Indo-U.S. Relations in the Post Cold - War Period (1992-2006)

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Preface

Indo-U.S. relations constitute important and influential relations in this world politics. It influences not only the U.S.-Pakistani and the Sino-Indian relations to a great extent; ‘Indo-U.S. relations in the post-Cold War period (1992-2006)’ has been the title of the present dissertation.

Beginning against the background of the U.S.-Pakistani Arms Assistance Agreement of 1954, the Indo-U.S. relations had witnessed many ups and down in the following years. For example, there had been flourishes in Indo-U.S. relations in the early years of 1960s under the Kennedy Administration. This ascent in relations continued until the mid 1960, when the U.S. changed its South Asia policy and adopted a balanced relationship vis-à-vis India and Pakistan in the subsequent years until 1970. The Seventies saw a pro-Pakistani tilt in the context of the Bangladesh crisis, Indo-Pakistani War (1971) and the developing Sino-U.S. detente in the 1970s. The Seventies decade, thus, saw India and the USA antagonized towards each other. The Eighties witnessed India, rejecting the anti-U.S. policy of the 70s and giving more attention in the development of its relations with the U.S. in lieu of the USSR.

During the post-Cold War era, marked mainly by the demise of the erstwhile Soviet Union, the United States launched a pro-India policy defying its long-standing friendship with Pakistan. The post - Cold War years have witnessed an increasing Indo-U.S. engagement in many dimensions, mainly in the fields of economic, scientific and technological co-operations, nuclear technology, strategic collaborations and diplomatic collaborations. In 2008 ‘Indo-U.S. Civil Nuclear Agreement’ (123 Agreement) has been signed between the two countries. This growing all-round cooperation between India and the United States have, somewhat, agitated China and Pakistan in the present strategic scenario of South Asia.

The topic of the present dissertation is the “Indo-U.S. Relations in the Post - Cold War period (1992-2006)” . It is split up into seven chapters.

The first chapter is ‘Introduction’, deals with background, Research Methodologies, Hypotheses and Literature Survey etc.
The second chapter is, ‘Indo-U.S. Relations during the Cold War Period’. It discussed different phases and aspects of Indo-U.S. relations.

The third chapter is, ‘Indo-U.S. Diplomatic Ties in the post - Cold War period’. It highlighted how Pakistan and China factor has been playing an important role in Indo-U.S. relations.

The fourth chapter is ‘Indo-U.S. Economic, Scientific and Technological Cooperation’. It discussed on India’s economic, scientific and technological engagement with the U.S.A.

The title of Chapter five is, ‘9/11 Incident: U.S. Attitude towards Terrorism vis-à-vis India and Pakistan’. This chapter focused on the American changing perceptions towards India vis-à-vis Pakistan. It also highlighted the strategic cooperation between the two countries regarding counter terrorism.

The chapter six is, ‘India’s Nuclear Links with the USA’. This chapter dealt with India’s growing nuclear relations with the USA. Various aspects of ‘Indo-U.S. Civil Nuclear Agreement’ have also been discussed in this chapter.

The last chapter (seventh) is ‘Conclusion’.

In writing this dissertation, I have depended both on Primary and Secondary sources. I have studied Government’s Reports, Documents, Speeches of various dignitaries as well as Books, Journals, Magazine, New papers, Websites etc. I have used the various Libraries; some of these are as follows: American Center’s Library (Kolkata), The National Library (Kolkata), Ramkrishna Mission Library (Golpark, Kolkata), Central Library of the University of Burdwan (Golap Bag), Departmental Library of International Relations (Jadavpur University), State Central Library (Kolkata), and Jawaharlal Nehru University Library (New Delhi). I also used the Library of Osmania University Centre for International Programmes (Hyderabad).
Acknowledgements

I would like to thank all who helped me in various ways.

Dr. Abhijit Ghosh, Associate Professor, Department of Political Science, The University of Burdwan, (Golapbag, Burdwan, 713104, W.B., India), my devoted supervisor, who helped, advised and encouraged me from the beginning of this research work. Without his heartily contributions it was impossible for me to done this research work.

I am grateful to my respected sir Prof. Apurba Kumar Mukhopadhaya (Netaji Institute for Asian Studies, Kolkata). I am thankful to Dr. Swagata Ghosh (Department of Political Science, City College, Kolkata). I am also thankful to my colleagues, especially to Dr. Sudipta Chakraborty, Prof. Bimalendu Ghosh, Prof. Kalyan Kumar Sarkar, Prof. Piyal Bhattacharya and Prof. Partha Roy of Kanchrapara College, 24 Pgs (N), who inspired me in various way. I am thankful to my friend Sri Arup Bhattacharya, Sudipta Banerjee and Arindam Dutta. Last but least I am thankful to my parents (Manik Nandy and Biva Nandy), my sister (Bulbul) and my wife (Jayasree) without their inspiration I could not be able to achieve this point in my life.

I am thankful to my all of teachers in Department of Political Science (The University of Burdwan) who inspired for my work. I am deeply grateful to Department of International Relations, Jadavpur University, Kolkata which helped me in many ways. During my research work I have used several libraries. For example The National Library, Kolkata, The Ramkrishna Mission Cultural Center’s Library, Kolkata, American Center’s Library, Kolkata, British Council Library, Kolkata, State Central Library, Kolkata, Central Library of The University of Burdwan, Golapbag, Jadavpur University Central Library, Departmental, Library, The Library of Centre for Strategic Studies, J.U., Taraknath Das Research Centre, J.U.. I also thankful to Centre for Studies in Social Science Library, Kolkata, Maulana Abul Kalam Azad Institute of Asian Studies, Kolkata, Netaji Institute for Asian Studies Kolkata. I convey my gratefulness to Osmania University Centre for International Programmes (previously known as American Research Centre), Hydrabad, Jahanlal Nehru University Library, New Delhi, and Centre for Soviet Studies, New Delhi. The members of these Libraries and Research Centers provided me with valuable documents, reports and other sources. My thanks to them know no bound. I am thankful to various authors and dignitaries who have written on Indo - U.S. relations.

In this small space it is next to impossible to reveal my sincere acknowledgements to all of you.

Date:
Place:

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( III )
**Abbreviations**

ACDA – Arms Control and Disarmament
ADB – Asian Development Bank
AEA – Atomic Energy Act
AEC – Atomic Energy Commission
AID – Agency for International Development
ASEE – American Society for Engineering Education
BEM – Big Emerging Markets
BJP – Bhartiya Janata Party
CECA – Comprehensive Economic Cooperation Agreement
CENTO – Central Treaty Organization
CIA – Central Intelligence Agency
CPIM – Communist Party of India (Marxist)
CSCAP – Council on Security Cooperation Asia-Pacific
CSF – Cyber Security Forum
CSH – Child Survival and Health
CTBT – Comprehensive Test Ban Treaty
DA – Development Assistance
DME – Development Market Economics
DPG – Defense Policy Group
EEP – Export Enhancement Programme
ESF – Economic Support Fund
FBI – Federal Bureau of Investigation
FDI – Foreign Direct Investment
FICCI – Federation of Indian Chambers of Commerce and Industry
FMS – Foreign Military Sales
FTA – Free Trade Agreement
GAAT – General Agreement on Tariff and Trade
GDP – Gross Domestic Product
GOI – Government of India
GWOT – Global War on Terror
HTCG – High Technology Cooperation Group
IAEA – International Atomic Energy Agency
IIPA – International Intellectual Property Alliance
IMET – International Military Education and Training
INCLE – International Narcotics Control and Law Enforcement
IPR – Intellectual Property Rights
ISI – Inter Services Intelligence
ISRO – Indian Space Research Organization
IT – Information Technology
KTI – Knowledge Trade Initiative
LCA – Light Combat Aircraft
LOC – Line of Control
LPG – Liberalization Privatization Globalization
MNC – Multi National Corporation
MoU – Memorandum of Understanding
MSEB – Maharashtra State Electricity Board
MTCR – Missile Technology Control Regime
NADR – Nonproliferation, Anti-Terrorism, Demining and Related
NAFTA – North American Free Trade Agreement
NAM – Non Alignment Movement
NASA – National Aeronautic Space Administration
NATO – North Atlantic Treaty Organization
NDA – National Democratic Alliance
NDFB – National Democratic Front of Bodoland
NEP – New Economic Policy
NIST – National Institute of Standards and Technology
NPAS – Nuclear Proliferation Assessment Statement
NPT – Non Proliferation Treaty
NRC – Nuclear Regulatory Commission
NSA – National Security Advisor
NSG – Nuclear Supplies Groups
NSSP – Next Step in Strategic Partnership
NSSP – The Next Steps in strategic Partnership
PGT – Patterns of Global Terrorism
PL – Public Law
POTA – Prevention of Terrorism Act
RBI – Reserve Bank of India
RSS – Rashtriya Swayamsevak Sangh
SEATO – South East Asian Treaty Organization
SEZ – Special Economic Zone
SIMI – Students Islamic Movement of India
ULFA – United Liberation Front of Assam
UPA – United Progressive Alliance
USA – United States of America
USDA – US Department of Agriculture
USIBC – US India Business Council
USIS – United States Information Service
USSR – Union of Soviet Socialist Republics
USTR – United States Trade Representative
WMD – Weapons of Mass Destruction
WTC – World Trade Centre
WTO – World Trade Organization

