CHAPTER - VI
The period of emergency rule in India came to an end with the defeat of Mrs. Gandhi and the Congress in the general elections of March 1977. This stunning reversal of the Congress at the centre, after three decades of unchallenged supremacy was a major international and domestic event. The assumption of the office of Prime Minister by Morarji Desai, the leader of a loose conglomerate of opposition parties, now termed the Janata Party, signified the victory of the old guard of the Congress whom Mrs. Gandhi had so dexterously outmanoeuvred in 1969 and then again in the general election of 1971. Regarded as a veteran representative of the right wing in Indian politics his leadership at the centre implied basic changes in the domestic as well as in external policies. A protagonist of the idea of 'genuine non-alignment and a critic of the Indo-Soviet Treaty of Friendship of 1971, it seemed evident that New Delhi's special relations with Moscow would undergo significant changes. Moscow's apprehension about its future relations with New Delhi were quite obvious for not only had it enthusiastically upheld emergency rule in India, it has summarily dismissed the Janata Party as a group of 'scheming reactionaries'. As a matter of fact the new Prime Minister was looked at by the Kremlin as its 'ideological bete noire'. On Indo-Soviet friendship Desai frankly stated that it 'must
not come in the way of our friendship with any other state. The External Affairs Minister, A.B. Vajpayee in a statement in the Lok Sabha quite candidly declared that India must not only be non-aligned, but must also appear to be so. There was no way India could lean towards a particular bloc, for in that case it would mean a deviation from the straight but difficult path of non-alignment. The hint inherent in both the Prime Minister's and External Affairs Minister's statements were too obvious to be overlooked by Moscow. It clearly implied that the tilt in favour of Moscow during Mrs. Gandhi's premiership was too one-sided for maintaining an independence of action in foreign affairs.

For Moscow, the abrupt change in Government in India came at a very critical juncture for not only had Moscow lost its influence over Egypt events in Somalia were far from encouraging and there was every possibility — given the attitude of the Janata leaders to the Indo-Soviet Treaty— that India after 1977 could well follow the path shown by Egypt. Egypt and India were two countries where a considerable amount of resources had been invested by the Soviet Union over a long period of time. With Sadat's shifting away from Moscow, a repetition of the same by New Delhi would have meant a deep embarrassment for the Soviet Union. Moreover, the Janata's conservative approach to socio-economic problems
within India were an additional cause of concern for the Kremlin.

Yet, however, Moscow lost no time to make amends for retrieving an otherwise depressing situation. Assuming that a change had occurred within India and not in the USSR's long standing interests towards that country, Moscow made a determined effort to pursue with its policy of competition and denial to the West and China in an area which was of particular interest to Moscow. More so, as per Soviet perception India was a sufficiently large geographical entity where Soviet Union had deed seated interests which could not in any way be jeopardised. Hence in 1977, as in 1969, Moscow was more the wooer than the other way round.

Realising its over commitment to Mrs. Gandhi and her policies, had gravely compromised its standing with the new dispensation in New Delhi, Moscow began by immediately halting all official criticism of the Janata Party and Government. Hitherto, apart from accusing the Janata for encouraging foreign multinationals, the Soviet Union criticised it for its opposition to the state sector, its advocacy of decentralisation and its emphasis on agriculture and small industries. Even so, the party was seem to be opposed to the Soviet-Indian friendship and the Indo-Soviet treaty in particular. As such, it was dubbed
a party with bleak political prospects.' To make a volte face with such haste was a difficult proposition for Moscow, yet it began with its characteristic finesse when it attributed Mrs. Gandhi's defeat to 'mistakes and excesses during the emergency,' as a consequence of the abuse of power' and due to the destruction of democratic norms and the denial of the rights of the working class.

The very first effort by Moscow, and a very significant one, to mend relations with the new team in India was the arrival of the high profile foreign Minister Andrei Gromyko in New Delhi on April 25, 1977. Soviet leaders made strenuous efforts to show their support for the 'Government of India, and not basically for the person of Mrs. Gandhi and Soviet invectives against her, mentioned above, tried to make it apparent. The Kremlin made defensive attempts to impress upon New Delhi the past benefits of Soviet support for India. It now sought alibis in stressing upon what leading Indians and major newspapers had said about the benefits of Soviet-Indian ties, the value of Soviet economic, technical and military assistance and the significance of the 1971 treaty of friendship. From Gromyko's point of view, it was essentially 'a visit to limit the damage' and to ensure continuation of the development of Soviet-Indian relations and also to explore the possibilities of raising
Soviet Indian ties to a new level. While extolling the virtues of Soviet-Indian relations as a 'graphic example' of cooperation between countries adhering to different social systems, he remarked, it would be absolutely unnatural to allow any gaps to develop in the relationship existing between the two countries. As if to confirm Desai's earlier statement, Gromyko asserted that Soviet Union's friendship was never aimed against a third country.

On its part, India promptly dispelled all Soviet apprehensions. In many ways Vajpayee's lunchon address to Gromyko was clearly indicative of the continuation of India's Soviet policy when he forthrightly said that ties with Moscow could survive the defeat of a party or the political fortunes of an individual. The USSR was thanked for its past assistance while the Indo-Soviet treaty was particularly referred to as a reflection of the close ties existing between the two countries. It was quite evident from the camaraderie witnessed between the two sides, that the new political leadership in New Delhi despite its initial reservation about India's Soviet connection had come to terms with the ground realities of the situation by accepting the fact that foreign policy of a country necessarily transcended the fortunes and confines of any single political party. In foreign affairs
certain objectives and imperatives had to be pursued, which were not limited by the ideological dictums of individual political parties. Rajan Menon's contention, that in this case it was clear that whatever the attitude of the present Indian leaders towards the Soviet Union, they had inherited a situation, built up over time in which 'linkages' existed between major policy areas and goals on the one hand and the Soviet Union as a factor in India's foreign policy on the other, holds true. This linkage is visible in two major areas—security policy and economic development. At the close of Gromyko's trip, therefore, it was apparent that the relationship had been 'reaffirmed and even enhanced'. The new agreements signed between the two countries indicated sufficient Soviet enthusiasm for providing loans on very favourable terms to India. In the joint communique it was emphasized that both sides were determined to continue pursuing the further strengthening of equal and mutually advantageous co-operation based on the Soviet-Indian Treaty of Friendship signed in August 1971. 'Friendly Soviet-Indian relations faithfully serve the interests of both countries' peoples and are an important, factor for peace and stability in Asia and elsewhere'.

The sides reviewed the present state of bilateral co-operation in the economic, trade scientific and technical areas and noted with satisfaction the
development of this cooperation through successful implementation of agreements concluded between the two countries or their corresponding organisations, noting that possibilities did exist for further expansion of economic and trade co-operation between the USSR and India, the sides expressed willingness to study new areas of such co-operation on the basis of equality and mutual advantage. Both sides applauded the development of Soviet-Indian ties in the areas of culture, art, literature, education, health care, tourism and sports and expressed intent to expand and enrich them in future.\textsuperscript{15}

The new Soviet-Indian agreements envisaged economic and technical co-operation and an agreement on co-operation in the establishment of tropospheric communications (Srinagar-Tashkent trans-Himalayan), with the purpose of establishing reliable telegraph and telephone communications between the two countries.\textsuperscript{16}

The bilateral trade plan for 1977 envisaged in the accord was the extension of a new 20 year credit of $340 million repayable in twenty years, after a grace period of three years and with an interest rate of only 2.5% annually was to be for the import of equipment for India's steel plants, coal mines and other industries.\textsuperscript{17}

On key international problems, the sides reported with satisfaction that the positions of the Soviet Union
and India on many important questions were identical or similar. South Africa and Rhodesia were condemned, a settlement of the Middle East crisis was called for on the basis of a return by Israel of the Arab territories taken in 1967, and Vietnam's admission to the UN was advocated. In other words it was a clear endorsement of all traditional foreign policy objectives of the two countries which was in no way different from previous communiques of this nature.

Apart from encouraging stability and settlement of dispute by peaceful means, through negotiations, 'without any sort of interference from outside forces, in the South Asian sub-continent, the communique reaffirmed the readiness of the two countries to participate jointly with all involved states on an equal basis... in efforts aimed at making the Indian Ocean, a zone of peace as quickly as possible. The sides maintained that all existing foreign military bases should be eliminated and the creation of new bases in the Indian Ocean not allowed.'

