferred alternative for manufacturing in sectors such as electronics, pharmaceuticals, and auto components.

India currently lags in deep integration with GVCs by improving trade logistics, simplifying compliance, and signing FTAs, India can position itself as a critical node in global production networks.

India already dominates global IT services exports, contributing over \$200 billion annually, with growing global demand for cloud computing, cyber security, AI, data analytics, and block chain, Indian companies and professionals are well-positioned to expand globally.

India's public digital infrastructure (like UPI and Aadhaar) is being adopted or studied by other countries, opening avenues for technology diplomacy and exports of digital governance models.

Demand for digital services in education, health, and finance has grown post-pandemic, Indian ed-tech and healthtech startups can expand into developing markets in Africa, Southeast Asia, and Latin America. India is the 3rd largest producer of renewable energy and has a cost advantage in solar energy production. Export of solar modules, batteries, wind energy equipment, and technical know-how to energy-transitioning economies. Under the National Green Hydrogen Mission, India aims to become a global hub for green hydrogen exports, especially to Europe and Japan, which are aggressively de-carbonizing. India can create a competitive carbon market and sell carbon credits to developed nations. ESG-compliant businesses in India can attract green finance from global investors. Rising global demand for organic products, super foods, and spices presents a significant export opportunity; India is already a major exporter of rice, spices, and tea but can further diversify into horticulture, processed foods, and dairy. With advancements in precision agriculture, India can export agri-tech solutions and services to other developing nations with similar farming ecosystems. With value addition and better cold chain infrastructure, India can become a global hub for processed food exports.

India offers world-class healthcare services at a fraction of the cost in the West. With strong telemedicine and wellness sectors (like Ayurveda), medical tourism is growing rapidly.

Indian universities are attracting students from Asia and Africa due to affordable, English-medium education. New policies allow foreign universities to open campuses in India, creating room for partnerships and exchanges.

India's rich cultural heritage and spiritual destinations are attracting global tourists post-COVID, Visa liberalization and digital promotion of tourism can boost revenues.

India has the 3rd largest start-up ecosystem in the world, with innovations in fintech, healthtech, agri-tech, and mobility. There is strong demand for scalable tech solutions in emerging markets where Indian startups can replicate successful models (e.g., UPI-based payments, logistics tech). Promote "Tech for Global South" – exporting frugal innovation and digital public infrastructure to low-income and developing countries.

India is strengthening trade relationships with Gulf countries, the EU, ASEAN, Africa, and Indo-Pacific partners. FTAs (like those with Australia and the UAE) offer opportunities to expand exports in textiles, gems & jewelry, and pharma attracts investment in Greenfield and Brownfield projects. Participation in multilateral platforms (G20, QUAD, BRICS, and SCO) enhances India's visibility and trade negotiating power.

8. Financial and Capital Market Integration

- Indian capital markets are attracting global investors due to strong economic fundamentals and digitization.
- Opportunities:
 - Expansion of foreign portfolio investments (FPIs) and sovereign wealth fund partnerships.
 - Rupee internationalization and cross-border payment systems (like UPI linkages) can boost trade in local currencies.

9. Defense and Aerospace Exports

- India is focusing on building a defense export ecosystem under Atmanirbhar Bharat.
- Indian companies are now exporting military hardware, drones, naval systems, and cyber security solutions.
- Target markets include South-East Asia, Africa, and Latin America.

10. Climate-Resilient Infrastructure and Smart Cities

- India's experience in building low-cost, smart, and sustainable infrastructure (like metro systems, solar grids, and digital cities) can be exported as a model to developing nations.

- Partnerships with global institutions like the World Bank, ADB, and AIIB will also create opportunities for Indian infrastructure firms to operate globally.

Challenges Facing India in the New Global Order

While India is well-positioned to emerge as a major force in global commerce, it also faces a series of structural, geopolitical, and economic challenges that could impede its progress. As the global order undergoes realignment—marked by protectionism, technological disruption, climate urgency, and geopolitical rivalries—India must navigate complex domestic and international hurdles to secure its position.