( VI )
Chapter - 1
Introduction

India and the United States have witnessed several ups and downs since 1950s. They have been marked by chilling bitterness and sometimes by friendly accommodations. Although my research mainly focuses upon the post Cold War period, but for clear understanding the relations between the two countries have also been discussed in the Cold War detente and the neo Cold War phases.

The main problem which I have intended to deal with is the nature and functioning of U.S. - Chinese - Pakistani triangle and how China and Pakistan play mediatory roles in Indo-U.S. relations do. That is why China and Pakistan are dissatisfied with the U.S.A.’s recent measures against India. Apart from this, the dissertation has described the importance of Indo U.S. relations in the post Cold War scenario. The raison d’être in the strategic friendship of the two countries have been pointed out. It has also explored the reasons why there has been a change in the attitude of the United States towards India in the post Cold War era, that has been testified too by namely the joint naval and air exercises together.

Many articles have been published on Indo-U.S. relations. But my research is different from all of these. I have especially tried to show why India’s relations with the United States of America have been at times, friendly. The reasons which play contributing roles in making good relations have been elaborately discussed in my thesis; I have also highlighted several reasons which have been responsible for misunderstanding and enmity in the bilateral relationship. The role of China and Pakistan in the realm of Indo-U.S relation has also been mentioned. America’s changing perception on India and latter’s several diplomatic measures have also been highlighted in my thesis. I have intended to explore reasons, why the U.S.A. regards India as a potential power.
Actually Indo-U.S. relations in the post Cold War period are a complex bilateral problem which is variable. **The objectives** of my research would be

1. To find out the real chemistry of bilateral relationship between the world’s two largest democracies;

2. To find out why India and the U.S.A. regard each other as diplomatic collaborators;

3. To find out the reasons why the two nations have a mutual strategic interest in having close relations;

4. To find out why India changes its nuclear policy in tune with America in order to have a pro American orientation;

5. To find out the reasons for India’s shift from non-alignment to the U.S.A.’s ally.

**Testing of Hypotheses:** The present study is based on the following hypotheses:

1. After the Cold War India is not getting utility hardware and diplomatic support from Russia and other Republics of the former Soviet Union. So India was rather forced to unveil a new chapter of relationship with the U.S.A. to suit its national interest.

2. In the post-Cold War period, India has adopted a new bilateral economic policy.

3. In the immediate post-Cold War period, India has lost its strategic importance, once attached by Moscow during the Cold War era. Rather, in the post-Cold War years, this has been replaced by improved Indo-U.S. ties as evidenced, by the joint naval and air exercises by the two countries.

4. The U.S.A. being a victim of global terrorism wants India to support its fight against terrorism.
5. Both Washington and New Delhi have separate interests in concluding the Civil Nuclear Deal.

**Research Methodology:** The present dissertation has followed a historical approach. That is, a broad descriptive method has been adopted *viz.* the description of the two countries, politico-diplomatic and economic relations. Besides, a historical description of Indo-U.S. relations of the Cold War period has been studied.

Moreover, I have also frequently traveled various libraries for books and articles, which I have consulted thoroughly for my research.

Apart from these, some times the content analysis method has been used to my research. Moreover, the observational method has been some times followed in the sense that I have observed copiously on the Indo-U.S. political, economic and scenarios.

**Review of Literature:** I have come across, in course of my research, many books and articles, which are mentioned below.


- Jawaharlal Nehru, *India’s Foreign Policy: Selected Speeches. September, 1946 - April, 1961*, Publication Division, Govt. of India, Delhi, 1961.


• Amitabh Matoo (ed.), *India’s Nuclear Deterrent: Pokhran II and Beyond*, Har Anand, New Delhi, 1999.


• Sumit Ganguly (ed.), *India’s Foreign Policy: Retrospect and Prospect*, Oxford University Press, New Delhi, 2011.


**Chapterization:** The research work has been split into the following seven chapters.

In **Chapter 1**, an overall introduction to the relations between India and the United States has been done chronologically. It has discussed the existing literature in the area and the distinctive character of study. In these chapter hypotheses, research methodology has also been mentioned.

In **Chapter 2**, I have discussed on Indo-U.S. relations during the Cold War period. In this chapter focus was given on various aspects of bilateral relations. India recognized the importance of the U.S.A. since the very dawn of Indian independence as early as 1944 Nehru wrote that, the United States of America has astonished the world by their stupendous production and organization in the world.¹ In his speech in both Houses of U.S. Congress on October 13, 1949 he stated that “there is much in common between them and friendship and cooperation between our two countries are, therefore, natural”,² a stance which has been carved further by almost every Indian Government and the U.S. Administration.³ The fact however remains that till 1980’s more so till 1970s their relations were marked by confrontation than cooperation, by dramatic oscillation...... by tension and suspicion.⁴
Actually in the Cold War period relation between India and the United States marked by utter suspicion and hostility, *albeit* it improved to some extent during the time when John F. Kennedy was the President of the U.S.A. Initially, India was offered the arms and economic assistance by the United States. But, since the late Indian Prime Minister Jawaharlal Nehru spurned the offer in the context of the beginning of the Non-Alignment Movement (NAM) and adopting a neutral foreign policy, Pakistan was given the offer and the two countries Pakistan and the United States - signed the Mutual Defense Assistance in early fifties. Secondly, there was slight improvement in Indo-US relations, during the Kennedy period when the communist China allegedly invaded India in 1962. In 1971 on the issue of Bangladesh war and the atrocities committed by the West Pakistani soldiers on the unarmed Bangladeshi civilians, the U.S.A. supported Pakistan. Relations between the two countries further deteriorated during the remaining part of the seventies.

There was a change in the New Delhi- Washington relations during the new - Cold War period since 1980. During the period, India accorded greater attention to the United States vis-à-vis the Soviet Union and tried to improve relations with the U.S. and also with Pakistan. Mrs. Indira Gandhi showed scant attention to the USSR was confirmed by her postponing of the Moscow visit (which was to be held earlier) to September 1982 and advancing her visit to Washington in the middle of 1982. Mr. Rajib Gandhi, during his regime adopted a pro-U.S. Policy to foster bilateral relations.