However, the reference to and the confirmation of India's stand on the Indian Ocean as a zone of peace in the communique, was a clear indication of Moscow's appeasement of New Delhi. With the adoption after the Colombo summit of the Non-Aligned in 1976 identifying the source of tension in the Indian Ocean to the rivalry of
great powers, Moscow was greatly worried. The resentment of Moscow had been communicated by Soviet commentators who remarked it was incorrect factually, unobjective politically and unfair to the Soviet Union. From the Soviet point of view there was a distinct difference between the Soviet interest in the Indian Ocean Zone and the American interest there. But in 1977 it was imperative on the part of the Soviet Union to keep India in good humour particularly after Moscow's loss of face with Egypt.

Nevertheless, a careful analysis of the joint communique revealed that the earlier warmth so evident in communiques signed during Mrs. Gandhi's tenure as Prime Minister, was clearly lacking. Whereas the communique of 1976 depicted a strong conviction behind it with the use of such words as 'trust' and 'friendship', the communique of 1977 was bland in merely stating that it was one of the major contributions to mutual understanding and cooperation. It was evident that though India had not withdrawn its commitments to Moscow, it lacked the exuberance shown earlier in its dealings with Moscow. At the same time too, it is important to note that India was not as withdrawn or cool towards Moscow as many observers in the west had predicted it would be. Thus, while Moscow's lack of options in 1977 forced it to offer loans to India on very favourable terms, New Delhi sought to
increase its options in the area of foreign policy.

Vajpayee's frank exchanges; though implied a continuity in Indo-Soviet relations, made clear India's intention to strengthen ties with the west too. In the final communique more adjustments were made by Moscow than by New Delhi. Though apparently, Gromyko's trip had been satisfactory, Moscow continued to make serious efforts to enhance its credibility with the new Government in New Delhi. The support extended by the Soviet Union in the economic field was well received by India when it reversed its earlier stand of not wanting any further Soviet assistance in the steel industry. An agreement was concluded for a new steel plant at Vishakahapatnam. The sale of crude oil to India in 1977 demonstrated Moscow's sincerity in trying to maintain friendly relations with India. The gesture was significant since no sale of oil was forthcoming from Moscow during the oil crisis of the early 1970's. Despite close relations between the two countries, Mrs. Gandhi's Government had been unable to get oil from the Soviet Union which was exporting it for hard currency. India became the Soviet Union's primary trade partner among developing countries for 1977.

Strengthening military ties with India was another basic imperative for the Soviet Union. The Janata Government's search for possibilities for diversifying its
defence requirements was a cause for concern in Moscow and to pre-empt such a development, the Soviet Army Chief Pavlovsy visited India shortly after Gromyko's departure. In July the same year, the Indian Naval Chief visited Moscow and these visits yielded very tangible results for the Indian Navy which was considerably strengthened by the sale to India two 'Kashin' class destroyers, five Ka 25 helicopters and two M 38 maritime reconnaissance aircraft. By another agreement India agreed to purchase 70 T-72 medium tanks for the Army. Taken together they made a significant contribution to the strengthening of the Indian Navy. However, the most crucial test of India's reliance on Soviet military equipment came from India's needs for air defence. By the middle of 1977, there was a strong demand to opt for the French air combat missile instead of Russian system and finally the former was preferred to the latter.

The October 1977 visit of Desai and Vajpayee to the Soviet Union was highly publicised in Moscow. Brezhnev broke protocol to greet them both, perhaps as a response to Vajpayee's statement on the eve of the visit, that it had a special significance for a relationship that was unique in many respects. On his arrival Prime Minister Desai indicated to his hosts that New Delhi did not intend any 'major' change in its relationship with the Soviet Union. He particularly mentioned that differences in the
political and economic spheres of the two countries had not prevented close cooperation in a number of fields and praised the Indo-Soviet treaty as a high water mark in the relationship. He also pointed out that the two countries were bound not by transitory issues such as ideology and personality, but their 'national' interests and vital common goals'. Hence, a change in Government did not simply any threat to the future of Indo-Soviet ties.\(^{24}\)

While emphasizing India's commitment to non-alignment, he reiterated his desire for friendly ties with all states, and also stated that established friendships would not suffer in the process.\(^{25}\) The importance attached by Desai to his Moscow visit was indicated by his statement that, 'Apart from a visit to London for a conference fixed a long time ago and a stop in Paris on the way back, the Soviet Union is the first country I am visiting as Prime Minister of India.\(^{26}\) It is significant to note that Desai had chosen to visit the Soviet Union before going to the United States or meeting with top U.S. leaders, despite Washington's invitation to him. In fact Desai's sense of 'gratitude' for the Soviet's constant support on questions of vital importance to India and Vajpayee's reference to the uniqueness of the character of the relationship between the two countries was highly gratifying to the Soviet leaders.

The economic implications of the visit, though were
emphatically incorporated in the communique, there were
subtle political implications too, which signalled a
change in the attitude of New Delhi, For example, while
developments such as the recent decision to use U.S. aid
for the projected expansion of the Bokaro Steel Mill
suggested that New Delhi wished to avoid excessive
dependence on the Soviet Union, the joint communique all
the same, pointed to an expansion in the scope of
Indo-Soviet economic ties. 27

The joint communique, nevertheless, avoided any
mention of the Asian collective security scheme, so
candidly put forth by Brezhnev during the speech at the
dinner in honour of Prime Minister Desai—*Both you and
we have a most immediate interest in the development of
affairs on the Asian continent. We are convinced that one
of the surest roads to detente and security in Asia lies
through the joint efforts of Asian states in the form that
they deem acceptable* 28. Judging from the importance given
to the Indo-Soviet Treaty in the Soviet media, prior to
and during Desai's visit, it was apparent that Moscow, was
eager to have New Delhi unequivocally attest its
commitment to this aspect of the Soviet-Indian friendship.

Brezhnev remarked that 'the relations between the Soviet
Union and India 'sealed' by the (1971) Treaty of (Peace),
Friendship and Cooperation, are very rich and diverse
relations. 29 But, while the treaty was mentioned twice in
the communique, the two sides resolved to strengthen their
ties 'in the spirit' of the 1971 Treaty', which was clearly at variance with the earlier communique which referred to the Treaty as the 'basis of Indo-Soviet relations'. The communique made a significant endorsement of the relevance of the Non-aligned movement. It was stipulated that the Soviet Union and India were convinced that the NAM could make an important contribution of the common struggle for the strengthening of world peace and the security of peoples, against imperialism and aggression, for the elimination of vestiges of colonialism, racial discrimination and apartheid and in defense of the independence of freedom of all peoples, as well as an appropriate contribution to the establishment of a new international economic order based on respect for national sovereignty and on the principles of equality and mutual advantage.

As regards the Indian Ocean, the communique called for the dismantling of all existing foreign military based in the Indian Ocean and a ban on the creation of new ones.

Perhaps at the insistence of the Indian negotiators, a clause inserted into the communique mentioned that the relationship existing between the two countries would not prevent their cultivating cordial ties with third countries.
The fourth session of the Soviet Indian Intergovernmental Commission on Economic, Scientific and Technical cooperation was held in New Delhi in early 1978. The delegations on the two countries discussed questions of implementing existing agreements and of further strengthening and expanding economic ties between India and the Soviet Union. The protocol signed, covered 10 to 15 year long range programmes of mutually advantageous cooperation in the development of highly important branches of the Indian economy and in bilateral trade.

Soviet-Indian economic ties being extensive and multifaceted, they encompassed the most diverse branches of the two countries' economies — heavy industry, geological prospecting, irrigation, the coal industry, machine building, space research, training programmes and state planning. 'It is no exaggeration to say that today cooperation between India and the Soviet Union is a factor in the daily life of the Soviet and Indian peoples.' Since early 1978 the two countries had been working on a long range programme of mutually advantageous economic cooperation in the development of important branches of the Indian economy and bilateral trade exchanges. A series of bilateral trade protocols had been signed between the two countries envisaging a healthy cooperation in the economic sphere.
Under a protocol signed in Moscow by the USSR and India, trade between the two countries would total Rs.10,000 million in 1978. The USSR would export to India machinery and equipment plus raw materials and industrial goods. Indian exports to the Soviet Union would include agricultural produce and (unspecified) industrial goods. It was also stipulated that in 1978, the Soviet Union would supply 1,500,000 tonnes of crude oil to India compared with 1,000,000 tonnes the previous year. There would also be a substantial rise in India exports of steel goods and unspecified non-traditional items.

