

1. HOW DOES INDIA STAND TO BENEFIT BY PARTICIPATING IN THE INDO-PACIFIC ECONOMIC FRAMEWORK FOR PROSPERITY (IPEF)? (ANSWER IN 150 WORDS)

Approach:

- Provide a background of Indo-Pacific Economic Framework for Prosperity (IPEF) in the introduction.
- Point out the benefits India will get by participating in the IPEF.
- Conclude accordingly.

Answer:

The Indo-Pacific Economic Framework for Prosperity (IPEF) is a collaborative initiative **launched by the United States along with partner countries in the Indo-Pacific region** to promote sustainable economic growth, peace, and prosperity.

The IPEF comprises four key pillars - trade, supply chains, clean economy, and fair economy. While India has joined 3 pillars, it has an observer status in the trade pillar.

Benefits for India being part of IPEF

- **Diversification away from China:** The **Supply Chain Resilience Agreement** is designed to reduce dependency on China. It would mitigate risks of economic disruptions from supply chain shocks. Also, India has the potential to position itself as an alternative global sourcing hub and significantly alter its global trade dynamics.
 - *For instance, IPEF can reduce India's trade dependence on China underscored by a **trade deficit that exceeded \$100 billion** in favor of China in 2022.*
- **Manufacturing and infrastructure growth:** The potential shift of production centres in critical sectors to India would ensure the bolstering of domestic manufacturing capacities and mobilization of investments. This would align with India's '**Aatmanirbhar Bharat**' (Self-Reliant India) initiative.
- **Innovation in clean technologies:** IPEF **Clean Economy Agreement** upon implementation, is likely to increase inward investments in India in the clean economy domain, promote the development of low-cost climate technologies, create new export opportunities, and generate additional employment.
 - *For example, the IPEF partners announced plans to provide **\$33 million in initial grant funding for the IPEF Catalytic Capital Fund** under the Clean Economy Agreement.*
- **Ensure robust anti-corruption and tax measures:** The key benefits arising from the **Fair Economy Agreement** include enhanced information exchange among partners, improved asset recovery, and the strengthening of cross-border investigations and prosecutions. It will aid India's fight against corruption, money laundering and terror financing.
- **Skill development and formalisation:** Commitment to **ILO standards** under this agreement emphasizes upskilling and reskilling workers, crucial for transitioning employment from informal to formal sectors, thus improving the quality of jobs and worker rights.
- **Enhancing economic and security resilience:** India's increased cooperation and coordination among countries under IPEF can also lead to collaboration in addressing common challenges, such as natural disasters, cyber-attacks, and other security threats.

India's active participation in the IPEF offers a pathway to significant strategic, economic, and environmental advancements, establishing India as a major powerhouse in the Indo-Pacific region.