*Chapter 3* has delineated the reason for the decline in the strategic importance of India in Moscow’s perception and its strategic value to the U.S. It has described the joint naval and air exercises between the two countries. It has also shed light on Washington’s their importance as factors in Indo-U.S. relations. This chapter has highlighted the strategic importance of Russia in Indo-U.S. relations. The Indians largely abandoned their reflexive opposition to American strategic,
economic and diplomatic policies, evincing a new openness to pursuit of mutually beneficial endeavours. While determined to avoid becoming a pawn in U.S. efforts to contain China, the Indians realized that a closer relationship with the U.S. could help them to fill vacuum left by the Soviet Union's fall and also to balance against rising Chinese power.\(^5\)

In Chapter 4 Indo-U.S. economic and technical and scientific relations have been discussed. In 1990’s American relations with India were focused mainly on market economy. In 1992, Narashima Rao’s Government had taken the policy of liberalization and open market economy, which brought into India a host of American multinationals. The Government of India had also directly approached some of the important U.S. industrialists and business houses for investing in the country. The U.S.A. already invested in the core sectors of the economy like hydrocarbons, power, electronics, computers, insurance, banking and developments of natural resources. The American investments and economic interactions have an ascending curve. The proposed cooperation between the two states has developed through a series of reciprocal steps.

In Chapter 5 I have discussed the 9/11 incident and the U.S. attitude towards global terrorism. I have further explored the comparative relations between the U.S.A. and Pakistan the one hand and with India on the other. This chapter has also throw light on the U.S. action in Afghanistan. In the aftermath of 9/11, the focus of global challenges was on combating terrorism. India was clearly beneficiary of the U.S. policy to remove Taliban from the power in Afghanistan counter terrorism remains an active fact of Indo-U.S. ties.\(^6\) On hearing of the terrorist attacks on the United States, Prime Minister Atal Bihari Vajpayee convinced his key advisers and they quickly decide that India would offer its full support for the U.S. war against terrorism. I have searched the reasons why U.S.A. gave importance on India’s cross-border terrorism problems.
In chapter 6 I have discussed on India’s nuclear links with U.S.A. This chapter also mentioned various aspects of the ‘civil nuclear deal’, which was concluded between the India and U.S.A. India’s growing energy consumption rising oil prices, the volatility of hydrocarbon producing region and the emissions implications of fossil fuel power at this Juncture. Indeed, the Indo-U.S. nuclear deal did not happen in isolation from global energy developments.

The three years long effort to set up the Indo-U.S. civil nuclear deal has finally concluded successfully. Political disagreements in India over the deal, leading the left parties had withdrawn support from UPA Government. However, the Government survived the ensuring no confidence motion with the support of other parties and now formally approved by the IAEA Board of Governors. The nuclear deal is unquestionably beneficial to us, it is not going to solve India’s energy problems, or even provide 20 percent of India’s energy requirements by the year 2030. The impact of the deal on our nuclear weapons programme is more complicated than its civilian counterpart. There are two aspects of this question that have agitated the minds of critics of the deal in India. One is the possible infringement of India’s freedom to conduct nuclear tests in future. The second is the deals impacts on size of India’s arsenal of nuclear weapons, which is related to our ability to produce and process enough fissible materials for the purpose. The Indo-U.S. civil nuclear deal will remain in force for a period of 40 years and will continue in force thereafter for additional periods of 10 years each unless either party gives notice to terminate it 6 month’s before the end of a period. More over, either party has the right to terminate the agreement prior to its expiration on 1 year’s written notice to the party. I have also discussed whether the agreement would reinforce the growing bilateral relationship between two vibrant democracies or not.

Chapter 7 is conclusion in which I have mentioned the short over view of my research, hypotheses has been tested and suggestions are also given. My humble submission is that my work
is altogether different from others. My work concentrates on working of the two triangles: U.S. -
India - Pakistan and U.S.-India-China. My thesis has examined the impact of Pakistan and China
on Indo-U.S. relations, i.e.; to what extent these two countries, China and Pakistan figured in the
linkage between New Delhi and Washington.

My current research work is based on both primary and secondary sources. I have collected
these sources from the following:

I have taken help from University Libraries, Public Libraries and others Centers of Studies
Libraries. I have used National Library, Kolkata, The Ramkrishna Mission Library, Kolkata,
American Centers Library, Kolkata, British Council Library, Kolkata, State Central Library, Kolkata.
I was also frequent visitor to Burdwan University Central Library, Departmental Library of
International relations, Jadavpur University, School of Strategic Studies, Library, Jadavpur University,
Taraknath Das Research Centre (Department of International Relations) Library. I also worked
for my thesis at Centre for Studies in Social Science, Kolkata, Maulana Abul Kalam Azad Institute
of Asian Studies, Kolkata, Netaji Institute for Asian Studies, Kolkata, Osmania University Centre
for International Programmes (previously known as American Study Research Centre), Hydrabad,
Jahwarlal Nehru University Library, New Delhi. The members of these libraries and Research
Centers provided me with valuable documents, reports and other sources. My thanks to them
know no bound. I am thankful to various authors and dignitaries who have written on Indo-U.S.
relations.

Notes and References

1. Jawaharlal Nehru, The Discovery of India, Asia Publication House, New Delhi, 1946, p. 556.


8. Ibid.
Chapter - 2
Indo-U.S. Relations in the Cold War Period

Although the concern of the thesis is to delineate Indo-US relations during the post Cold War period, the primary focus of this chapter is to discuss the relations between the two countries during the Cold War period since India gained its independence in 1947. Another point to be observed is Pakistan. Pakistan plays an important role in the evolution of Indo-US relations. Any positive movement between the USA and Pakistan has invariably negative implication for Indo-U.S. relations. Actually Indo-U.S. relations during the post Cold War have witnessed many ups and downs, marked by the chilling bitterness, and some times, by friendly accommodation.

Indo-U.S. Relations: The Beginning and U.S.’s South Asia Policy in the 1950s

There was a favourable development in the Indo-U.S. relations in the period immediately after the Indian independence. The U.S.A. had a fully sympathetic attitude towards India’s tumultuous struggle against the British.¹ The democratic ideals of America also greatly fascinated the Indian leaders, especially Nehru, and they tried to develop intimate relations with the USA. Nehru’s first visit to the United States in 1949 was not much of a success. There was no positive chemistry between the down to earth President Truman and idealistic Prime Minister Nehru who thought that the new World order can be structured on purely moral principles. The American leaders did not quite know how to deal with the new Prime Minister of a former colony whom they did not expect to be so self-assured and insistent on India’s pride and independence, especially when India was seeking economic and technological assistance from them.

During the first decade after India’s independence, much of the US foreign policy was based on the British perceptions and advice.² The U.S. failed to deal with India directly in the
context of India’s perceived interests and Indian sensitivities. This was quite apart from the differences, between the two countries on strategic and security matters.

Neither the Cold War, nor anti-colonialism caused the first bilateral difference between the United States and India. The problem arose over the unfinished business of partition -the dispute over the princely state of Jammu and Kashmir. The American administration looked at the Kashmir issue quite differently. Washington regarded the problem as a serious dispute between the two countries with which the United States had friendly relations, but not as an issue involving vital U.S. interest. Kashmir also appeared to be the type of regional dispute that the United Nations should be able to resolve, especially as India’s original suggestion for a plebiscite provided a basis for settlement. George Mc. Ghu, Assistant Secretary of State for Near Eastern and South Asian Affairs asserted that, “We wanted to avert full-scale war between India and Pakistan - this was always a threat. Our effort failed - because of Nehru.”

Apart from Kashmir issue in the beginning of Cold War period, there were other issues, which made differed views of the two countries like International control of atomic energy question, Palestine and the creation of Israel, Indonesia and Indo-China issues.

