INTRODUCTION

It is a known fact today that India is one of the fastest growing countries in the world and there have been predictions about India becoming a major global power around the year 2020. There are many countries today in the world who are investing heavily in India. Recent changes in conducting trade have been very well adopted by India. Apart from the traditional trade, India has grown immensely in the field of technology and E-commerce, the common means of conducting trade today, and has thus become the technology hub for the world. With her enormous manpower equipped with the latest technologies of the world India is being seen as the essential core by many countries to conduct the trade. Most of the technologically developed countries today are developing their trade relationships with India. Among all such countries, United States of America is the major trade partner of India with whom India is conducting a majority of its trade.

India has the world's largest middle class and a young dynamic work force that will provide a source to fuel growth for years to come. India's educational, scientific and information technology resources also are remarkable. As such the stage is set for India to emerge on the world map as a global player.

United States of America, on the other hand, is a technologically advanced country and a global player and has the distinction of being the largest democracy of India, in addition to India. The home to different nationalities, the United States of America has been the country of Immigrants where Red Indians, the Native Americans, have been in minority ever since Christopher Columbus set foot on the American soil. The openness of the American market has always attracted many countries to engage in
trade activities with the United States. With the emergence of the Internet in the early 1990s, the scope for Indo-USA trade has been seen under the new telescope where the two democracies are expected to collaborate in major ways in the year that follow.

Trade is an exchange of goods and services whereby ‘imports’ relate to the products and services that a nation buys from another country either to non-production of those products or due to scarcity of the same. Those products or the existing infrastructure is not able to produce those items at home. No country today can be totally self-sufficient at a cost that would be tolerated by its citizens. All countries need to or choose to import at least some goods and services that are fundamental to economic well-being or that consumers desire are simply not naturally available or cannot be produced at home. Goods and services that satisfy domestic needs and wants that can be produced more inexpensively and efficiently by other countries, and therefore sold at the low prices. A nation ‘export’ when the commodity or product under consideration is in abundance or the infrastructure of the country supports the high level of production of the product in a way that exceeds the consumption at home. This prompted a search for foreign opportunities to sell the excess production and sometimes able to sell goods and services to other countries at prices higher than the prices they can obtain at home.

Foreign trade leads to better use of available resources in the country with the help of imported machinery, equipment, and technical skills from the developed countries. It also enables underdeveloped countries to procure the much-needed foreign trade. The relationship between foreign trade and international policies is a complex one. It is said that trade follows the flag, meaning that once political ties were established, trade flourished. The technology and social ideas transmitted through trade
have often had profound effects on the trading partners. Trade also brings people of
diverse backgrounds into contact with one another and generally broadens their
intellectual horizon.²

With about 24% of the world trade India was a global economic force in 1750,
just before the British entered India under the pretext of establishing trade ties with India
as “East India Company”. Britain’s share in the trade was less than 5% and was 4% in
production. In the wake of exploitation at the hands of British, the trade share went down
to 18% in 1820 and this world trade was reduced to less than 1% when the British left
India, leaving India in a major financial human crisis.³

Officially, India’s relations with the United States of America started when
General George Washington, commissioned a counsel to Calcutta in November 1792.
Several permanent New England East India merchants were instrumental in the opening
of a consulate in India. They pointed out the extensive and increasing commerce with
India. In a letter to Senator George Cabot they requested that a counsel be appointed
immediately. Consequently, Benjamin Joy of Newburg port, Boston, Massachusetts, was
nominated as the counsel of Calcutta on November 19, 1794 to assume duty.⁴

American counsel played an important role in developing and strengthening
commercial links between India and the United States of America. Even though a lot of
vagueness existed regarding the duties of a consul, it was generally understood that… a
consul is primarily and essentially a commercial scout. His chief duty is to familiarize
himself with commercial conditions in his district and his own country, and to give
publicity to all such information…. In addition…he is expected to report on his own
initiative any phase of the commercial situation of which prompt knowledge may be
valuable to Americans.\textsuperscript{5} It is well known that commercial interests have strongly influenced the evolution of American foreign policy. The counselor relationship with India was no exception to this rule. Indo-American trade relations commenced in the last quarter of the eighteenth century as the newly independent nation wanted to tap new and more profitable markets, having been cut off from its traditional trading ports in the West Indies. In a short span of time trade between two countries was established “upon a broad and profitable basis.”\textsuperscript{6}

