CONCLUSION

India and United States have shared a long relationship with each other in terms of trade. United States has been one of the old trade partners of India. After independence, when India’s trade with British declined, it was U.S. with whom the trade increased. Amidst the trade deficits, aid programs, cold war and other events in the world, there were changes in perceptions and thus trade relations between the two but the trade went on and so did the relationship between the two nations. India’s relationship with U.S.S.R and U.S.’s with China and Pakistan drifted these two nations but maintain a certain minimum correspondence between the two nations always. With the disintegration of Russia and introduction of economic reforms in India in late 80’s and early 90’s respectively, the two nations calculated their evens and odds again, and this marked the dawn of a new joint journey of the two nations.

There has been a big change in the composition of export of items, but the fact also remains that there are some items which have been exported by India continually since independence. The major exports from India during 1947-1969 the period were Jute Manufactures, tea, coffee, gums and resins, nuts, spices, hides and skins, lac, fish and fish preparations, handicrafts, manganese ore, footwear, silk fabrics, jewellery etc. The major export items during the 1970-1985 were Jute Manufactures, tea, coffee, nuts, spices, jewellery, hides and skins, lac, fish and fish preparations, handicrafts, manganese ore, footwear, silk fabrics etc. From 1985 to the current years, there has not been much of change in the items of export, although the proportions have changed a lot. Among the top export items are Jewellery, Pearls, tea, coffee, fruit and nuts (dried), handicrafts, textiles, organo-inorganic chemicals. Although the items like tea, coffee, leather,
footwear, manganese ore, hides and skins are still there but their proportions have varied over the decades, with some items picking up the on the total percentage of the exports and some losing their proportions.

The composition of India’s imports from United States varied widely in the early years. The major items that India imported from the United States were Machinery, grains, pulses and flour, transport equipment, artificial silk, dyeing, tanning and coloring materials, mineral oils, chemical elements and compounds, medicinal and pharmaceuticals products, unmanufactured tobacco, instruments, and paper and paper board. Even till today, India has continued to import some of these items. But other items that have been added to the list are petroleum and petroleum products, nuclear fuel, coal and aircraft and related materials. These items were added with the changes that occurred in India over the time. The items that have been added in the recent past include Measuring, checking, analysing and controlling instruments, data processing equipment, and telecommunication equipment. Thus the composition of imports has followed a varied trend that included movement from the traditional items to non-traditional items to technology and now to advanced information processing systems.

The year 2005 looks promising as the trade figures have been encouraging for the trade conducted till month of June 2005. In June 2005, the exports were at US $ 8756.8 million as against the imports at US $3807.1 million. This accounts for the trade surplus in favour of India, fetching an amount of US $ 4949.7 million. The major export items so far have been fresh fish (10 millions), crustaceans (132 millions), fruits and nuts (159 millions), rice (23 millions), coffee and coffee substitutes (3 millions), tea (15 millions),

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spices (26 million), crude vegetable materials (95 million), organo-inorganic compounds (140 million), plates, sheets, film, foil and strip of plastics (42 millions), leather (6 million), woven cotton fabrics (35 million), made-up articles of textile materials (510 million), floor coverings (286 million), Lime, cement and fabricated construction materials (172 million), pearls, precious and semiprecious stones (1416 million), jewellery and other articles of precious or semiprecious materials (748 million), iron and steel tubes, pipes and hollow profiles, fittings for tubes and pipes (147 million), mens’ or boys coats, jackets suits etc of woven textiles (326 million), women or girls coats, capes jackets etc of woven textiles (752 million), men’s or boys coats and capes, jackets, etc knitted (178 million) and footwear (76 million). The major imports in 2005 so far have included pulp and waste paper (US $59 million), organic chemicals (US $14 million), medicinal and pharmaceutical products (US $25 million), fertilizers (US $115 million), Plastics (US $27 million), Miscellaneous chemical products (US $64 million), Paper and paperboard (US $19), Pearls, precious and semiprecious stones (US $205 million), Jewellery, goldsmiths’ and silversmiths’ wares (US $96 million), Internal combustion piston engines and parts (US $18 million), nonelectric Engines and motors (US $77 million), Civil engineering and contractors' plant and equipment (US $75 million), Automatic data processing machines (US $179 million), office machine parts (US $36 million), Telecommunications equipment and parts (US $240 million), Electrical apparatus (US $50 million), Aircraft and associated equipment (US $460 million), Measuring, checking, analyzing and controlling instruments (US $158 million), Musical instruments, parts and accessories (US $71 million). As such, India has maintained a surplus trade balance with United States for quite some time now.
With the end of the cold war in early 1990 and the announcement of economic reforms by India led to the improved relationships between India and United States and promoted the trade between the two. India’s opening up of the market was highly regarded as much by the international players as by the private players who could invest in the projects held by public departments of the government. Even though the coalition regimes changed quickly in 1990s leading to political instability, the mantra of ‘liberalisation’ had caught up with the Indian politicians and thus the underlying reform efforts were continued. Supported by the modification of major policies to match the international standards, the trade sector has seen unprecedented possibilities in terms of High-Technology Trade which largely includes E-Commerce application exports by India, Bio-Technology and Business Process Outsourcing. The growth in Indian foreign exchange reserves is on the cards with India becoming the largest supplier of e-commerce applications to international companies by means of outsourcing.