India did not approve of the American policy of containing communist Soviet Union and China through system of military alliance and sought to promote a climate of peaceful co-existence and co-operation by recognizing the vital differences between their political and economic institutions and its own. India’s policy towards China specially offended the Americans. Nehru’s mild stand on the Chinese invasion of Tibet, dissociation with American move to brand China as an aggressor in Korea and opposition to the United States Sponsored ‘Uniting for Peace’ resolution of November, 1950 greatly irritated United States. India’s attitude towards the peace Pact between USA and Japan concluded at San Francisco in September 1951 also caused some bitterness in Indo-American
relations. India not only refused to take part in the conference but also criticized the American move not to invite Soviet Union and China to the conference.

Actually Washington had begin a friendly attitude towards India and offered an extended aid and weapon policy. But Nehru rejected the U.S. offer. One of the irritating issue and that emerged in the relations between Washington and New Delhi on Peace Treaty with Japan. In the mid 1951 Indian Prime Minister decided that India would not sign the treaty. The Prime Minister believed that treaty should have included the Soviet Union and the Communist China was also unhappy about the security arrangements between Japan and the United States.\(^5\)

North Atlantic Treaty Organization (NATO) was established in 1949. A few years later the South East Asian Treaty Organization (SEATO) and the Central Treaty Organization (CENTO) were born. The US would have welcomed India’s membership on of these Asian military alliances. Neither of these had however happened.\(^6\) Having received cold shoulder from Nehru, the United States turned to Pakistan for alliance, which became members of both SEATO and CENTO. Pakistan, of course, was not sincere in its joining anti communist military alliances. It did not perceive a threat from Russia or China. India’s policy enraged the American authorities and American enthusiasm for India diminished. Being, thus, snubbed by New Delhi, Washington now approached Islamabad and offered a bouquet of economic and arms assistance to Pakistan. There was, therefore, signed in May 1954, the Mutual Defense Assistance Agreements and founded a system of military alliance in Asia.\(^7\) After, the US military supply to Pakistan became a major irritant in Indo-U.S. relations. Bilateral relations was embittered and anti American elements and sentiments were strengthened in India. The U.S. military Pact with Pakistan changed the whole context of the problems existing between India and Pakistan. The bilateral Indo-Pak relations assumed a triangular relationship, with the United States as the third party.\(^8\) Thus the military alliance “Sharpened Indo-
Pak relations. It became a constant factor in the reaction and counteraction which characterized the subsequent relations between the two suspicious neighbours.”

The American choice fell on democratic India as a counterforce to communism in Asia, But the United States was sorely disappointed when Nehru refused to be drawn into the Cold War and decided to follow the policy of non-alignment or equal friendship with both blocs. Having failed to secure Indian support for its policy, the United States ultimately turned to Pakistan. America demonstrated a frankly hostile attitude towards India’s policy of non-alignment. John Foster Dallas criticized India’s neutralism as an impartial and shortsighted policy. Vice President Nixon also advocated that this military assistance to Pakistan was an anti-dote to Nehru’s policy of India. Huge amount of sophisticated military weapons were provided to Pakistan to maintain military parity between India and Pakistan. Baldev Raj Nayar, while analyzing the role of supply of arms to Pakistan as a factor in Indo-American relations, stated that the search for military parity between India and Pakistan was the cardinal principle of the American post war policy in South Asia. To minimize the damage to the U.S.-Indian relations, President Eisen Hower, wrote to Prime Minister Nehru, stressing that military aid for Pakistan was not actually directed against India, assuring him that America would come to India’s help if Pakistan were ever to use this arms for aggression against India and offering to give sympathetic consideration to any Indian request for arms.

However, the U.S- Pakistani military assistance adversely effected Indo-U.S. relations shortly after the United States agreed to supply arms to Pakistan. The American Ambassador to India, George V. Allen, describe to the Committee on Foreign Affairs of the House of the Representative’s the effect of the development on Indian opinion, according to him, had been all along generally very friendly towards the United States. The Ambassador said, “There is one issue upon which perhaps 95% or more of the India’s are united in opposition to the USA: That is the
only issue on which there is strong feeling. It is the question they are all against us.” 11 The cause on which America embarked embitters relations with India and a continuing supply of ammunition to anti American elements. Far from promoting stability on the sub-continent, the military aid pact intensified deviation Pakistani and Indian intransigence in respect of outstanding issues, and thereby hindered Indo-Pakistani reconciliation.

Pakistan in reality wanted to be strengthened against India. She needed modern arms in an appreciable quantity to counter balance India’s power position. It could not acquire these arms with its own financial resources. Pakistan joined the Western alliance to obtain arms easily and also to get support on the Kashmir issue. It had long been Pakistan’s ambitions to attain ‘Parity in military’ strength with India. Thus it could do only by borrowed power. Pakistan received some $730 million in offensive military equipment like Patton tanks, F-86 sabers and F-104 star fighters etc, plus 1.3 billion in communications equipment training programmes.

However, Eisenhower was not satisfied on the downturn in Indo-American relationship. He was not fully antagonistic towards India moreover sympathetic to former colonial states. He worried that if the West failed to support de-colonization and economic development, the countries of Asia and Africa would become independent any way and find communism attractive. 12 In the early days of Eisenhower period, India’s economic development was not a popular theme to him. One of the secretary Dulles first decisions regarding India was, indeed, to slash the economic assistance request for fiscal year 1954 by 30% to $140 million.

Actually speaking in this time the United States had been too soft with the Indian’s on aid. According to American Administration the main focus continued to be on agriculture and rural development with the Community Development Program initiated by Bowles the top priority activity. The US Government allocated $ 104 million for India to increase on overall economic development.
In 1954, a new agricultural commodity bill Public Law (PL) 480 also became law. PL-480, as it was soon known permitted the U.S. Government to dispose of mounting surplus farm products in return for blocked rupees. Washington supported the push for increased assistance for India. In the beginning of 1956, U.S. secretary Dulles and ambassador to India, John Sherman Cooper, (former Republican Senator from Kentucky) proposed a larger aid program to provide substantial U.S. support for the India second Five year Plan. Cooper justified the boost in assistance in terms of countering the increased Soviet effort to penetrate South Asia and of supporting India’s efforts to develop her economy by democratic means. The U.S. envisaged up to 5 million tons of food grains over three years to India in this time.

**American Policy Towards India in 1960s**

The decade of 1960s witnessed a slight alteration in the U.S.- India relations. Ideology played a part here. The outbreak of war between China and India in October 1962 represented ultimately a clash between the two systems of communism and democratic socialism. Here the U.S.A. supported India in its fights against China and advanced limited arms assistance to India. *Cuban Missile Crisis* of 1962, when the Soviet policy of compromise was vehemently criticized by China, which called Moscow a ‘coward’. However during Indo-China Border War American anti-communist attitude was demonstrated. The American Administrations was concern with China than with the U.S.S.R. was increasingly vexed by the Sino-Indian war of 1962. Not only that Kennedy desired China to be contained, and even extended subsequently a limited an arms and economic assistance to India.

Being concerned now more with how to counter China and contain communism, the United States adopted a balanced policy towards Pakistan and India, i.e. favouring former and going somewhat against the latter. This considerably symbolized an important in the Indo-U.S.
relations in the comparison with the earlier decades. In early 1960’s U.S. Administration announced, India would get modest military assistance to India. U.S. Defense Secretary Robert Mc. Namara declared, U.S. Sec a very real need for India to improve the quality of its defenses against the Chinese threat.