Direct Indo-US trade began in 1785 and the pioneer in Indian trade was the Salem merchant, Elias Harbett Derby’s vessel, Grand Turk. In 1787, two American ships, Jay and George Washington, carrying an assorted cargo worth $26348 were dispatched to India by the merchants of providence. The same year, another ship, the Chesapeake of Baltimore, captained by its owner, John O’ Donnell reached Calcutta. The year 1787 proved to be high watermark in Indo-US trade when “four vessels sent by the Derby of Salem visited Surat, Bombay, and Calcutta, and carried Bombay cotton. Other trading vessels, Betsy of Baltimore, Commerce of Philadelphia and Ledia of Boston, reached the Indian ports”\textsuperscript{7} in that year. Henceforth, American vessels visited India ports in increasing numbers. Indo-US trade received a tremendous boost with the signing of the Jay treaty in November 1794. By the treaty the United States obtained the most favored nation status in Indian trade from Great Britain.\textsuperscript{8}

The American missionaries began their activities in India on a permanent basis from 1813 onwards and were mainly engaged in establishing schools and distributing religious literature. The number of American missionaries in India rose to 1890 by 1912 and their number was second only to that of British missionaries. Intellectual contacts
between India and the United States started around the middle of the nineteenth century when some American writers like Emerson, Thorean, Whitman, Hoppins and Whitney began to appreciate India’s glorious heritage in their works.\(^9\)

During the later half of the nineteenth century, P.C. Majumdar and Swami Vivekananda, two important Indian intellectuals, visited the United States of America. In the twentieth century, an Indian saint, Swami Ram Tirtha visited the United States of America and had a profound impact on the American people. His visit was followed by those of Lala Lajpat Rai in 1905 and Rabindranath Tagore in 1912, 1916, 1920 and 1930.\(^{10}\)

The study of economic relationship between a developing and a developed country has always been a matter of interest to all economic researchers. In the present thesis, India and USA have been considered as a representative of developing and developed countries respectively. Between 1900 and 1940 U.S. was securing 2% to 4% of its imports from India and sending 1% to 2% of its exports. The World War II familiarized United States of America with the commercial and the economic resources and potential of India hitherto a monopoly of British Imperial Systems. The first United States attempt to seek a commercial treaty with India started in 1939 and lingered on till the end of the war. During the years 1941-45 despite British inhibitions, American trade and commerce with India increased significantly. Throughout the colonial period, the fur-trade was an important forest industry and a valuable source of income for all economies. The war time expansion of trade with India meant a rise from a little more than 1% to 5% of the total U.S. exports.\(^{11}\)
For India, it meant a rise between 6% to 7% and approximately 17% of total Indian imports. With the end of the war and Indian independence, the American Business Organizations like Far-east American Council of Commerce and Industry, American Asiatic Associations, and Indian Chamber of Commerce of America, pressed for the opening up of Indian market to American capital, and planned to send an American trade mission to India around the middle of 1947.

Some of the American officials who had served India during the war testified to the existence of a vast Indian market for American investment and export of machinery and plant needed for industrialization in India. So, to bottle up free flow of American goods in India, congressmen like Emmanuel Cellar campaigned for the opening of trade Channels with India, his letter to William L. Clayton Assistant Secretary of State along with Clayton’s reply thereto was published by the Department of state as 'Indian Trade Muddle' American business interests could hardly be expected to participate extensively in trade and industry in India unless there was a treaty to provide a general framework for such a participation. The Truman administration, therefore, suggested for a ‘Treaty for Friendship, Commerce and Navigation’ with India. The U.S. ambassador at New Delhi Henery F. Grady presented it on February 7, 1948. It was entitled ‘Draft Treaty of Friendship, Commerce and Navigation’ between the United States of America and India. The governments of U.S.A. and India desirous of strengthening of bonds of peace and friendship traditionally existing between them and of encouraging closer economic and cultural relation between their people and being cognizant of the contributions which may be made towards these ends of arrangements establishing mutual rights and privileges and promoting mutually advantageous commercial
intercourse, had resolved to conclude a ‘Treaty of Friendship, Commerce and Navigation’ based, in general upon the principles of natural and most favored notion treatment unconditionally accorded.