1. Incomplete Integration into Global Value Chains (GVCs)

Despite being one of the largest economies, India remains under-integrated into GVCs compared to countries like China, Vietnam, and Mexico. Indian exports are often finished goods rather than intermediate components, limiting GVC participation. Cumbrous documentation, customs delays, and lack of harmonized standards hurt competitiveness.

2. Infrastructure and Logistics Constraints

Logistics costs in India are estimated at 13–14% of GDP, compared to 8–9% in developed economies. Many Indian ports face issues with turnaround time, connectivity, and capacity. Infrastructure development is uneven, which limits rural industrialization and export potential.

3. Skill Gaps and Workforce Challenges

A significant portion of the workforce lacks technical and digital skills needed for future industries. Automation and AI threaten to reduce employment in traditional sectors even as economic output rises. Mismatch between academic learning and industry requirements in sectors like AI, robotics, advanced manufacturing, and climate tech.

4. Regulatory and Bureaucratic Hurdles

Frequent changes in tax, labor, and trade policies can create an unpredictable business environment. While India has liberalized many sectors, certain industries still face excessive regulatory controls. Contract enforcement and dispute resolution remain time-consuming and inefficient.

5. Rising Global Protectionism and Trade Wars

Many countries are erecting barriers to free trade, promoting domestic industries through subsidies and tariffs. Developed countries often push trade rules that limit India's ability to protect small farmers and domestic industries. Overreliance on a few key markets (e.g., U.S., EU, UAE) exposes India to demand shocks and geopolitical shifts.

6. Geopolitical Pressures and Security Concerns

Border disputes and competition in the Indo-Pacific have complicated economic and strategic engagement with China, a major trading partner. Instability in neighboring countries (Afghanistan, Pakistan, Sri Lanka) affects connectivity and trade corridors. The new Cold War-like division between Western powers and China-Russia bloc may force India to make difficult diplomatic trade-offs.

7. Environmental and Climate Challenges

India is highly vulnerable to climate change, with increasing frequency of floods, droughts, and heat waves impacting agriculture and infrastructure. Moving away from coal and carbon-intensive industries to meet global green commitments (e.g., Net Zero by 2070) will require massive investments. EU and other markets are proposing carbon taxes on high-emission imports, which may affect Indian exports.

8. Technological Dependency and Digital Divide

India still relies heavily on imports for critical technologies like semiconductors, defense electronics, and AI chips. Rural and underserved areas lack reliable internet and digital tools, limiting broad-based e-commerce and fintech expansion. As India digitalizes rapidly, threats to data privacy, infrastructure, and cyber attacks pose new challenges.

9. Challenges in MSME Sector

Most MSMEs operate in the informal sector, with limited access to finance, tech, and international markets. Complex GST, export documentation, and quality certifications act as barriers for small exporters. Many MSMEs struggle to scale up or adopt advanced technologies.

10. Fiscal and Current Account Pressures

Heavy dependence on crude oil and gold strains India's trade balance. Currency fluctuations affect export pricing and foreign investor confidence. It limits government's ability to increase public spending without risking inflation or sovereign downgrades.

India's ambition to become a global commerce powerhouse is both credible and urgent — but not without obstacles. From logistics and labor issues to geopolitical risks and regulatory bottlenecks, the road ahead is challenging. Addressing these issues requires a holistic, long-term strategy that includes: Policy stability and simplification, Infrastructure investment, Strategic trade negotiations, Human capital development, Climate resilience, Technological self-reliance

CONCLUSION

India's role in the new world order is crucial, and its strategic government policies can enable the country to seize opportunities while overcoming the challenges ahead. Suggestions for policy-makers, business leaders, and global partners on how to collaborate for mutual economic prosperity. India's journey as a leading player in global commerce will depend on its ability to adapt to changing global dynamics and capitalize on its vast potential.

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