India’s global role and its pacifist thrust were delivered by the India-China War of 1962. The war revolved around the issue of clashing claims on borders, with India maintaining that the borders were defined by teary, custom and geography, while China argued that they were a colonial inheritance and therefore, unacceptable.\textsuperscript{16} After July 1962, the Chinese began to stiffen their stance, threading a forward policy of their own in the North East Frontier Agency, if India continued to refuse to back off in the Aksai Chin. According to Allen Whiting, then the state Departments Senior China intelligence officer, the Chinese acted to “assure victory in combat should deterrence and diplomacy fail in hitting the forward policy and bringing Nehru to the conference table.”\textsuperscript{17} On June 30, 1963, President Kennedy and Prime Minister Macmillan reaffirmed their policy of continuing to help India by providing further military aid to strengthen her differences against the threat of renewed Chinese communist attack.\textsuperscript{17(a)}

The conflict with China introduced a new element in Indo-U.S. relations. Washington was strongly wanted to stop Chinese influence in South Asia. But it was not planning on any huge assistance either to buildup India militarily or to boost Indian economy on a scale which many in India had began to hope for.

In February 1964 the U.S. administration announced India would get modest military assistance to India. U.S. Defense Secretary Robert Mc. Namara declared, U.S. see a very real need for India to improve the quality of its defenses against the Chinese Communist threat, and, U.S. also believe it is in our national interest to assist India. U.S. believed that India should be able
to defend itself against Chinese communist aggression. Generally it was expected that the Chinese aggression against India and America’s friendly and timely assistance in her time of need, would help cement Indo-American ties. But it does not happened for some reasons.

In 1964, U.S.A. had signed a treaty with India for establishment of an India’s largest fertilizer plants in Vishakhapattanam. U.S.A. sanctioned Rs. 23.6 crore loans for fertilizer plant. In that time decision was taken that, two American companies will invest $ 6.08 million in foreign exchange in shares of Coromandal Fertilizers Limited and both companies will bring to the project extensive and successful experience in operating a number of fertilizer plants in the United States.

During his Washington visit in May, 1964 India’s Defense Minister Y.B. Chavan said that “India had sufficiently increased its defense potential and if the Chinese repeat their attack of October 1962, we will be able to give a better account of ourselves this time.” In Washington visit Mr. Chavan explained the Indian defense plans broadly and reiterated India’s need for all weather supersonic jet fighters.  

India had planed for getting U.S. help in defense sector. It requested 550 million in dollars in grants and credits over a five year period to develop its defense establishment and production facilities to meet any possible future attacks from China in mid of 1964. During that time, Union Minister for Commerce Mr. Manubhai Shah talked in the United States for the import of 360,000 bales of U.S. cotton under PL-480, increase of quota of Indian sugar for the U.S. market, increased export Indian textiles of non-restricted variety to the U.S. launching of a sale promotion programme.

In the mid 1964 the U.S. Ambassador to India Mr. Chester Bowles, announced the authorization of for long term, low-interest loans totaling $62.3 million to the government of India to promote India’s economic growth. The new loan covers the import of steel, lubricants, machinery
parts, sulphur, rubber, tyer cord, carbon black, caustic soda, chemicals and wide range of components and materials.

**Indo-Pak War:** Another issue which acted as catalytic agent in the pronouncement of the U.S. policy towards India was eruption of the disputes of India and Pakistan on Kashmir and ultimately the war between India and Pakistan in 1965. The U.S.A. supported Pakistan vis-à-vis India; it could not continue much with its declared policy towards Pakistan due to the balanced approach of the U.S.A. towards South Asia.\(^{19}\) The U.S. Pakistani military assistance adversely effected Indo-U.S. relations.

In this fighting, Pakistan is said to have used medium 45-ton American Patton tanks. Photographs of such tanks, taken by an Indian Air Force Pilot over Barbet on 26 April, were realized on 28 April by the Indian Defense Ministry spokesman to support India’s charge that Pakistan was using the equipment it had received under the SEATO and the CENTO arrangements.\(^{20}\) However U.S. foreign policy in the 1965 war pleased neither India nor Pakistan. U.S.A. had failed to prevent the use of U.S.’s arms despite repeated promises that it would do so. Washington’s even-handed action in stopping military and economic assistance to both countries also irked New Delhi, for there seemed little doubt that Pakistan started the trouble by launching operation Gibraltar.\(^{21}\)

There was little interaction between Lal Bahadur Shastri and President Johnson during the formers short one and half year tenure as Prime Minister of India. The only point of active Indo-U.S. contact was the Indo-Pakistani war 1965. U.S. Government did not inform to India about Pakistan’s adventurous intentions and US arms being used against India during the war.\(^{22}\) It was one of the causes, for which Washington’s attempts as a mediator in the conflict did not fruitful. However after end of the war Lal Bahadur Shastri and Ayub Khan signed Tashkhent Agreement.\(^{23}\)
During the fall of 1965, after the end of the India-Pakistan war - there was much discussion about rescheduling the Shastri visit to Washington. Although politically strengthened by his handling of the war, Shastri still badly needed the US aid to deal with an increasingly difficult economic situation. The food crisis was part of a larger financial problem that India faced in the 1960’s. After the death of Shastri’s death Mrs. Indira Gandhi took the policy of liberalization. Mrs. Gandhi also took a policy by drastically devaluing rupee in June 1966. For taking this step the effect was negative to India. India then seemed to confront an economic doomsday. During this time, in the absence of increased aid, the government proved unwilling to risk further opening up the economy.

The first foreign policy move of Mrs. Gandhi was to visit the United States in March 1966. The American President Johnson warmly received Mrs. Gandhi. The American President had expressed his sympathy publicly for India’s economic problems. President Johnson had also offered India to support for reconstructing the economic structure immediately. During her visit the two countries achieved a considerable intimacy in the following months. A two-page memorandum was signed between the two countries. President Johnson agreed to help to India in economic field through World Bank. Both leaders agreed on the need for peace in South Asia.24 Shortly after, when President Richard Nixon came to power with Promises to end the war in Vietnam and disengage the US from Asia, high officials in the U.S. and India engaged in consultations. The atmosphere was reported as cordial, and the range of talk’s extensive.25

In the subsequent years, India’s relations with the U.S.A. continued to be far from friendly because of U.S.A.’s consistent support to Pakistan on Kashmir issue and U.S. decision to provide shelter to the Naga rebel leader Phizo in United States in 1967. Washington also considerably cut short it’s to New Delhi which adversely affected Indian plans. India refused to bow to American pressure and raised the status of Indian Embassy in North Vietnam in January 1970 without caring
for American sentiments. The U.S.A had closed down its cultural centers in Calcutta (now is Kolkata), Hyderabad, Lucknow and Patna.

One of the irritating between the two countries was Non-Proliferation Treaty (NPT). NPT of 1968 was addressed to the concerns of the super powers, and did not meet India’s requirements. The NPT was discriminatory. So Indira Gandhi and her Cabinet had decided not to sign the NPT in its final form. For this reason U.S.A. did not happy on Indian attitude, because U.S.A. was the most powerful state of existing nuclear weapons States.

**Indo-U.S. Relations in 1970s: America’s Pro-Pakistani Policy**

Unlike the previous decades when Indo-U.S. relations had been characterized by several ups and downs in the 1970s the downs had been perhaps more dominant that the ups. This was especially true in 1971, when the U.S. position during the Bangladesh crisis was described as a tilt towards Pakistan, and during the period of the ‘Emergency’ in India (1975-1977) : Although Indo-U.S. relations registered a slight improvement in the early 1977 with a change in governments in India the ups and downs continued to exist.