Since the 1950’s, countries have experienced rapid economic growth and the shares of manufacturing in their national output and exports have also increased rapidly. The trade between countries allows consumers to benefit from the greater production. Foreign trade allows new technology, ideas, attitudes and institutes to be acquired from abroad. India, once a food importing nation, is now self reliant in food-grains, natural fibers and several other crops. This rapid development was possible, because of expanded irrigation, high yielding seed varieties, increased use of fertilizers and pesticides, agricultural research and extension services, improved credit facilities, and remunerative prices for farmers.

Since independence governments of United States of America and India signed several trade treaties and agreements and exchange of notes. Both governments recognizing the desirability of expanding trade in agricultural commodities, signed an ‘Agreement on Agricultural trade in April, 1962’ and signed other ‘Agreement on Agricultural commodities trade on May 17, 1962’ Indian agricultural trade has generally paralleled its overall trade and in 1999 agricultural trade was about $10 Billion. The other important agreement of ‘GATT’ was signed on May 15, 1962. It is the way to reduce tariffs and remove trade barriers.

This is the general agreement on Tariffs and trade stipulated that all member countries must treat foreign firms the same as domestic firms in all trade relationships. India is committed to tariff reforms but tariff remains high. In 1994-95, Budget tariff
were to 65% on most of the goods. Favored capital goods for export industries have 25% tariffs. Excise taxes imports are comparable to levels changed to domestic producers of such goods and may be as high as 40%\textsuperscript{15}. "United states of America assigned tariff rates according to country of origin and the 10,000 product classifications in the harmonized tariff schedule of the U.S."\textsuperscript{16}

On September 28, 1970 the Agreement concerning trade in cotton textiles was signed between the two nations and on August 6, 1974 exchange letters regarding trade in cotton textiles. Also, on October 28, 1974 Agreement on establishment of joint commission on economic, commercial, scientific, technological, educational and cultural cooperation\textsuperscript{17} was signed.

In 1974, the U.N.O. General Assembly committed itself to working for a new economic order that would dramatically change the existing international economic structures in favor of developing countries. This commitment and various other declarations e.g. the North-South Dialogue are based on the view that critical economic decisions are made by the developed countries among themselves insufficient funds are lent to developing countries by international agencies, developing countries are disadvantaged in international trade, particularly by the low prices paid for their exports of primary products and the tariff imposed by developed countries, and multinational corporations treat host countries unfairly. The major aims of this movements are for regeneration of the debts of developing countries, more favorable terms of trade, a large share in world trade of developing countries, a greater share of world manufacturing output, the transfer of technology, more development aid, a change in the attitude and
decisions of developed countries and that developing countries should have a greater say in making of decisions affecting themselves and the world economy.\textsuperscript{18}

The Indo-U.S. Joint Commission on Economics & Commerce, Science & Technology, Education & Culture, and Agriculture was established in 1974. As per the agenda in the Commission agreement, a Science & Technology Sub-Commission was established in 1975.\textsuperscript{19} The Science and Technology Sub-Commission had seven Working Groups operating in the following areas:

1. Material & Physical Sciences;
2. Earth Sciences;
3. Atmospheric & Marine Sciences;
4. Energy;
5. Environment & Ecology;
6. Information Science and Technology;
7. Health, Medical and Life Sciences.

These Working Groups were involved in the study of issues and advancement in their respective areas and also worked in cooperation with each other. The groups involved scientists and scholars from both countries in order to promote the cooperation in space exploration, environment and most of all on the health programs. A large number of joint research programs and workshops were also developed and implemented as a result of the activities of the Science and Technology Sub-Commission.

Already affected by the Cold War the relations took a bitter turn when India conducted a nuclear test in 1974. India conducted the tests in capacity of a peaceful nuclear explosion to advance the country’s technical expertise in the nuclear technology.
The other factors that added to deteriorating relations were India’s alliance with the world power USSR, United States ties with Pakistan, India’s stance as Non-Aligment country and refusal to sign the Non-Proliferation Treaty initiated by the United States in the year 1969.