The USSR was also cooperating on the construction of the Calcutta Metro with planning, supplying equipment and training personnel. The first 11 K.M. would be handed over for use in 1985. The Minister of steel and Mines Biju Patnaik began talks in Moscow on expanding cooperation in ferrous and non-ferrous metallurgy. A session of the Soviet-Indian working group on metallurgy held in Moscow considered a draft proposal for an increase in capacity of the steel works at Bokaro and Bhilai. Besides Soviet and Indian organisations were engaged in expanding the works, so that the capacity of each of them would reach 4,000,000 tonnes a year. In November, India and the Soviet Union drew up a draft programme of collaboration and supply of experts in non-ferrous
metallurgy. The two countries also concluded a protocol on cooperation between the Geological survey of India and the relevant Soviet body. India would acquire the latest techniques from the Soviet Union.

Simultaneously, however, Soviet economic and commercial contacts continued undiminished, with Pakistan. In 1978, Pakistan was stipulated to receive 200,000 tonnes of Soviet equipment and building materials for a metallurgical complex they built in Pakistan with broad economic and technical assistance from the USSR. This was twice as much as 1977. On March 20, 1978, a protocol on bilateral trade was signed in Moscow by the USSR and Pakistan. No details were however, given. It was reported that after the recent trade agreement every fourth tractor in Pakistan was Soviet production as was every fourth television set. A sixth of Pakistan's oil deposits were discovered and developed with the aid of Soviet specialists. A Pakistan economic delegation arrived in Moscow for talks on the prospect of bilateral cooperation. The USSR undertook to build more than twenty industrial projects, including a metallurgical works near Karachi with a design capacity of over 1,000,000 tonnes of steel a year. This would enable to make an annual saving in metal imports of 2,200,000 rupees.
Two disturbing developments, however, that kept Moscow on the tenterhooks throughout the Janata regime were India's persistent efforts to develop closer ties with United States and a desire to reach an effective understanding with China. Moscow Radio, however, was prompt in reminding India of US. Naval Expansion in the Pacific and Indian Ocean zones. The Report stated that an official Pentagon spokesman had advised America's bloc of bilateral military treaties in Asia that the US Navy was going to expand the number and to modernise its naval forces in the Pacific and Indian Ocean areas. It was further stated that the American Monthly, 'Armed Forces Journal International', which was closely tied with the top Pentagon circles had lifted the curtain over certain details of a broad plan of building up America's naval forces. It reported that in particular the programme of developing and strengthening the American operative navy, including the Seventh Fleet was calculated for a period of at least the year 2000. Consequently these were all indications that in the foreseeable future the Pentagon had no intention of abandoning its role of world policeman and its use of the US Navy as a police-club.

In another commentary it was stated in connection with Vice-Premier Keng Piao's recent visits to Pakistan
Srilanka that China had for a number of years "been hatching far-reaching plans in relation to countries of the Indian Ocean areas." The commentary accused China of wishing to stir up "relations of hatred" between Asian countries to consolidate its position in the region. Earlier Moscow Radio had commented upon a reference made by the 'Los Angeles Times'. The report stated that a Sino-U.S. axis was in operation in South-east Asia, where working in perfect unison the two countries were seeking to secure a solution to problems in the region that would enable them to retain their influence among Asian peoples and at the same time to avoid tensions in relation with each other. Destabilisation attempts in India particularly, were part of a larger gameplan of the Sino-U.S. combine. The developments in Nagaland and the events enacted with a CIA agent Phizo, served as evidence of this coordination tactic. It was stated that Washington had long since supported the idea of breaking Nagaland away from India and setting up in its territory the first Christian State in South East Asia. Nagaland had been assigned the role of a source of permanent tension in relations between India, Burma, China and Pakistan. After coordinating the operation with the Chief of U.S. Intelligence, Phizo received overt support from China. China supplied Nagaland rebels with arms, money and fed them with preachings from moaist ideology.
Prime Minister Deasai's favourable disposition towards U.S. had long been known and it had been almost a fetish with him to restore 'genuine non-alignment'. By straightening the 'tilt' in India's foreign relations to intensify cooperation with U.S. in a variety of fields he laid elaborate plans for the enhancement of trade between the two countries. President Carter of U.S. perceived in India an 'influential' state and his personal rapport with Desai inclined him to establish cordial relations with the Janata Government. His appreciation of India was symbolised by his mother Lilian Carter's fond memories of her days in India. Carter's obsession with human right convinced him of India's good record manifested by the restoration of democracy through the ballot box in March 1977. Besides, Carter stressed upon the importance of alleviating poverty and in his opinion it ought to be the United States which should provide the leadership. He believed, the Indian Government was one of the few Governments trying to alleviate poverty and hence in keeping with US foreign aid programmes he sought to resume a bilateral economic aid programme in India. The Indo-US Joint Commission was activated.

However, the warmth and effusiveness demonstrated at the highest levels of the two Governments could not easily permeate down the 'fragmented' American
either. The Indian Army in its effort at diversifying its purchase of defence equipments found the American TOW anti-tank missiles and light howitzer guns, cost effective and superior in quality to similar equipment produced elsewhere. But, the Janta Government, like that of Mrs. Gandhi's was not prepared to compromise the basic Indian demands for a licence to manufacture the concerned equipment and assurances of sustained supplies of ammunition and spare parts. Licence to the Indian public sector to manufacture items produced by American private corporations had always been dened by America. In keeping with this American policy, the US refused India the Swedish Viggen fighter aircraft which was fitted with an American built engine, in 1977-78. The Desai Government soon perceived that differences in approach with the United States on crucial issues were more fundamental than similarities that existed between them.

However, President Carter's visit to India in January, 1978 began on an optimistic note when more than anything else he stressed upon the 'two countries' shared belief in democratic values and human freedom and the prospects for increased bilateral cooperation. The Carter visit turned out to be an occasion for putting forth certain basic issues of concern for India before the United States. Persisting with India's traditional policy
of keeping the Indian Ocean a zone of peace, the Desai leadership urged the super powers to avoid conflict in the region. The reference, was more pointed at the United States with its Naval buildup in Diego Garcia, than towards the Soviet Union whose threat to the region had comparatively diminished after Soviet withdrawal from the Somali base at Berbera.

The test of the friendship between New Delhi and Washington, however, revolved on the crucial issue of India's becoming a signatory to the NPT. It soon became apparent that for all his exuberance towards India, Carter's prime purpose in India had been to make a strong plea to India for signing the NPT. Though Desai pledged no further nuclear tests, he emphatically rejected the idea of signing the NPT or even to agree to partial safeguards. The supply of low enriched uranium for the Tarapur Nuclear reactor was another contentious issue between the two Governments. It was after committing a faux pas that Carter promised India the much wanted uranium and heavy water for the Tarapur plant. The United States, however, reneged over it had finally the requirement was met by the Soviet Union. Nevertheless, the Carter visit did create a favourable impression upon the Indian leadership and the media was optimistic about an up trend in Indo-U.S. relations. New Delhi saw the
visit as evidence of India being 'upgraded' in Washington's perception and that 'China and Pakistan had ceased to influence U.S. policy towards India'.

Prime Minister Desai during his visit to U.S. in June, 1978, appeared before the Senate and House Committees dealing with foreign affairs and reiterated the same ideals, interests and sentiments expressed by Carter during his trip to India. The Prime Minister pointed out 'there was no clash of any fundamental interest between the two and relations were much closer than they have been for some time in the past.' The talks in Washington were centred more on economic and technical cooperation and on their common perceptions on international politics when both voiced concern on the stationing of foreign troops in another country. The hint was obviously aimed at the Cuban troops in Angola. Foreign Minister Vajpayee expressed satisfaction with the 'sense of equality' which now marked Indo-American relations. The National Security Adviser Zbigniew Brezezinski stated that the 'Carter administration had developed new links with the newly influential countries and we have never had such a good relationship with India as now.' On the nuclear issue, however, the stalemate continued to persist and from that point of view, Desai's visit was as uneventful as Carter's had been in India. When Carter reversed his foreign policy priorities in 1979 from human right to national security, America and India began to view each
other's strategic perceptions differently again. The US appeared to be ungenerous, unpredictable and unreliable and India's image in the U.S. remained that of a 'difficult country', 'suspicious of U.S. influence' and reluctant to accept American largesse. Deng Xiao Ping's visit to the U.S. in 1979 convinced U.S., the importance of the Chinese opening in comparison to that of India.