However, in the war of 1971 (between India and Pakistan which resulted in birth of Bangladesh) once again U.S.A. adopted a partisan stand and supported Pakistan. First of all U.S.A. soughed to protect the interests of Pakistan by trying to secure cease-fire through the Security Council. As the freedom movement became ascendant in East Bengal, the Pakistani military regime cracked down ferociously in March 1971 in an effort to wipe out the entire political and intellectual elite of the province, of its religious minority. U.S. Consul General Archer Blood in Dhaka cabled Washington about the “mass killing of unarmed civilians the systematic elimination of the intelligentsia, and the annihilation of the Hindu population. Pakistan requested to supply arms during the Bangladesh crisis to U.S.A. President Nixon’s decision in April 1971, to continue military
supplies to Pakistan due to advised by the State Department and the Pentagon. The continuance of arms aid to Pakistan by the U.S. brought Indo-American relationship to the lowest - ever level. The Indian Government felt intrigued by the continuing shipment of American arms to Pakistan and thought to take the help to U.S.S.R. of diplomacy in the U.S. On June 27, 1971, New Delhi sent a written protest to Washington against the continued supply of arms to Pakistan. In November, the military action had increased in East Bengal. Late in the month, Mrs. Gandhi authorized Indian forces to enter East Pakistan to pursue the Pakistani forces. On the right of December 3, Pakistan attacked eight Indian airfields in the western part of the country, and the next day declared war on India. According to Jayantanuja Bandhopadhyaya, when Pakistan made a air strike on December 3, presumably with a view to internationalizing the Bangladesh crisis and Indians armed forces to the western front, the Indian army immediately and rapidly moved into Bangladesh on several fronts in an obviously preplanned manner. However, during that time the United States played a vital role in this war, sending the 7th fleet, American naval ship in the Bay of Bengal to register that the U.S.A. provided the moral support to Pakistani war.

In her quest to find an honourable solution to the problems of East Bengal, Mrs. Gandhi set out on a six country on October 24, 1971. Her most important destination was U.S.A. She reached there on November 6; At the White House she described the object of her visit to America as a search for a deeper understanding of the situation in the Indian sub-continent. President Nixon and Prime Minister Indira Gandhi talked about ‘East Bengal Crisis’. But due to negative attitude of Nixon that discussion was failure to reconstruct the bilateral relations.

Year 1971 was also of great important to Indo-U.S. relations. *Indo-Soviet Friendship and Cooperation Treaty* was signed on August 9, this year. Washington was not prepared for the sensational news of this treaty. The American people who were pro-India were also stunned. They
never thought that India would go to the length of signing a treaty with U.S.S.R. The Americans generally viewed if American Govt. did not supplying arms to Pakistan and paid honour on India’s argument, then India could turn to U.S.S.R. for a reliable friend did not sign such type of treaty with U.S.S.R. Washington interpreted the Indo-Soviet friendship and cooperation treaty as a Soviet diplomatic coup whose chief benefits would be the extension of Soviet influence in the region.

However, Indo-U.S. relation’s plummet led following the Bangladesh crisis. The first month of 1972 saw relations between Washington and New Delhi at low ebb. Mrs. Gandhi stood at the peak of her power in early 1972. ‘The Economist’ (London) called her the uncrowned empress of India. After holding a strong political power Mrs. Gandhi had implemented domestic social and economic reform. In early 1972, India and Pakistan concluded a peace accord at Shimla, the town perched a mile high in the Himalayas that had served as the summer capital of the government of British India. Shimla Accord was concluded between Mrs. Indira Gandhi and Bhutto of Pakistan in July 1972. Under the arrangement the two countries agreed to settle their differences through bilateral negotiations in peaceful manner. They expressed faith in the principles of peaceful coexistence and non-interference in the internal affairs of each other. Both countries were agreed to withdraw the forces to their respective international borders and to respect the territorial integrity and sovereignty of each other.

With the exit of Nixon in 1973 and assumption of office by Ford, U.S.A. indicated its desire to improve relations with India. However, a joint commission was established to explore the possibilities of fostering mutually advantageous cooperation between the two countries in economic, commercial, scientific, technological, educational and cultural affairs between the two countries after the Bangladesh war (1971). U.S. Secretary of State, Henry Kissinger had paid a visit in New Delhi on July 6, 1974. His visit had provided an occasion for both sides to review their mutual
relations in the light of each others assessment. During his visit in the capital of India, Kissinger discussed with the India leaders of India. He also visited to Pakistan. Some argued that the Kissinger’s visit to India and Pakistan was not successful. Actually Kissinger’s mission to the subcontinent was merely a subsidiary business, the main objective being how to bring about Washington - (Islamabad) - Beijing axis.

When India exploded its first nuclear device in May 1974, many people saw this as a Justification and fulfillment of their earlier apprehension. The U.S.A subjected the Govt. of India at that time to some unfair criticism.

In response to the 1974 Indian nuclear test, the United States turned to technology export controls as a central instrument of policy. These controls, often coordinated with other countries, have been entirely nuclear or missile related. After 1974 Nuclear Supplies Group reduced and eventually halted the transfer of nuclear - related technology not just to India but several other states of proliferation concern.

However, bilateral relations improved somewhat in 1970-75 (one issue that seemed to threaten the development of amicable relations between the two countries, that was the U.S. Govt. decision, announced in February 1975, to lift embargo on arms supply to Pakistan), but they deteriorated again during the Indian emergency of 1975-76. The American press and the influential groups in the U.S. private sector vehemently criticized Mrs. Indira Gandhi and her Govt. for the eclipse of democracy in India. Mrs. Gandhi also lashed out frequently against alleged CIA and other American ‘machinations’ in Chile and else where (presumably including India), and She was quite indignant over U.S. criticism of her policies.

Mr. Jimmy Charter’s victory in the U.S. Presidential Elections of November 1976 was greeted apprehension in Pakistan and expectation in India. Charter’s special interest in India with
this country was well known and often expressed; and this interest and desire was reciprocated increasingly in official and an official Indian circle.

The moves towards an improved climate were evident even before the change Govt. in India and the end of the emergency. Even Mrs. Gandhi, who had often been a critic of U.S. policies and practices, began to modify her criticisms and to express move frequently and interest in improved Indo-American relations.

After the March 1977 elections in India, the improvement of Indo-U.S. relations became apartment and contacts became fore frequent. With the change of govt. in both the countries, official visits were exchanged between the U.S.A. and India with almost unprecedented frequency. The U.S. India Joint Commission and its sub-commissions, which had been quite in active during the emergency, were given a new impetus. Indeed during, a visit to New Delhi, in July 1977, Under Secretary of State Warren Christopher said that the United States had decided “too look to India as the leader of South Asia”, a statement that pleased the Indian’s but drew and official protest from the Govt. of Pakistan. During this time even the U.S. Congress began to show more active and sympathetic invest in India.

The highlights of the exchange of visits on the official level were Carter’s visit to India in January 1978 and Prime Minister Morarji Deshai’s visit to America in June. President and Mrs. Carter stressed a theme that pervaded on his remarks and those of Deshai: namely, those common moral and democratic values. In his speech to the Indian Parliament, Carter announced that that the U.S.A. would resume shipments of enriched uranium for the Indian nuclear power plant, Tarapur, near Bombay; but he seemed dissatisfied with Deshai’s reaction both to these announcement and to Carter’s effort’s to get assurances regarding nuclear safe guards.
Deshai’s official visit to U.S.A. in June 1978 was generally regarded by Indian’s as very much of a success but these visits, however, failed to remove the basic, differences of approach on nuclear cooperation. In the Joint Communiqué issued at the conclusion of his visit, the Indian Prime Minister and the U.S. President agreed “the dialogue between the two countries on nuclear issue will continue”. But they also gave attention to the development of economic exchanges between these two countries and to questions of world peace. Prof. Puri criticized: “Gradually, the Janata Govt. developed a schizophrenic attitude towards U.S. It continued, on the one hand and understanding with U.S.A. and started recognizing, on the other hand, the coldness with which its overtures were met.”

Notwithstanding its regular pronouncements regarding the ‘genuineness’ of its non-alignment and ‘common democratic ideology’, the appointment of a liberal N.A. Palkhiwala as our ambassador to the U.S. a unilateral declaration not to carry on nuclear explosions even for peaceful purposes and a quiet neutralism on vital issues in Africa failed to extract any warm response from Washington.