Despite the deteriorating the trade relations and minimum collaboration efforts by the two countries were kept alive. India and United States were involved primarily in 1970’s, and 1980’s too, on the development of aeronautics capabilities. The Government of India signed collaborative bilateral agreement with United States, under which a U.S. satellite, ATS-6, beamed educational programs to direct reception television sets to 2400 far flung villages exposing them to a new and immensely powerful medium of television. The two countries later shared their satellite technology capabilities to share the data related to weather forecasts and also focused on cooperation over satellite product development for atmospheric, land and ocean parameters.

In 1980’s the government began opening borders to trade and emphasized economic growth by increasing exports. India’s economy began a steady and sustainable rise. India with technology support from USA, delved more into space exploration and nuclear power issues. India directed her issues of nuclear power only for civilian purposes only and obtained nuclear fuel from United States. Under the leadership of Rajiv Gandhi, the two governments signed an agreement for the establishment of US-India Fund (USIF) in January 1987 to carry out joint activities such as workshops, exchange of scientists and experts, joint research programs, etc. in the field of education, culture and sciences.\textsuperscript{20}
Since 1982, the United States has been India's largest trading partner and the most important source of new collaborations and foreign direct investment. The year 1985 was the year from where the trade relations between the two countries started improving. The two countries had $4,100 million worth of trade in 1985 and 34 percent increase over 1980. India has maintained a positive trade balance ever since and has a continuous flow of resources from United States as well. After the cold war, a new interest in economic development led New Delhi to seek better relations with Washington and Washington to reassess its relations with Pakistan in favor of India.

The decade of 90s saw a remarkable improvement in the relationship between the two nations and thus the trade relations too. The cold War ended with the disintegration of USSR. This factor, coupled by Gulf War in 1991 and successive deficit budgets led to economic crisis in India. The then Finance Minister, Manmohan Singh introduced liberalisation of the Indian economy, which allowed for relaxed trade policies to foster international trade and eased out government policies to include the private sector investment in the public projects. The liberalisation drive initiated by Government of India led to reduction in tariffs, initiated exchange rate and banking reforms, and a significant reduction in the government’s control over private sector investment by removing licensing requirements. These reforms helped boost economic growth and led to an increase in Foreign Direct Investments flow to India in the mid-1990s. The annual FDI rose from about $100 million in 1990 to $2.4 billion by 1996, more than 33% being invested by the United States companies.

But when India detonated five nuclear weapons in May 1998, Washington was forced to re-impose economic sanctions, and mutual mistrust has generally guided
engagement since then. Though most of the restrictions have now been lifted, the grave concerns that continue to surround India's efforts to gain nuclear weapons and ballistic missile capabilities make the issue of helping India develop space launch and satellite capabilities more problematic.

Now, we discuss the economic sanctions which U.S. imposed on India immediately after the nuclear tests in May, 1998. Under these sanctions, U.S. suspended foreign assistance under the foreign assistance act, suspended foreign military sales and the Arms export control and revoked licenses for commercial sale of any item on the U.S. munitions list, stop any new commitments of U.S. Government credits and credit guarantees by U.S. government entitled (exim, opic, ccc). It also suspended most military to military programs, educational programs and official exchange visits. It denied exports of all dual-use items controlled for nuclear or missile reasons, and presumed denial for all other dual-use exports to government entities involved in nuclear or missile program. The U.S.A. government credits were specifically affected in the following manner. The U.S. Exim bank credits were immediately terminated for approximately US $500 million of U.S. exports to India in pending transactions. An additional U.S. $ 3.5 Billion of exports based on indications of interest received by the Exim Bank, could be affected in longer terms. The overseas Private investment cooperation (OPIC) was also affected. CCC to OPIC, existing contracts with India would be continued, but there would be no new transactions. In keeping with the close relationship developing between the U.S. and India, the U.S. government announced the waiver of sanctions imposed on India after the nuclear test conducted by India in May, 1998. The President signed into a Bill called the ‘Farmers Export Relief Bill’ on July,
1998 and reinstated credit guarantees for export of agricultural commodities to India. President Clinton decided to waive some of the sanctions on Nov. 6, 1998. Exim, OPIC and trade development agency programs in India were restored until October 21, 1999. The sanctions were lifted by removing the license review policy of denial of exports and re-exports of ‘nuclear proliferation (NP) and missile technology (MT)’ items and restoring the use of license exceptions for these items for entities not listed on the entity list. Now, the question arises that at what extent the Indian trade with U.S. effected after the sanctions imposed by U.S. on India? Why the U.S. announced the waiver of sanctions against India?