On the non too significant improvement in Indo-U.S. relations after President Carter's visit to India, Moscow commented that when the Carter Administration took office, certain Asian observers hoped that it would shift accent in its Asian policies. Predictions were made that preference would be given to relations with India and other South Asian countries rather than to relations with China. According to the report these predications failed to come true, for, the Asian diplomatic circles pointed out that in the lobby of the American Congress the views that had taken the upperhand were of the group which favoured Sino-American special relations. This explained why President Carter's visit to India in early January as the Hindustan Times wrote, 'helped little in lessening the differences between India and the U.S. on international issues'. There were also other indications that Sino-American contacts were damaging the interests of third countries. The Shanghai Communique mentioned
Kashmir though the U.S. and China bore no relation to the area. The report, at this point considered it appropriate to ask why Peking linked its Asian policies with the maintenance of American military presence. The Indian Central News Service answered it by saying that China's present day military potential was not strong enough for Peking to establish control of the region. So far China was relying on the American strength in Asia as an offset to the peoples movement for peace and independence but sooner or later China hoped to realise its own expansionist plan as regard the neighbouring countries.

Of particular concern to Moscow, however, was India's enthusiasm to renew contacts with China. Mrs. Gandhi had initiated the process by establishing ambassadorial links with China after a gap of fifteen years in 1976. In 1977, China reciprocated by breaking the impasse in Sino-Indian trade by concluding an agreement with the Indian State Trading Corporation for the import of shellac and non-ferrous metal. India participated in the Canton trade fair in April 1977.

China's response to Indian overtures was first noticed, when Chinese officials reportedly informed the Yugoslav foreign ministry and the U.S. Secretary of State Cyrus Vance of Beijing's interest in improving Sino-Indian relations. The real opening, to the vexed Sino-Indian relations, however, came with Vice-Premier Deng Xiaoping's
statement in Nepal in February 1978 where he reportedly expressed his eagerness to 'bring relations with India close'. Since Chou Enlai's 1960 visit to India the first high level political delegation under Wanj Pin Nan visited India in 1978 and had a meeting with Desai where the border issue was broached and it was agreed upon to solve it through negotiation and peaceful means. It is of some interest to note at this point Mrs. Gandhi sought to derive political mileage out of the Janata's 'sell out' to China, its leaning heavily on the United States, which in her opinion had cooled India's relations with the Soviet Union. The Desai Government's contention that it was Mrs. Gandhi who had initiated the process of normalisation with China, did not carry much conviction with Moscow which was worried about the Sino-India 'search for a meaningful dialogue'.

Mrs. Gandhi's talk of a 'sell out to China and Moscow's exaggerated fears notwithstanding, the Janata leadership continued to keep a strict vigil on the security problem along the Sino-Indian frontier. With the induction of heavy military postings by India along the Sino-Indian border, a substantially reduced sense of Sinophobia was evident in New Delhi, which perhaps impeded the need to enter into 'substantive negotiations with Beijing'. Despite indications that more cordial
'Sino-Indian relationship may be in the offing, Desai's meeting with the Dalai Lama in April 1977 had been protested by Chinese.

In the long run no significant improvement in relations came about with the Chinese. Given each other's perceptions of their respective geopolitical concerns and interests, both viewed one another as rivals for political influence in Asia. Even where trade relations were concerned, except for petty border trade, nothing outstanding was achieved for the simple reason that Sino-Indian economies were not mutually complementary. They were not supplementary either and there was no great possibility of any commercial exchange. In fact, in the matter of exports in many areas India and China were competitors. In this configuration, an accelerated pace of improvement of Sino-Indian relations involving a settlement of border dispute on the basis of a status quo, would have complicated the Janata Government's political position at home. Though Sinophiles in India criticized the Janata leadership for lack of enthusiasm to improve Sino-Indian relations, a more balanced analysis would suggest that the political difference separating India and China coupled with the similarity in their levels of economic development, raised the question of whether there was substantive basis for the creation of a new and durable relationship. It was apparent that in the
foreseeable future, beyond a toning down of criticism, there was unlikely to be any major breakthrough in the relationship between Beijing and New Delhi. Of significance was the fact that both Mrs. Gandhi and the Janata leadership made clever use of the China card to not only keep India's options flexible, but also to keep maintaining India's demand in the Soviet scheme of things.

An important leader of the ruling Janata Party was of the opinion that nothing tangible could ever be achieved in the relations between Beijing and New Delhi, for in his opinion all Chinese gestures were 'cosmetic' and that there had been no basic change in China's attitude towards India. China viewed India as an adversary and an impediment to its hegemonistic designs in South Asia and South East Asia. He believed that the Janata Government's Chinese policy was largely influenced by its political ally, the CPI(M), which insisted upon a change of attitude towards China. Besides, the Carter administration in U.S., which continued with the Nixon-Kissinger line in foreign policy profoundly influenced Vajpayee to make a trip to China in early 1979.

The Soviet Union's reaction to Vajpayee's impending visit to Beijing was instant, for the visit according to Moscow would only encourage the 'Chinese global challenge
particularly in the context of the recently concluded Sino-Japanese treaty, Chairman Hua's sojourn to Roumania and Yugoslavia, and the sudden spurt in the process of normalisation of relations between China and the United States. Moscow made a strenuous effort through its clients in India, the CPI, to influence the Government for stalling Vajpayee's visit to Beijing. A report from Moscow aimed specifically at cautioning India stated that 'Chinese foreign policy was being subjected to a particularly serious analysis in India. A reason for this was the coming visit at the end of October of the Indian Foreign Minister Vajpayee to Peking. Given the variations and nuances, many eminent statesman and political observers agree on one thing: great caution must be exercised in the attempt to normalise relations with China.' It was in this complicated scenario that the Indian Foreign Secretary Jagat Mehta visited Moscow, for a three-day Indo-Soviet bilateral foreign office consultations. At the concluding session on 19 May, 1978, he spoke of India's desire to improve relations with all countries particularly her neighbours. On 26th May, 1978, the Kremlin received Jagjivan Ram, the Indian Minister for Defence, who was on an official visit to the USSR. During his discussions with Marshall Dmitri Ustinov, USSR Minister for Defence, the two sides expressed satisfaction with the state of traditional
friendly relations between the USSR and India. It was reaffirmed that both regarded halting of the arms race, the elimination of the threat of nuclear war and the change-over to disarmament as the most important task of modern international relations. Simultaneously also a positive appraisal of Soviet-Indian co-operation along the military line was made. The two sides agreed to continue regular contacts between the Defence Ministries of the two countries. The Indian Ambassador in the USSR, I.K. Gujral was also present at the conversation. Vajpayee's second visit to Moscow came about in September 1978. The Kremlin made a frantic effort to convince Vajpayee of the dangers inherent in China's domestic and foreign policies, which the Soviet leaders believed 'posed a threat to peace'. Brezhnev's coming down to make an out of protocol reception to the Indian minister and Gromyko's virtual iradade against the Chinese—'It is necessary to unmask and frustrate their aggressive designs and expansionist proclivities in time'—was enough indication of the Soviet Union's determined bid to expose Chinese hegemonistic designs in Asia while simultaneously wooing India to continue with its friendly ties with Moscow. The candid exposition of the idea of a collective security system in Asia, only confirmed Moscow's efforts to isolate China. Brezhnev's recent 13 day elaborate tour through Siberia and the Far East, focussing mainly on the
Sino-Soviet border indicated Soviet anxiety concerning China. There was no way, however, for an embarrassed Indian Foreign Minister to identify himself with the views of the Kremlin on China. Vajpayee made a formal attestation of his sincerity to the traditional bonds of friendship between India and the Soviet Union. 'Indo-Soviet relations are developing in an atmosphere of trust and constant deepening and expansion'. The joint Indian-Soviet Commission on Economic, Scientific and Technical cooperation, he said has just successfully concluded the job of studying new possibilities for mutually advantageous economic cooperation in various fields and outlining a long term programme that defines our economic ties until 1990. Vajpayee then hinted at his hosts that efforts should be made by all countries of the region 'to overcome old suspicions and irritations. The joint communique was a reiteration of the traditional issues like economic cooperation, regional and international issues, non-alignment and the Indian Ocean. Vajpayee, however, indicated India's determination to pursue an independent course of action in foreign policy. In step with economic development and scientific and technical progress, new and more effective forms of cooperation between the two countries were sought to be worked out. The Soviet Union and India agreed to work out in 1978 a long range programme of mutually advantageous
economic cooperation in the development of important branches of the Indian economy and bilateral trade exchanges. The two sides were to cooperate in the development of alumina, ferrous and non-ferrous metallurgy, petroleum and coal industries, irrigation and agriculture in India and the possibility of setting up joint industrial projects in third countries. It was further decided to continue Soviet assistance in the expansion of steel and coal production.
Vajpayee's much talked-of Beijing visit came about in early 1979. Internal reactions to this visit did not portray the excitement as had been expected and Vajpayee concealed his disappointment with such platitudes as an 'exploratory visit'. Perhaps the only development worth mentioning, during the visit, was the Chinese recognition of the fact that a border problem did exist and that it needed to be solved at the earliest. Short of this, the other aspects of the trip included vague assurances by the Chinese not to incite Naga and Mizo rebels against India, encouraging cultural, scientific exchanges and the expansion of trade.