The Indian Ocean is another factor, which influenced the bilateral relations. The United States has special interest in this area; because it is located to the South of former Soviet Union’s (now, Russia) soft bailey and can be used for deployment of sulimaries by U.S.A. U.S completed the Diego-Garcia base in 1979. This U.S. decision to expand the base at Diego-Garcia evoked a storm of protest of the Indian Ocean Countries including India, and far beyond their bounds. The United States selected the little island for its central stronghold in the Indian Ocean because it felt that island could ensure its domination in the Indian Ocean with a minimum of armed forces. And this fully corresponded with the Nixon Doctrine on the nature of U.S. armed forces participation in establishing a ‘balance of power’ in Asia.
However, the Soviet intervention in Afghanistan, which began in December 1979 and continued till the Soviet Union withdrew from Afghanistan in 1989 brought out all over again the difference between the Indian and American perceptions of the situation.\(^\text{35}\) India was not happy about the Soviet intervention in Afghanistan and wanted the Soviet troops to withdraw from Afghanistan as early as possible, but was appreciative all the same of the fact that the Soviet intervention was wrongful right from the beginning, that it was nothing but Soviet expansionism and that the Soviets must leave Afghanistan at once. In the wake of Soviet intervention in Afghanistan, Pakistan was awash with American arms, some of which, India believed, were diverted to terrorists in Jammu and Kashmir to be used against India.\(^\text{36}\)

U.S. officials were angered about the Indian position of Afghanistan, Pakistan’s Foreign Minister and Secretary General for Defense arrived in Washington for discussion with President Carter and other U.S. leaders about a possible commented in an interview with \textit{New York Times}, that “I don’t think that any country is justified in entering another country.”\(^\text{37}\) She also said that she disapproved of the Soviet action in Afghanistan.

During the Cold War, the United States treated the Soviet Union as a deadly enemy (and caused difficulties by providing military aid to Pakistan), China condemned Moscow for its hegemony.\(^\text{38}\) By contrast influential Indian strategists placed considerable store in “the countervailing force represented by the Soviet Union against imperialism and neo colonialism” and saw Moscow as a ‘factor for peace an stability’\(^\text{39}\) India had become dependent on the USSR for fulfilling its national interests especially for heavy industrial technology, capital and military equipments. On the other hand Moscow was Indian most important arms supplier countries. Moscow also helped India in defense production facilities. Diplomatically the Moscow had been supportive of India’s idealism and strategies.

\( (27) \)
However, the damage that the Soviet occupation of Afghanistan caused the South Asia lay in the renewal of American aid to Pakistan, which in turn threatened the entire region because of the threat to India. India’s interests were seriously affected by events in Afghanistan, which was in fact a nodal point on which depended to a large extent, our relations with Pakistan as well as the big powers. India had come to conclusion that the only effective solution of the Afghan problem would be a settlement between the super powers. India’s ambiguous policy on this issue had brought it much discredit and made it a target of further American criticism.

**Indo-U.S. Relations During 1980s**

Between 1980 and 1982, the largest number of the joint ventures approved by the Indian Government was with American concerns, mainly in the chemical and petroleum fields. Direct American investment in India rose from $350 million to $396 million and, eventually, to $500 million. Since 1949 until 1979 India received $9.771 from the U.S. to booster its economy. As much, or more than capital investment, India sought advanced technology from the U.S. It found most doors closed to transfers of high technology, even in simple non-military, non-nuclear areas. The collaboration between Ford Aerospace and Indian Space Organization resulted in Satellite known as INSAT-IB 1983. It was launched by NASA it covered a large numbers of TV transmitters in the country.

Mrs. Indira Gandhi visited to the U.S.A. in July 1982 had to basic objectives: (I) to brighten her image as well as her country’s in the eye of the American public and (II) to remove the American leaders misgivings about some aspects of Indian foreign policy. Mrs. Gandhi met U.S. President Ronald Reagan for the first time during a world Summit at Cancun (Greece) in October 1981. She described her Washington visit as an “adventure in search of understanding and friendship”
and which elicited a reciprocal sentiment by Reagan as a “dialogue of discovery”. Indira Gandhi made it clear during her visit that India did not tilt to any one side, but “stood upright”.45

Mrs. Gandhi’s visit to America clearly removed some of the misunderstandings that had been existing between India and America and prepared the climate for the better in future. Both Mrs. Gandhi and Mr. Regan wanted to see the political solution to Iran-Iraq war and Afghan crisis. Mrs. Gandhi assured Regan that India was keen to see all foreign troops out of Afghanistan but insisted that this would be possible only if arming of the rebels is stopped and the USSR are convinced that the Afghan Govt. is not anti-Soviet one.

The Prime Minister explained India’s position with regard to Pakistan. She said India’s fears about re-arming of Islamabad arose from her own earlier experiences. She also pointed out the initiatives that India had taken to improve its relations with both Beijing and Islamabad. She referred her offer of treaty of friendship, peace and cooperation with Pakistan and said, “We don’t want weak neighbour. Because never know what a weak person does.”

Mrs. Gandhi also said that India might seem to be pro-Soviet but “We have not allowed warm friendship to over shadow another friendship and influence our decision or actions.” In the press meet as well as in her private pronouncements, Mrs. Gandhi stressed that there was room in one’s life for more than one friendship signaling thereby that India sought better relations with the USA not at the expanse of ties with the Soviet Union. She told to newsmen that, “We value the Soviet friendship and we will not give it up.”

On the whole Mrs. Gandhi’s U.S. visit had greatly enhanced the friendly atmosphere necessary for the development of relations between the two countries and gave the U.S. letter understanding of how much important the two sides were to each other.
The slight improvement in the Indo-American relations since 1977, did not however, council the existence of differences between the two countries on a number of issues. First differences existed over a variety of questions relating to nuclear energy and national security. India was till critical of both super powers especially the U.S.A. for their power politics, their heavy expenditure on arms etc. The former Prime Minister Deshai and Mrs. Gandhi were very firm in existing that India wouldn’t adhere to the Nuclear Non Proliferation Treaty (NPT), despite having pressure to do so from both super power unless the major nuclear powers accepted ‘basis of equality’.

The question of U.S. supply of enriched uranium for the automatic power plant at Tarapur was a major irritant in Indo-U.S. relations. Of the total quantity of 39.6 tones of enriched Uranium scheduled for shipment from the U.S. during the period from 1979 to September 1980, only 19.8 tones had been received in India in the first week of October in 1980.

Mrs. Gandhi declared that India would be prepared to face any eventuality by using alternative way to ensure the continued operation of the Tarapur Atomic Power Plant without depending on out side sources. The issue was somehow resolved through a deal struck when the Prime Minister Mrs. Gandhi visited Washington in July 1982. Under it, the fuel for the Tarapur reactor was to be supplied by the French.

Secondly, economic context of the Indo-U.S. relations was the area of most capable of development. The U.S.A. was till than India’s principal trading partner, receiving some 13% of Indian exports and supplying more than 25% of India’s total imports, whereas trade with India was an infinitesimal part of total U.S. foreign trade. Indeed, India contribution to total U.S. imports declined from 1.2% in 1966 to 0.53% in 1977. So there was Mrs. Gandhi’s time tremendous scope for further improvement in the economic relations between the two countries.
Thirdly, the differences also existed between the two countries over the continuing naval presence of the superpowers, especially the U.S.A., in the Indian Ocean. During Mrs. Gandhi’s time India was a strong advocate for the idea of the Indian Ocean as ‘Zone of Peace’ free from super power rivalries and conflicts, and bitterly protested against the establishment of military bases at Diego-Garcia.