There are number of issues and problems that affect the trade and trade relations between these two nations. The Balance of Payments is one of them. It implies that “a statement of all the economic and financial transactions between companies, banks, private households and public authorities of one nation with these of other nations over a specific time period.” The export performance of Indian economy has not been good. Despite policies of imports substitution, the demand for imports has risen faster than exports and there has been a perennial balance of trade. The balance of trade declined sharply in the 1980’s though its effect of the balance of payments was held in check by foreign aid, foreign investments and most important, remittances of overseas resident Indians. India’s decades old policy (approximately 50 years) restricting imports to maintain a balance of payments, the United States sought a ruling from a world trade organization (W.T.O.) despite a resolution panel. After the panel sided with the United States, India agreed to lift tariff restrictions on more than 1,400 items. We can categorize these items into agricultural, textiles and consumer products following a WTO
ruling that these restrictions were no longer justified and the balance of payments. 
Provisions of ‘GATT’ Article XVIII:B. India has invoked the balance of payments’ 
justification for over 50 years. The Balance of Payments case resulted in the 
culmination of restrictive import licensing on most consumer goods; U.S. Industries still 
deal with India’s onerous licensing regime in other areas. While this hardly constitutes 
ideal dialogue in light of the ‘politicization of trade’ and penchant of both sides in the 
past to take unilateral action, the responsible and quite resolution of this dispute could 
herald the development of a mature relationship between the two democracies.

‘Property Rights Protection’ is another important issue that needs to be analyzed. 
According to the Uruguay Round, ‘Agreement on Trade Related Intellectual Property 
Rights’ (TRIPS), India is required to extend product patent Protection to all areas of 
technology. India’s patent protection is weak and has adverse effects on U.S. 
Pharmaceuticals and Chemical Firms. Patent act prohibits patent for any inventions 
intended for use or capable being used as a food, medicine, or drug or relating to 
substances prepared or produced by chemical processes. Many U.S. invented drugs are 
widely reproduced in India since product patent is not available. The U.S. complained 
to the WTO about India’s lack of intellectual property rights protection in the patent laws 
and asked India to strengthen them as per TRIPS agreement. The dispute settlement 
body of the WTO ruled India had not acted in a timely manner and that it should take 
necessary steps to fulfill its obligations by April, 1999. These obligations were to be 
fulfilled by India through legislative amendment to its patent act of 1970. The patents 
amendment act was passed by the Indian parliament in 1999 but it only partly fulfilled its 
obligation. India has failed to meet its January 1, 2000 deadline to fully implement its
TRIPS obligation including further amendments to its patent bill. India has until 2001 to fulfill the obligation.30

The other important issue is ‘quality of products’ used by India in exports to U.S. Indian standards generally follow international norms and do not constitute a significant barrier to trade requirements established in under India’s food safety laws are often outdated or more stringent than international norms but enforcement has been weak. India applies a range of SPS measures that have not been demonstrated as eased on science and therefore, do not conform to international standards or the WTO SPS agreement. India’s SPS requirement and restrictive and lacks transparency.31

This negligence in the trade and international trade laws made bad impact on the exports and imports and on the economy of the country. The Indian government should take necessary steps to avoid these hurdles and must look forward to boost up the trade.

In order for companies to sell on a world market a promotional program is desirably and possibly even necessary. International trade fairs offer customers the opportunity to examine industrial products first hand. A trade fair may be privately or governmentally sponsored. Many trade fairs are held especially in particular products. The international trade fair requires careful planning and trained personnel to explain the value of the products shown Trade fairs are the one of the most important technique to boost the trade.