Today, United States is the world’s biggest power and India is in the process of becoming one in the coming years. As such the relationship between the two nations becomes much more important as the development and enhancement of trade ties does not depend only on trade but also on the convergence of political interest and cultural values of two nations. What began as a trade relations is about to take the shape of ‘Strategic Partnership’. With the advancement in technologies like space technology, nuclear technology, Internet and E-Commerce there has increased a need for cooperation between India and U.S.
The Strategic partnership does not only call for the increased trade relationship between the two countries but it also emphasize the assumption of more responsibilities, on part of both countries, related to the global issues which are set to change the face of the earth. Going by the current trade trends and the global issues, India has assumed a greater role than ever before in taking a lead on the following concerns:

TRADE POLICIES

The increased strategic alliance calls for standard trade procedures adopted by both the countries so that there is an increased level bilateral activity between the two nations and there is least friction between the interests of each of them. From United States point of view, India needs to open up the economy more by liberalizing certain sections of the economy which are nearly unexplored by the foreign investors. As per the United States, the government of India should take the following steps in coming onboard with the international standards:

1. The foremost focus for India should be the expansion of Infrastructure. In order to become the business hub India needs to develop a huge infrastructure by improving upon power, roads, water management, telecommunications, harbors, airports and airlines sectors which will lead to a greater activity in the country and will provide more opportunities to the Indian exporters.

2. India should remove equity limits on foreign investment. In the absence of foreign capital investment, India's growth will be slow and the infrastructure priority will take longer than the anticipated time frame to materialize.
3. Following the economic reforms, India has opened up the financial markets which foster foreign investments in the country and lead to overall economic and trade development. The institutional innovations in India's equity markets like paperless settlement, nationwide trading, and the elimination of counter-party risk are highly remarkable progresses. These measures taken by India have resulted in a reduction of costs and an increase in both volume and liquidity. India now has to change the scale on which such reforms are carried out and thus increase the level of trade activity to new scales.

4. The stock exchanges of India are now highly competitive and are handling an increased level of activity. The modernization, in terms of Information technology, has facilitated the growth even further and Indian exchanges are now operating at the higher efficiency levels and this will result in the long term flows of investments in to the country.

5. The banking sector has also witnessed the liberalisation drive with regards to the interest rates and changes in policies to strengthen the capital structure. More steps are required to include the private players a part of the baking sector in order to increase the flow of investments which will further strengthen the banking structure in India. Formation of additional effective regulations will provide more flexibility to the banking sector and will help in creation and expansion of the widening network of the banks as well as ease the collection of bad debts.

6. In accordance with the international norms, India has made a recommendable progress in the formation and implementation of Intellectual Property Rights regulations. India has provided two amendments to the Patent Law whereby India
has provided the “mail box” provision as agreed under the WTO agreement and has also become fully compliant with the Patent protection regulations as per the WTO agreement.

7. India is opening up its skies to the Private Civilian airlines. This is going be a major development which will even lead to greater changes in the existing Indian airports along with the construction of new ones. This will also bring great gains to the aviation industry, if supported by sound regulations. Also of essence will be the time in which these regulations are implemented and addition of new airports around the nation is carried out.

Indian exporters have largely explored and embraced global markets, and found opportunities on every continent. To double the impact, the Indian Government continued to bring reforms to the Indian economy which has resulted in increased foreign trade & investments aviation industry, banking sector and insurance sector as well. Indian government has focused on bringing reforms in such a manner that controls the external environment, which ultimately helps in the retention of local players who are of essence of to India. Laws should be framed in order to provide security to the Indian businesses and at the same time provide opportunities to the international players so that the mutual progress and advancements along with material gain is possible for domestic and international companies.