Chinese hypocrisy was blatantly exposed with the Chinese aggression in Vietnam. China, which had of late been talking of 'teaching a lesson' to the 'Cuba of the East' had deliberately chosen to launch its campaign against Vietnam when the Indian Foreign Minister was present in China. The intention had been to convey to India in no uncertain terms that China would tolerate no obstruction in its path to the realisation of its hegemonistic ambitions in south and south east Asia. The impertinence of the idea became more pronounced when Deng Xioping himself talked of a linkage between the Chinese action in Vietnam and its attack on India in 1962. Vajpayee hastily cut short his visit and Desai received the news of the attack on Vietnam with 'profound shock and distress', and called upon China to withdraw its forces.
immediately. Though the Indian Parliament wanted to condemn the Chinese as 'aggressors', the Desai Government avoided taking an extreme posture. India could have hardly accepted the Chinese action in Vietnam for, apart from being a persistent supporter of the Vietnamese, India saw in this 'an aggressive essence of the Beijing leaderships' great power hegemonistic policy,\textsuperscript{71}, which Moscow had been talking about.

This was Moscow's opportunity for, it was a clear vindication of Moscow's assessment of Chinese designs. The Kremlin apart from reminding New Delhi of China's stand on Kashmir and the strategic significance of the Karakoram Highway linking Pakistan and China, declared that the 'timing of the aggression against Vietnam to coincide with the Indian Foreign Minister's visit to China, once again demonstrated to the World the duplicity of Chinese leaders and their utter disregard for India's prestige.\textsuperscript{80} If there was anything that could cool off India's enthusiasm for China it was this and Moscow tried to make the best use of it. Premier Kosygin's March 1979 visit was deliberately made at a time when India's China policy had been a fiasco and Moscow made a fresh bid to strengthen Indo-Soviet ties further. For sometimenow, India had been showing a lack of warmth in its dealings with Moscow. One particular decision of the Indian Government regarding the purchase of the deep penetration
strike aircraft was a severe jolt to the virtual monopoly of Soviet arms supplies to India. Despite intense Russian lobbying by the Soviet air force Chief Kutakov in New Delhi to impress upon the Government of the advantages in buying the Soviet MIG 23, the Indian Defence Minister Jagjivan Ram finally opted for the British Jaguar (October 1978) in preference to the Swedish Viggen, the French Mirage and the Soviet MIG 23. All available evidence indicates that the MIG was the least considered alternative as the Desai Government had determined to increase India's options in the military field. This significant deal called for the purchase of 40 Jaguars and the subsequent building and assembling of 110 of them in India under license. Besides the contract also involved the purchase of Harrier vertical take off aircraft for the Indian Navy's only aircraft carrier the Vikrant. To avoid further depletion of its influence in the crucial area of defence, Moscow promptly concurred to the 'indigenisation' of the MIG 21's being built in India. It also agreed to a transfer of MIG 21 technology to India and expressed its willingness to explore the possibilities of buying spare parts, accessories and avionics produced by India.  

Kosygin's visit was delicately poised, as his was the difficult task of further exposing Chinese intentions and convincing India of the benefits of Soviet alliance.
During his stay in India Kosygin resorted to vitriolic outbursts at the Chinese in every 'public statement that he made and finally gave a note of caution to India that 'China might want to teach India a lesson'. By instilling a sense of insecurity for India, he sought to retain India's friendship with the Soviet Union. From the Indian point of view, however, Kosygin's virtual lambast and his 'violently abusive language', caused considerable discomfort to India. The content and tenor of Kosygin's speeches raised certain important questions about the nature of India's relations with the Soviet Union and the extent to which these relations circumscribed India's freedom to pursue independent policies towards other countries. The use of an official visit to launch unbridled attacks on a third country could only be taken to reflect complete indifference to the sensitivities of the host country and its Government. Another action of this type was the extraordinary step taken by the Ambassadors of the Soviet bloc countries in India of calling a press conference in New Delhi to condemn the Chinese attack across the China-Vietnam border. In this context it is significant to observe that not very long ago the Soviet Union had pronounced that the Indira Gandhi regime and the Emergency were just what the Indian people needed. These were apparently liberties which the one or the other super power felt it could take with countries
which it thought were sufficiently beholden to it not to be able to call it to order. They constituted a plain attempt to interfere with India's relations with China. Kosygin could go to the extent he did because he knew that in India, the Soviet Union had acquired very powerful levers of control in the shape of among other things the Indo-Soviet Treaty, India's overwhelming dependence on the Soviet Union for arms inputs and the Soviet Union's large involvement in India's foreign trade and in many sectors of the Indian economy. The Soviet Union had been for almost the last 15 years India's main arms supplier and it had alternated with the U.S. from one year to another as India's principal trading partner.

However, without approving the Soviet stance on China, the most that India could do was to incorporate in the final communique its disapproval of the 'massive and armed attack by China on Vietnam' and 'an immediate unconditional and total withdrawal of Chinese troops from the territory of Vietnam'. India, all the same, made it clear to Kosygin that normalisation with China would still be pursued when circumstances permitted. On the issue of recognizing the Vietnam-backed Heng Samrin regime in Kampuchea, Kosygin failed to get a positive commitment from the Desai Government.

Nevertheless, it would be simplistic to assume that Kosygin's visit was bereft of any positive developments.
Prime Minister Desai himself reassured Moscow that 'normalisation of relations with any country will not in any way impinge upon the strength and quality of our relations particularly with good friends such as the Soviet Union'. Kosygin had economic agreements and benefits to offer India, besides offering sophisticated military weaponry — the two vital areas where India largely depended upon the Soviet Union which made the 'linkage' theory so apparent. In fact, 'the Russians had never been as forthcoming as during this visit'. On the nuclear issue, the Soviet Union unlike the United States, showed considerable flexibility. What seems to have worked upon the Soviet leadership was that probably the only way to neutralise the Chinese nuclear threat to the entire region, was to allow India some flexibility in running its nuclear programme on schedule. The Pakistani development of a new plant that could produce weapons grade enriched uranium was another factor in prompting Moscow to view leniently India's nuclear programme. With the United States refusing to oblige India with either low enriched uranium or heavy water, India could look for help only from the Soviet Union. Moscow in keeping with its 1976 agreement shipped India 50 tons of the proposed 200 tons of heavy water. But in early 1977 Moscow had insisted upon comprehensive safeguards which were rejected by India. However, after Vajpayee's September
1978 visit to Moscow, it agreed to offer low enriched uranium to New Delhi which according to Moscow was justified since it was already shipping the same to France, West Germany and Communist States. In early 1979, India and the Soviet Union signed an agreement for Soviet assistance in developing fast-breeder reactor technology. Pakistan's declared intention of producing the Islamic bomb had grave implications for the future and though Desai stated that a 'Pak bomb will not provoke India', there were enough reports indicating that the government was having second thoughts on not producing nuclear bombs and that the country needed to keep its nuclear options open. With a change of Government in July, the new Defence Minister C. Subramanium stated that he would not be naive enough to declare on behalf of all future generations and Governments that India would not make nuclear weapons. With the Soviet involvement in Afghanistan, Moscow talked less and less on the NPT and made no reference to it in its discussions with India. Thus, it was here that India's influence was working in Moscow than the other way round.