India and America shares the distinction of being the world’s largest democracies, yet relations between the two countries have been steady and will need executive attention if they are to improve. Indian Prime Minister Atal Behari Vajpayee spoke
before the U.S. India Business Summit, recognizing that the U.S. is today India’s largest
trading partners and also a largest investors.32

Americans’ relations with India in educational, cultural, economic, technological
trade and commerce and related areas, has increased rapidly since India’s independence.
U.S. and India share the distinction of being the world’s great democracies. The U.S. is
the world’s leading nation in terms of the total value of foreign trade. U.S.A. is India’s
largest trading partner and premier export designation. India ranked 21st amongst the
countries that export to United States. Two way trade in 2000 totaled U.S. $ 14.35 billion,
reflecting an increase of nearly 100% since 1993. During the year 2000, India’s export to
USA increased by 17.65% in dollar terms, compared to 1999, but India’s exports from
USA marginally declined by 1.20%.33

India introduced a slow process of trade liberalisation two decades ago, but it was
only after sweeping policy reforms in 1991 that foreign trade markedly improved. Total
trade increased more than double between 1991 and 1999 from $ 38 billion to $ 80
billion. Total exports increased from $18 billion to $38 billion while imports rose from $19 billion to $42 billion. According to Economic Research Service, India’s trade is still
relatively in all compared to other large countries.34

U.S. Foreign Direct investments in India is concentrated largely is the banking,
telecommunications, manufacturing and financial service sectors. The U.S. is the biggest
investors in terms of FDI inflow in India. United States accounts for about 20% i.e. $ 3
billion, FDI investment from 1991-July, 2001.35 The FDI inflows from the U.S. constitute
about 16% of the total actual inflow into the economy. The overall FDI inflow approved
ratio is 19%. But during the last three years the ratio has improved to an average of 39%.
Under the generalized system of preferences (G.S.P.) Indian exports worth about US$ 1.1 billion enjoy duty free access of reduced duty access to the U.S. market. The GSP program expired on 30th June, 1999 and was renewed in December, 1999 with retrospective effect valid through 30th September, 2001. In 1997, the U.S. removed GSP benefits for a large number of products from India. On June, 2001, President Bush issued a proclamation announcing his intention to restore GSP benefits on certain items to India.36

The main joint business group for private sector co-operation is the India U.S. Council. This body has increasingly become more active in organizing promotional events. On March 21, 2000 President Clinton and Prime Minister Vajpayee issued a joint statement outlining a vision for Indo-U.S. relations for 21st century. The statement known as the ‘Vision Document’ resolved to create a closer and qualitatively new relationship between the U.S. and India. Its aim would be to (a) facilitate trade (b) maximize investment opportunity across a broad range of economic sectors including information technology infrastructure bio-technology and services.37

A document for the formation of terms of references for India United States Commercial Dialogue was signed by the U.S. Commerce Secretary Mr. William Daley and the Ministry of Commerce and Industry of India Shri Murasoli Maran on March 23, 2000. U.S. India Financial and Economic Forum envisaged the vision document covers finance and investment issues, macro-economics and international economic developments. On March 21, 2000 President Clinton announced ceasing of economic sanctions against India to restart the $ 25 million ‘Financial Institutions Reforms and Expansion’ (FIRE) program to modernize Indian financial markets. On March 24, 2000, he announced that
over $ 4 Billion worth Business agreements were signed during the visit. As the part of
this page, “the U.S. export – import bank will provide financing for small business
exports to India; guarantee rupee denominated loans to Indian importers and finance
purchase of ten Boeing aircrafts by Jet Airways.38

After discussing the bilateral relations between India and U.S., we come to know
that many institutions, associations and groups are working to increase the trade and
many agreements, Treaties and exchange of notes were signed to strengthen bilateral,
commercial, trade and economic relations and also to discuss trade related issues.