HIGH TECHNOLOGY TRADE

India has obtained the cutting edge in High Technology Trade. United States is the biggest base of e-customers and India is the biggest supplier of E-Commerce services.
The E-Commerce industry in India is just unveiling and has a great potential to grow in the years to come. There are some developed countries like Australia where the E-commerce growth was very slow, are also opening to the E-commerce market and along with it are opening the prospects for the E-commerce vendors like India and the greatest market movers like United States. At the same time, the E-commerce market in India is in the early stages of development and with a population base of over 1 billion, the prospects for the growth of E-commerce are tremendous. If India is the largest supplier of e-commerce applications to the world and specifically to United States, then the US companies are looking to target the Indian e-commerce customer base.

Bio-Technology is India’s one of the greatest competitive edge and this segment of Indian exports is increasing by the day. This is one of the areas where India and United States are looking for greater cooperation with each other. However the issue of Patents related to bio-technology has kept the two countries at a distance. But the countries are expected to relate well to each other as India has gone a long way to strengthen the Patent Laws by making them fully compatible with the international norms.

India’s Outsourcing market is another advantage for the trade wing. Earlier it was only the Technology outsourcing which contributed to job growth in India but now even the Business Processes are being outsourced to India. BPO has also added a tremendous number of jobs to the Indian market. One of the largest outsourcing hot-spots in the world, India is set to become outsourcing hub with geographical profile working towards its advantage, highly educated and skilled professionals who have made the outsourcing drive possible along with the cooperation from the government who has given a boost to
the IT industry by forming laws favorable for the outsourcing companies. The taxation issues have been framed to invite more investors by providing them cost-efficient, reliable, scalable and secure e-solutions. As a part of the business process outsourcing, the multinational companies are increasingly opening their business centers in India. Opening up of the call centers by companies like American Express, Dell and many more is hinting at the diverging nature of the Indian Economy.

Looking at the expanding horizons of the Indian Information Technology drive and its inclusion in the conventional trade, there are specific strategies recommended by experts in order for India to maintain its edge in the highly competitive trade and can also be applied to the enhance the productivity of the trade sector. These are as follows:

1. Provision of open standard platform that promotes the investments from the private sector and also creates a trust based environment.
2. Introduction of new and simplified procedures to reduce transaction costs.
3. Revision of taxation policies to ease the imports and exports of products and services. This should specifically be effective in case of IT outsourcing and E-commerce because this sector is more prone to double taxation which can really impact the outcome of the trade. As per international norms, source based taxation is the most justifiable taxation procedure that should be adopted.
4. Taking advantage of the geographic advantage and develop India as a global hub for traditional trade, IT and BP outsourcing and services. Coupled with the population profile, India’s capabilities can be enhanced to facilitate greater magnitudes of trade.
5. Enhancing the current infrastructure capabilities to meet the increasing demands of organizations operating on a global level. Also facilitating technological aspect of the infrastructural expansion which can lead to enhanced productivity, quality and value addition by means attaining the global standards.

6. Identify special focus areas which can generate additional employment opportunities.

7. Continuous monitoring of the trade segment by government agencies which monitor and detect the drawbacks of the existing policies and standards and modify them to match and even enhance the international standards.

8. Developing a worldwide network of Indian Embassies who act, in unison based on standard operation procedures, to effectively represent India with regards to the Trade Practices and cultural activities.

NUCLEAR POWER

As such the two largest democracies are gearing up for cooperation with each other, the two are expected to perform together at the world platform. As India is set on the path to becoming a major world power in the coming years, there has been a big focus on the Infrastructure development of the country. The new Government under the leadership of Prime Minister Manmohan Singh is emphasizing the development of the Infrastructure in order to enhance the infrastructural capabilities of the country. In this respect, India the government of India has recently taken up the issue of Nuclear Power for civilian purposes in order to provide the uninterrupted power supply to the country. India is largely recognized as the nuclear power state and it is the biggest concern for the...
developed countries including United States to provide the nuclear fuel to India for the civilian power programs. This issue is further worsened for India by the fact that India has decided to keep out of the Non-Proliferation Treaty. To take this issue a step further, the world is eyeing India on this issue with suspicion as India conducted the nuclear devices in May 1998. From India’s viewpoint though, even being a nuclear power since 1974, India has always maintained its peaceful stance over the use of nuclear weapons. India has never used the full military capacity, even in the face of crisis like “Kargil War” of 1999. Moreover as per India the Non-Proliferation Treaty is tool of the Western Nuclear Powers who want to get the treaty signed by other countries while maintaining their nuclear dominance. India has long maintained the stand on nuclear disarmament while maintaining the fact that should maintain nuclear arsenal as long as other nations maintain theirs. Another fact that India considers is that the Non-Proliferation movement has been started by United States and United States has also given up some of the nuclear weapons but still maintains a considerable nuclear strength which is greater than that of other countries.