During his last visit to the Soviet Union in June 1979, Prime Minister Desai was given an extremely warm welcome. Brezhnev was accompanied by Kosygin and Gromyko in receiving Desai at the airport. In his speech of June
11, 1979, Brezhnev extolled Indo-Soviet relations in glowing terms 'We are linked with your country by traditional friendship'. Cooperation between the USSR and India on the 'solid basis' of the 1971 treaty is becoming deeper and more many sided every year. This is in the fundamental interests of both countries' peoples. His speech was, however, a clear reflection of Moscow's growing concern over the Chinese threat 'I think that both of our countries have reason for concern on this score. China's recent aggression against Vietnam, the continuing threats to take up arms again to 'teach someone a lesson' all this makes the situation extremely complicated and creates considerable danger for Asian countries'. By implication Brezhnev was again referring to some sort of an Asian tie-up against the hegemonic designs of China. On Afghanistan, his contention that 'We resolutely condemn the subversive actions against the Afghan revolution, and we shall not abandon our friends, the Afghan people, who are entitled to build their life as 'they wish'. 'They wish', was a clear indication of the Soviet determination to pursue the Afghan issue as per Soviet strategic needs.

Desai, in his speech reciprocated the warmth shown by Soviet leaders by stating 'I can assure you that the Soviet Union has a reliable friend in India, one whose policy in founded not on shifting sands of considerations
of the moment or temporary advantages but on a solid basis of feelings of warmth, goodwill and recognition of mutual interest". The Indian leadership, however differed in its perception of China. Brezhnev's contention of China posing a threat to all Asian nations was not well received by the Indian delegation as, in 1979 India perceived no threat from China. Desai was candid in observing that 'in accordance with our top-priority objective of establishing harmonious mutual relations with our immediate neighbours, a dialogue has begun with the Chinese People's Republic in the hope of exploring possibilities for the normalisation of relations'.

On the Indian Ocean as a zone of peace, Desai was more forthcoming when he stated that 'it causes us deep concern that, despite the unambiguously expressed wish of the littoral states, an increase in tension and military rivalry between the great powers can be observed in the Indian Ocean. We would like to call on the Soviet Union and the United States to resume their dialogue aimed at ensuring the successful implementation of the UN General Assembly's resolution calling for the Indian Ocean to be transformed into a zone of peace, free from the military rivalry of the great powers'.
It is important to note, however, that though relations between the two countries were not as 'close and cordial' as they had been earlier, it did not affect Indo-Soviet economic relations from prospering further. In any case, despite differences, there was a far greater similarity of views with the Soviet Union than with the United States, and Desai's statement on Indo-Soviet relations that 'we have agreed even when we differed' was perhaps the best proof of the mutual need of the two countries.

An agreement was signed between the two Governments on cooperation in the construction of a metallurgical plant at Vishakapatnam. Besides, another agreement was signed between the USSR Academy of Science and the Indian Space Research Organisation on the preparation and launching in 1980-1981 of a third Indian earth satellite. Like the Aryabhatta and the Bhaskara satellites, India's third spacecraft would be put into orbit by a Soviet booster rocket.

Significantly, the mention in the joint communique on Afghanistan stated ..... 'the two countries oppose any interference by outside forces in Afghanistan's internal affairs'; could be interpreted as pointed to the Soviet Union too, from meddling in the internal affairs of
Afghanistan. There were other differences also. New Delhi refused to recognise the pro-Vietnameese regime in Kampuchea. Though the communique affirmed its readiness to cooperate in implementing the UN declaration of the Indian Ocean as a zone of peace and the Indian side highly appreciated the USSR's readiness to resume bilateral talks with the U.S. on the Indian Ocean, subsequent developments indicated that differences between the two continued to persist.

In an article in the Izvestia of July 26, 1979, it was pointed out that the U.S. had created a powerful arc of military bases in the Pacific and Indian Oceans, stretching from Japan to Masirah Island in the Arabian Sea. The coral island of Diego Garcia occupied a special place in this 'arc' — it was the U.S.'s main base in the middle of the Indian Ocean, a large multipurpose base for the American Air Force and navy and a powerful communications and electronic intelligence centre. The existence of the 'arc of bases' and the acceleration of military preparations were being justified by the theory put forth by Brzezinsky, Advisor to the President for National Security Affairs, of a so-called 'arc of cirsis', which according to his formula, stretches 'along the shores of the Indian Ocean' is a region of utmost importance' to the U.S. The U.S. Defence Secretary H. Brown in a television
address stated that the U.S. was 'clearly inclined toward intensifying its military presence in the region of the Indian Ocean and the Persian Gulf'. He also reported that the Pentagon had already taken a number of steps in that direction. 'But the refusal of the non-aligned states to attribute responsibility for the insecurity in this region solely to the United States was greatly resented by the Soviet Union. In July 1979, at a conference of Indian Ocean littoral and mainland states, Ambassador L.I. Mendelvich said, 'for us the military situation in the Indian Ocean is a security factor, a factor of threat to our national territory. For the United States it is not. This gives us a greater right to ensure our security militarily in this region.'

Despite the recognition in the communique of the valuable contribution made by the NAM as an independent and positive factor of world politics', Moscow's effort later to influence the proceedings of the movement through its supporters like Cuba, Ethiopia and Vietnam that the Soviet Union and the Socialist bloc were 'natural allies' of the movement were foiled by India and Yugoslavia.
Morarji Desai was succeeded by Charan Singh as Prime Minister with the support of Mrs. Gandhi's Congress. A fundamental consistency reflected through the tenures of the three Prime Ministers was India's steadfast determination to maintain its independence in foreign affairs. No where was the so-called Soviet influence at work and this was best demonstrated at the Sixth Non-Aligned Summit at Havana in September 1979. Since the Algiers Non-Aligned summit of 1973, the Soviet Union had been making efforts to cultivate support of the movement with the help of client states within the movement. The Cuban leader Fidel Castro propagated the idea that the Soviet Union was the 'natural ally' of the movement and as such 'the basic drive of the nonaligned movement had to be exclusively anti-western'. At the Havana summit an effort was made to give the movement a markedly pro-Soviet slant. New Delhi's principled opposition saved the movement from being overtaken by this overtly pro-Soviet bias. India, however, accepted the Cuban compromise in keeping the Kampuchean seat vacant rather than allow it to be given to the genocidal Pol Pot representative. But no recognition was granted to Heng Samrin. What impressed Moscow was India's active role in the United Nations to keep the Kampuchean seat vacant there too. India's support for the Soviet Union against a broader spectrum of world opinion, over the issue of granting the Kampuchean seat to Pol Pot,
was immensely gratifying to Moscow.

Indo Soviet military ties had not been snapped even after the Jaguar deal. By late 1979, the Jaguar deal ran into difficulty and there was talk in India to review the deal and if possible, abrogate it. India then showed considerable interest in the purchase of the sophisticated MIG 23's and Moscow was most willing to assist India's defence needs. It was hoped that the MIG 23 would 'soon be with the Indian Air Force'. There was further talk of the sale of AN-32 transport aircraft and MI-8 helicopters, besides a large scale purchase of the T-72 battle tank.