The composition of India’s exports has undergone a change over the years. Our
exports to the U.S. have been rising mainly on account of significant increases in the
exports of diamonds and textiles and ready made garments, machinery, carpets, footwear
and leather products, dyes, iron and steel products, chemicals, edible fruits, nuts, spices,
coffee and tea. A handful of items namely cut and polished non-industrial diamonds,
jewellery, textiles and clothing, carpets, shrimp and other marine products, foot wears
and leather goods, iron and steel, and cashew nuts, accounts for over 70% of total Indian
exports to the U.S. The traditional trade in goods, software exports from India to U.S.A.
had reached to $ 3.5 Billion mark in 2000, bring the two way trade to nearly U.S.$ 18
billion in 2000. There has also been a change in the composition of our imports from the
U.S. The chief items imported from the U.S. at present are machinery including project
items, fertilizers, aircrafts and aeronautical equipment, medical equipment and organic
chemicals.39

With the advent of new century came the new trends in trade. The internet
revolution was catching up with the entire world and e-commerce was coming into being.
E-Commerce led people to purchase products and services over the internet. The companies are also increasingly interacting with each other through E-Commerce. In United States the E-Commerce trade picked up in 1998 and as a result the on-line retail sales were at US $7.2 billion.

Due to economic slowdown of 2000 and subsequently followed by the World Trade Center Attacks of 2001 led to economic and security concerns for the companies. The multinational companies started outsourcing their technology departments and projects in order to implement their cost-cutting strategies. There were 10 countries initially selected for the implementation of outsourcing drive. India and Ireland are the top two countries who are the hotspots for the outsourcing ventures. In addition to low cost production of e-commerce solutions, highly skilled professionals of India are major reason for companies to invest in the technology ventures in India. As a result of technology outsourcing by the companies in order for the development of their e-commerce applications, the e-commerce in India has grown too. With a 44% share of the total IT outsourcing market, India is currently in the midst of an e-commerce revolution. The arrival of the Internet followed by the escalating growth of Web-based businesses is leading to e-commerce both on the B2B and the B2C sides. India’s e-commerce trade exports to United States are expected to reach US $ 50 billion by the year 2008.

Realizing the e-commerce potential and future scope of India, the government has taken pro-technology stance and the complex issue of taxation of e-commerce has been implemented by the government in an effective manner. The taxation policy of Indian government has been to invite a large number of companies to establish their technology businesses in India. The government has also announced tax reforms to infrastructure,
power and service companies who in any way provide services in the information technology sector.

In 2000, India ranked 21st among countries that exports to the U.S. But, the U.S. market is extremely competitive, requiring that Indian exporters continuously enhance then technological capabilities ensure high quality packaging and aggressive marketing of competitively priced products, backed by timely delivery and consistent maintenance of minimum and rising quality standards. E-commerce and globalisation have quickened the pace of change. Despite certain non tariff barriers that restrict entry (such as textiles and apparel quotas, strict sanitary and environmental regulations on import of food products), there is considerable potential to increase India’s share of the U.S. market. With this in mind, India is presently implementing a five year medium term export strategy 2000-2005.

The nuclear technology is increasingly becoming a substantial issue for India’s economy in order to address the civilian power use. This issue becomes more complex for India as India already is nuclear power with the nuclear tests conducted in 1998. With the recent visit of Prime Minister Manmohan Singh to Washington D.C., the supply of nuclear fuel for nuclear power stations in India is a possibility. But that could mean the exposure of civilian nuclear programs to the International inspections. India has always acted as a responsible nuclear state by restricting only to the civilian power purposes.

With the emergence of India as global leader in E-commerce and Information Technology outsourcing, India’s scope as an emerging world power is in vision. With the current government investing heavily in infrastructural development, supplemented by high-end technology growth and outward looking policies and very highly qualified and
skilled professionals, India is poised for a quantum leap of the century. United States on the other hand has been a long term trade partner of India.

Over the years, American assistance to India’s industrial development has exceeded $2,300 million more than the total development aid extended to India by any other country. In the early years, America helped establish new industrial projects to manufacture aluminum, ball bearings, chemicals, paper, plastics, rayon, and other products. At this stage of development, India required foreign aid largely to build up these industries.
END NOTES


9. Ibid.


13. Ibid.


15. World Trade Almanac, Eco, Marketing, trade, cultural, legal and travel surveys for the world’s top 100 countries, California. 1996-97. P.351.

16. Ibid.


21. Ibid:


23. Ibid.


38. Ibid.