The issue of Nuclear Power for civilian use is weighing heavily for India as India is concerned with the procurement of nuclear fuel from United States. The State visit by Prime Minister Manmohan Singh in July was marked with the discussion of nuclear fuel issue for civilian purposes. The nuclear fuel agreement has not come into effect as yet and the approval of the United States government might mean that India will have to open up the Nuclear Power Plants for International Inspections.
TERRORISM

The supposed Strategic Partnership between India and United States does not only mean the strategic alliance in terms of trade but it also calls for overall improved relations between the two countries where they act together in unison while considering the global issues facing the security. The most imminent security related issue is that of Terrorism. The tragic events September 11, 2001 have affected almost all the regions of the world. India has been a victim of terrorism for almost two decades now with the most recent events of “Kargil” in 1999. India has long brought up the issue of terrorism before the international community but to no avail. But when United States was faced with the events of 2001, it launched the war against terrorism and Afghanistan and Iraq are the live examples of triumph of “democracy” over terrorism.

In the changed world today, India assumes a greater role in combating terrorism as India has been successfully doing for two decades while maintaining its security. The major issue facing India and in fact the democratic world is that the major ally of United States in war against terrorism is Pakistan who has been running the Organizations like ISI, accused of waging insurgency in the Kashmir region of India. The major question in the Strategic Partnership between India and United States is that of justification of American stand on Pakistan.

India geographic location is very important in this regard. With more and more American companies opening up in India, the security concerns for India are enormous. As such the prospect for India-US combined effort against terrorism assumes more importance in the years to come. The collaborative relations between America and India
are expected to prosper and go a long way. But this needs an exceptionally greater level of cooperation among the two nations which is possible by strengthening the government-to-government relations.

India’s economy has just started to open up now. The major international companies are targeting their products at the large Indian population. Infrastructure is growing, trade has increased a lot, technology has taken a long leap and all these are supported by highly skilled professionals and apt government polices which has given India a cutting edge. At around the same time, United States has gone into a temporary phase of slow down followed by the security concerns in the area and in a drive to achieve the cost-cutting goals; the companies have gone in for outsourcing which has had an impact on American economy.

Today, the trade deficit of United States is growing heavily and the external debt of the United States will rise from 24% of total U.S. gross domestic product (GDP) at the end of 2003 to 64% by 2014, given the same set of conditions and considering the increase in the rate of interest. At the same time India is also a trade deficit nation in its global trade and maintaining a positive balance of trade with United States. But today the difference is that the Indian markets are opening up not only in the traditional market but also in the high technology trade which implies that Indian trade is making use of all the current standards prevalent in the world which furthers the pace of development in India.

Looking at the overall trade scenario and trends and other world affairs, an assessment of a successful “Strategic Partnership” between the two will also be a measure of their relations with other countries of the world. As had happened during the cold war, India-USSR and US-Pakistan relations had cast a long shadow over the
relations between the two which lasted for about 2 decades and only got better with the downfall of USSR. A considerable international source of impact on the relationship between USA and India could be US relations with Pakistan who is an ally of United States in the War on Terror despite the United States’ knowledge of the fact the Pakistan’s east border has been long used for Infiltration into India with the involvement of ISI, the premier agency of Pakistan. Another cause could be America’s War on Iraq which is seen as an unjustifiable effort on part of United as against the US attack on Afghanistan where it was praised for its action against the Taliban regime even when it did not wait for the international consensus.

Thus in light of all the internal factors like governing policies and external factors like world issues, technological advancements, nuclear power and terrorism influencing the two nations, the indications are that the two democracies are gearing up towards achieving higher levels of cooperation which not only will enable them achieve higher level of economic activities and better political relations but will also foster the two nations march ahead together in the international sphere. Although facing some differences in their standoffs regarding international issues, the countries are looking at cooperating with each other in a manner that will eradicate the differences and will help the two reach a compromise which will further their joint efforts in taking up the international matters, including the formation of a progressive democratic world, while mutually benefiting from their strengthening trade ties.