A general review of Soviet-Indian relations during the Janata regime reveals that neither New Delhi not the USSR sought to alter the existing structure of their relations. Though there had been a wide speculation on the impending change in India's foreign relations, both Desai and Vajpayee showed no inclination to bring about a change in the prevailing relationship with the Soviet Union. The fact remained that despite the Janata's pre-election rhetoric of a change in the direction of Indian foreign policy in general, with the assumption of office at the centre the Janata leadership visualised that India had hardly anything to gain by taking steps in that
direction. Even Desai's unrestrained criticism of the Indo-Soviet Treaty did not vitiate his perception of what really was in the interest of India. It seems probable that there was a realisation that while the annulment of the Soviet-Indian treaty might be of value as a symbolic gesture as an indication of an impending change in India's foreign policy it would not be worth much more. The treaty after all, was not without significance for India's security concerns regarding China. The recent developments indicating an upswing in Sino-Indian relations were not substantial enough to call for a review of the treaty or to make the treaty look like having lost its lustre. Despite talks of normalising relations with its neighbours, the Janata leadership was acutely conscious of the security concerns along the Sino-Indian border.

New Delhi's 'don't rock the boat' approach to relations with Moscow were to be taken as an indication of an unwillingness to overhaul hastily India's existing foreign ties. A major consideration for the adoption of such an approach was primarily due to the appreciation of the inevitable linkages that existed between Indian goals and policy sectors of top priority, and India's relationship with the Soviet Union as it had developed over the last two decades. In terms of India's
security concerns, the Soviet Union played a very vital role as a direct supplier of arms and as a licensor of certain classes of military hardware produced in India. The Soviet Union was by far India's most important source of military hardware and to a very large degree New Delhi's disinclination to resort to hasty and 'mere symbolic foreign policy shifts' could be explained by the significance of the Soviet Union as a supplier of arms and components for India's defence industry\textsuperscript{106}. The importance of the Soviet role in this crucial sector could not be diminished when seen in the context of the progress made by India's own defence industry and the availability of alternative sources of arms supply. Whereas, the United States, France, United Kingdom, Federal Republic of Germany, Czechoslovakia, Poland and others supplied arms worth $1375 million\textsuperscript{107}. By 1978, appreciable progress had been made in the case of indigenous arms manufacture in India and toward the achievement of self-sufficiency. In the case of small arms the goal had not only been achieved but there existed an export capability. The only country which could have replaced the Soviet Union as arms suppliers to India was the United States, which however, had rescinded from making large scale deliveries to the subcontinent since the 1965 embargo on arms shipments to India and Pakistan. It had, nevertheless, sold limited quantity of spare parts to Pakistan in 1967 and some
armoured personnel carriers and aircraft in 1970. But during the latter half of the 1970s there was no evidence of any change in the American policy of not supplying weapons to the subcontinent. Thus, in the area of India's defense needs, given the fact that indigenous production had not yet been able to meet the country's needs—for example, a delay in the production of Vijayantas led to an order for 75 T-55 tanks from the Soviet Union in the mid-1960s\(^{108}\), again in 1974, due to a delay in the production of the Indian HJT 16 Kiran trainer, two L-39 basic trainers were ordered from Czechoslovakia. Subsequently it seems that Polish WSC Mielec TS-11 Iskra jet trainers were purchased instead\(^{109}\)—coupled with the dominant role played by the Soviet Union as a supplier, and the absence of a reliable alternative, the linkage between Indian security and the USSR remained vital.

Another crucial Indian policy area where Moscow played a significant role was economic development. From 1954 to 1975, India had been the largest recipient of Soviet economic credits and grants, having been allotted a total of $1,263 million which was 18% of all Soviet aid provided to non-communist developing countries over the same period of time\(^{110}\). It should, however, be noted that the Soviet aid figure to India was far less than that of United States. From 1946 to 1975, $9,147 million loans
and grants were provided to India by United States making it the largest recipient of U.S. aid among the developing countries. But, the most important element in the Soviet economic aid to India, during the Janata regime was Moscow's promise to supply India with the much needed crude oil and petroleum products. This was a major deviation from the earlier Soviet stance during Mrs. Gandhi's premiership when despite Mrs. Gandhi's repeated requests since 1969 for Soviet aid in oil, India was politely turned down. Her plea for the expansion of the volume of bilateral trade was not given much importance. During the period 1972-74, when India was in great need for oil, and oil products, they were not provided to India primarily because they had become important hard currency earners for the Soviet Union and the Russians were unwilling to part with it. With the shooting up of the oil price during the early 1970s, the value of such commodities as Defense equipment, machineries and fertilisers went up along with the increase in the volume of export of these commodities to India which was in great need of them. Hence the Soviet Union did not find there was any further incentive to provide India with oil and oil products. Moreover, it is important to note that at this point of time India too, was reluctant to provide the Soviet Union with much needed consumer products like tea, coffee, cashew, Knitwear etc,
as, faced with foreign exchange crisis, India tried to curb exports of products to the Soviet Union, which had a higher hard currency and import content in other countries. But by 1977-78, Moscow realised that its vital machinery and equipment market was contracting and to keep themselves in demand in India, it was imperative that the Soviet Union had to come out with its oil products to India. Thus, during the late 1970's the Soviet Union found it difficult to accommodate India's demand for more crude petroleum, industrial raw material, fertilisers and non-ferrous materials. But they acceded to them in 1978 as a matter of political expediency. Political compulsions forced the Soviet Union to realise that close economic ties with India were in Moscow's interest. Though bilateral trade never ceased to operate between the two countries and in fact, it increased during the later part of 1970's, the rate of growth of Indo-Soviet trade was less than that of India's trade with West Europe or with West Asia. Hard bargaining was a feature of the negotiations of trade protocols. Indian officials could seldom predict accurately what the demand or supply of any particular economic sector would be and Soviet officials dealing with India's private sector at times found it extremely difficult. Coordination of plans often remained on paper, subject to bureaucratic wranglings and hassles on both sides.
Yet, it is pertinent to remark that India and the USSR had a substantial complementarity in their respective economies as both suffered from constraints of free foreign exchange and both were trying to catch up with the technological developments in the Western world. Besides, the complementarity rested on what was known as the rupee trade which was basically an Indo-Soviet agreement for financing bilateral trade on a balanced basis, with the Indian non-convertible rupee serving as a unit of account. This arrangement strengthened by inter-governmental credits extended by the USSR had proved to be a very effective instrument as shown by the phenomenal growth of Indo-Soviet trade during the past three decades. The Indo-Soviet partnership was said to be the largest quasi-barter system outside the free exchange international payment system, which had the advantage for both in leading to the conservation of the much needed hard currency or foreign exchange. From the Indian point of view, this kind of trade was welcomed for it was only with the Soviet Union and the socialist countries that barter trade had official sanction whereas in Western countries the barter contract deals were only with the private enterprises at the enterprise level without any official basis. The Soviets, in turn found this trade encouraging for not only did it provide markets for their goods in India, but India became a stepping stone for their machineries and equipments in other third world countries.
However, the rupee-rouble controversy, the haggling over which continued beyond 1978, had its genesis at the beginning of Indo-Soviet bilateral trade. Morarji Desai, is said to have remarked in 1978, that the issue would soon be settled. The rupee-rouble parity was fixed as per the GATT stipulations whereby the rupee was linked to a basket of currencies. Any depreciation of the rupee in terms of these currencies would reflect in the rupee-rouble exchange rate to be fixed as per Soviet calculations: No effort was made to verify the actual climb down of the rouble. The rouble actually began a downward slide when its value in terms of hard currency and in terms of dollars came down. But so far so as the rupee-rouble parity was concerned it went on as per the 1978 protocol which was not fair to India. It was onesided in the sense that in 1989 when the rouble was devalued against all currencies and the dollar, the rupee continued to be treated on the same basis of the 1978 protocol. In that case, the Soviet Union clearly had been in an advantageous position by being able to ciphon away much more in terms of rupees from India than was actually due to it. The problem between the two countries became so acute that without a revision of the trade protocol of 1978 dealing with the rupee-rouble parity, no trade could flow. Hence President Yeltsin's visit was necessitated to bring about a solution to the vexed rupee-rouble parity problem.
In January 1992, India and Russia resolved the rupee-rouble parity issue, thereby removing a major irritant in bilateral economic relations. The Russian side in a climb down agreed to the rupee-rouble rate of Rs.19.9 per rouble as on January 1, 1990 and April 1, 1992 rate of Rs.31.57 per rouble for re-estimating the size of past Soviet credit. The total debt of 987 billion roubles at January 1, 1990 rate was Rs.19,643 crore, while at April 1992 rate the debt was Rs.31,093 crore. It was agreed that while Rs.19,643 crore would be paid according to 1978 protocol till 2010 A.D. the difference between the two figures Rs.11,450 crore would be paid over a period of 45 years, carrying zero rate of interest, with no exchange rate protection. Over the repayment period, India would be actually be paying about Rs.1,500 crore in terms of the present value of this debt of Rs.11,450 crore. Taking these two figures together, the composite exchange rate for rouble worked to Rs.21.37 for a rouble, as against the composite rate of nearly Rs.24 for a rouble asked for by Russia in negotiations earlier. The agreement was described as a 'fair settlement on both sides', by Dr. Montek Singh Alhuwalia.

However, in the final analysis, the agreement showed that even though the annual burden of servicing the Russian debt has been reduced by about Rs.700 to Rs.800 crores, the Russian side had not accepted the Indian
demand for a realistic rupee-rouble exchange rate mechanism. India would have to make payment of 62.7 percent of the rouble debt of 9811 million, practically under a similar mechanism as the 1978 protocol. 119

The significant part of the agreement was that the rescheduled portion would carry no interest and would have no protection against any fluctuation in the value of the rupee for a period of five years. But after five years, it would be indexed to the SDR if the average annual depreciation of the rupee exceeded 3 per cent over this five year period. Similar reviews would be conducted at the end of every five year period.

But for the non-scheduled part of the debt (Rs.19,643 crore), the mechanism under the 1978 protocol would, in effect continue. For though the debt would be denominated in rupees, repayments of principal and interest would be protected by adjusting the rupee amounts in line with future changes in the rupee value of the SDR basket of five currencies. In other words, if the rupee depreciated proportionately, the size of the debt would go up. This was in effect, the formula established by the 1978 protocol, and it would be applicable to 62.7 per cent of the total debt India owed to the earstwhile Soviet Union. Despite all the pressure that India could muster,
the Russian side declined to give up the formula. 120

The issue of asymmetry in the 1978 formula was first raised by India in late 1989, much before the dissolution of the USSR. Actually, till 1985, the formula worked well because India maintained a more or less stable exchange rate, with rupee value adjusted in accordance with the rate of inflation. But after 1985, the exchange rate became more flexible as it was used as an instrument to step up exports. In other words the depreciation of the rupee, linked to a basket of currencies was more than the inflation rate. A senior consultant with UNCTAD, Geneva, was of the opinion that the agreement was neither a boon for us nor was it a sell out. On either side there were compromises but it was apparent that the days of the rupee trade were over and the two way trade would have to yield to trade in hard currency particularly after the Soviet Union began trading with friendly countries like Vietnam and Mongolia through hard currency. 121
In the final analysis, to infer that vital economic and military links with the Soviet Union prevented India from charting out a new course would be simplistic. Had economic and military aid been compelling factors for continuation of a relationship, Sadat's Egypt would never have ventured an abrogation of the Soviet-Egyptian treaty in 1976. The overwhelming American interest in the Middle East and its overbearing influence upon Egypt emboldened Sadat to revoke the treaty, leading to the U.S. brokering of a peace treaty between Egypt and Israel in Camp David. The Israeli handling of U.S. weapons had proved more than a match for the ones provided by the Soviet Union to the Arab States. For Egypt, succumbing to U.S. pressure implied a quid pro quo in regaining lost territories from Israel. Hence a termination of the Soviet alliance and heavy dependence on Soviet military supplies were imperatives which Egypt had to not overlook. Since a settlement actually came about in the Middle East through the unilateral treaty between Egypt and Israel, through American mediation, Egypt's Soviet connection was dispensed with.

With India the issue was different. Though there were visible signs of an improvement in the Washington-New Delhi relationship with both President Carter and Prime Minister Desai committed to give Indo-U.S. relationship a
new direction, not much actually changed at the ground level. Carter's visit to India and the U.S. decision to resume supply of enriched uranium for use in India's nuclear plants and the decision not to sell the A-7 attack fighter aircraft to Pakistan did indicate an upturn in Indo-American relations, yet the aid commitments never reached the level of Kennedy years. It was evident that even under Carter, the United States continued with a low profile in South Asia which had been Washington's approach since 1965. Particularly with India the new American administration tended to perpetuate the Nixon-Kissinger line of according a low priority to India. Apparently American interests in the Middle East, the Horn of Africa and inter-American relations were far more vital than its concern for developments in South Asia. Normalisation of ties with China having assumed top priority in American foreign policy and with Pakistan showing an inclination to get closer to the United States, though President Zia dismissed U.S. military aid to Pakistan as 'peanuts', there was no way India could have got a commitment from the United States to stand by it should its security be threatened by either China or Pakistan. In the circumstances, therefore, India's new leadership showed great caution and indicated an unwillingness to depart 'markedly' from the inherited pattern. In foreign affairs there was indeed a reluctance to forego the benefits
derived from the existing ties without due regard for alternatives\textsuperscript{123}. Hence, despite an improvement in Indo-U.S. relations, both Desai and Vajpayee repeatedly stressed upon the relevance of Indo-Soviet treaty and the joint communiques often revealed a similarity of views on major international issues. It is worthwhile to note, however, that while the Soviets supplied over a billion dollars in weapons to India since 1965, this sum was less than the annual defence budget of India\textsuperscript{124}. In terms of economic assistance the amount received from the U.S. was far greater than the Soviet contribution. Besides, the Janata's decision to concentrate on agriculture and small scale industry rather than laying emphasis on heavy industry and the state sector would have gradually made Soviet economic aid which was geared to this sector redundant. Basically, therefore, it was not the economic or the military link or even it was not a situation where dependence upon the Soviet Union was so critical that it could not be altered. On the contrary, what seems obvious is that in the complex mosaic of international relations the existing framework of Indo-Soviet ties were beneficial to New Delhi in certain respects and there seemed at that point no visible gains were likely to be made by opting for a major change in relations. From the Soviet point of view the Russians repeatedly tried to demonstrate that political change in India notwithstanding, India still
occupied an important place in the Soviet policy of denial.

Hence, more than the change with United States, the changes in relations brought about by Janata leaders with third countries were more conspicuous. In the case of arms produced under foreign license, France and Great Britain did play a role. The offer made by the British Prime Minister James Callaghan to sell the Jaguar deep penetration strike aircraft to India led to negotiations with Britain and France. It led to India's purchase in 1978 of about 40 Jaguars with rights of coproduction. Contracts were also placed for British Harrier VTOL aircraft for the Indian Navy, and talks opened with West Germany for purchase and coproduction of submarines. Thus an effort was already being made to diversify and have a fairly broad based defense industry in India.

In other words, dependence on the Soviet Union would have greatly diminished had there been a substantial improvement in Indo-U.S. and Sino-India ties and had India's efforts for a self-sufficient defense industry been more fruitful. In that case the importance of the linkage (military and economic) between India and the Soviet Union would have been greatly reduced.
The success of Mrs. Gandhi's Soviet policy lay in Janata's acquiescence of the Soviet Union as the most important pillar in providing India its security. But for the Soviet support, India's security concerns would have been critically jeopardised particularly after the Washington-Beijing nexus of the late 1970s. For the Soviet Union, India's importance in its strategic perception would continue as long as enmity with China persisted and rivalry with the United States continued.

However, the Afghan syndrome which burst upon the world in 1979, brought about a metamorphosis in the perceptions of many third world countries, including India towards the Soviet Union. The induction of massive Soviet troops into Afghanistan unequivocally conveyed the message that the protection of Soviet interests in the third world would increasingly be borne by the USSR itself instead of relying on local forces. Such a view held a frightening prospect for most third world nations. To many in the third world, the Soviet Union appeared not as their natural ally, but perhaps their natural enemy. The desire of the third world to rid itself of western influence did not ever mean that it was inviting the USSR to replace it. The fear of the USSR made many in the third world turn to the United States. In fact, Western states including the United States significantly pointed that the breakdown of
detente resulted from uninhibited Soviet activity in the third world. Even if a SALT II treaty was signed in 1979 between Carter and Brezhnev and in the United States the Senate Foreign Relations Committee recommended ratification of the treaty, the Russian invasion of Afghanistan killed it. Non-ratification was a prominent feature in Ronald Reagan's successful bid for the presidency in 1980.