One thing that became clear from Mrs. Gandhi’s talk with Ronald Regan was that India was willing to have a warm and working relationship with the U.S.A. on the basis of equality and mutuality of interests, but not on the basis of conformity as was expected of it by Washington in the past. At the same time there were encouraging signals from both sides to understand each other’s compulsions and national interests.

U.S. Vice President George Bush visited India in May 1984. This visit helped the negotiations on the high technology MoU, which were dragging because of internal differences within the Reagan administration. These negotiations were not easy. Although the State and Commerce Departments took a positive attitude, Defense, Energy and the Arms Control and Disarmament Agency (ACDA) dug in their heels, suspicious of India because of its close links with the Soviets and its nuclear policy.

Rajiv Gandhi’s U.S. Policy: On October 31, 1984, Indira Gandhi died, assassinated by two Sikh body guards in relation for her having ordered the Indian Army in June 1984 to storm the Golden Temple of Amritsar, the holy Shrine of the Sikh religion. Mrs. Gandhi’s violent death shocked the world, President Reagan, who signed the condolence look at the Indian Embassy, sent Secretary Shultz along with former U.S. ambassadors John Kenneth Golbraith, Daniel Patrick Moynihan, and Robert Goheen to participate in the funeral ceremonies.
The ruling Congress Party swiftly chose Indira’s son, Rajiv, as its leader and India’s new Prime Minister. After his coming to power the immediate challenge was to overcome the obstacles to technology transfer from the U.S.A. to India by finishing up the negotiations for the technology MoU.\textsuperscript{47} He accepted the Soviet Union as India’s chief foreign Partner and quickly made friends with its new leader, Mikhail Gorbacheb.

In May 1985, Pentagon’s Under Secretary for policy, Dr. Fred Inkle, paid a significant visit to New Delhi. He stated that it could be an exciting possibility and perhaps a new chapter in United States - Indian relations to exchange out long-term security aims.\textsuperscript{48} At the invitation of the President of United States of America Mr. Ronald Reagan, the Prime Minister of the Republic of India, Mr. Rajiv Gandhi, paid an official visit to the United States from June 11 to 15, 1985. The U.S. President and Indian Prime Minister discussed a wide range of questions relating to the world situation, to their respective regions and to their bilateral relations. They viewed the major issues affecting peace, security and economic development and agreed that the two Governments would remain in close touch to enhance their mutual understanding. They stressed the importance of nuclear disarmament and welcomed the resumption of arms control negotiations as a step towards the elimination of nuclear weapons. Both leaders expressed their views and concerns on the South Asian regional security environment. Mr. Rajiv Gandhi highlighted his governmental initiatives to boost up the Regional co-operation through SAARC. The U.S. President appreciated the steps begging taken to revival and promote stability and cooperation. The President of the U.S.A and the Prime Minister of India exchange of views on organized terrorism and both of them agreed that terrorism as a threat to peace and national security. Mr. Rajiv Gandhi welcomed the President’s desire for continued consultation and close cooperation with the Indian Government on the international dimensions of terrorist violence against India.
The two leaders agreed that the science and technology begun after Prime Minister Indira Gandhi’s visit in 1982 had been highly successful in fostering productive science and technology collaboration between India and the United States. President Reagan and Prime Minister Rajiv Gandhi decided to initiate two new efforts. One of those was a long-term research and technology development programme conversing activities in agriculture and forestry, health and nutrition, family welfare and bio-medical research. The two leaders discussed the considerable potential for expansion of bilateral trade and technological collaboration between the two countries. However, the Indian Prime Ministers visit to the USA was fruitful.

During the Rajiv Gandhi era the USA and India cooperated in space activities. Both countries recognized the value and importance of international space co-operation and continued to seek joint endeavours in Space Science, Space flight and the practical application of Space System and technologies.69 Indo-U.S. cooperation in space was mostly manifested in the ‘Space Lab-3 mission’. The mission included the Indian designed cosmic ray experiments, which produced valuable scientific information.

Rajiv Gandhi realized, a few days later of his Prime Minister ship that there are also complexities of the relationship and the problem of the perceptional differences about their respective national interests.60 The development assistance to India had been cut down to 25 million from 860 million in compliance with the Foreign Aid Authorization Bill as adopted by the House Foreign Affairs Committee on August 5, 1987. For getting more assistance, was urged to develop relation with Israel and to accept safeguards on its nuclear activities. Relations between New Delhi and Washington though never appearing as a steady curve were once again up beat and glowing towards the end of 1987.51 The U.S. State Department in a background paper on Indo-American relations hailed India as ‘an emerging world power’ with the U.S. in seeking to improve relations.
Just before the 1988 U.S. elections, P.V. Narashima Rao, as a Foreign Minister called on President Reagan and had a friendly breakfast with Secretary George Shultz during the U.N. session in New York. The amicable talks underscored the change in Indo-U.S. relations during the eight years Ronald Reagan occupied the White House. Initially Reagan administration was not happy to India. To American view then India was economically irrelevant and politically opposite. After Narasimha Rao’s visit to Washington the bilateral relations paradoxically improved.

The brief visit of the Rajiv Gandhi and his meeting with Ronald Reagan on October 20, 1987 did not produce any political breakthrough. The objective of the visit was, by mutual consent, to carry forward the economic and scientific co-operation between the two countries that has now widened to the sphere of defense.

Some of the strategic importance had taken place on the eve of his visit, which are as follows:

(I) The first agreement was held on the sale of IBM-3090 computer system with the software for the designing of the light combat aircraft that India is developing. And

(II) The second was the agreement on the sale of the CRAZYXMP-14 super computer to be used for weather forecasting.

By 1988, both the U.S.A. and India seemed more realistic about what they could and could not expect from each other. However during Rajiv Gandhi’s regime there was very considerable interchange between U.S.A. and India in almost every field, political, economic, social and cultural.

In 1989 Rajiv Gandhi lost the Indian elections. His overall record was mixed. In July 1989 Indian Defense Minister K.C. Pant paid a friendly official visit to Washington. In 1989, the National Front Government was formed headed by V.P. Singh. With political instability and rising
violence further damaging the investment climate, foreigners put only a patty $ 76 million in India. U.S. investment shrank to a derisory $ 19 million. The only positive U.S. investment note during 1990 was Indian Government approval for PepsiCo to enter the Indian market.

Prime Minister V.P. Singh, as anticipated, had trouble holding his minority Govt. together. In the fall, the V.P. Singh Govt. took another step towards the United States, allowing U.S. military aircrafts on supply runs from the Philippines to the Persian Gulf to refuel at Indian Airports. When Chandra Shekhar replaced V.P. Singh, and his government maintained India’s support to continued U.S. refueling. Some days later Chandra Shekhar was concerned by opposition, had no choose to ask the United States to end refueling stops. In part as a way of expressing its thanks for the Chandra Sekhar Government’s cooperation, the United States played a positive role in supporting New Delhi’s request for a large emergency loan from the international monitory Fund to meet the financial drain caused by the Gulf crisis. The gruesome murder of Rajiv Gandhi on May 21, 1991, made an impact on Indo-U.S. relations. Mr. Rajiv Gandhi had tried to establish a good relation with U.S.A. However, a half-century of diplomatic relations between U.S.A. and India concluded in the summer of 1991, the end point of this history.

P.V. Narasimha Rao became Prime Minister in 1991. During his period, Indo-U.S. relations improved considerably vis-à-vis Indo-Russian relations. He introduced the liberal policy in India. For this reason U.S.A. welcomed to India and begins a good relationship between the two countries. Actually Indo-U.S. relations in the Cold War period witnessed many ups and downs. It was determinate by world politics and national interests also.
Notes and References

1. The Indian leaders acknowledged with gratitude the positive role-played by the American President in exerting pressure on the British Government to expedite the grant of independence to India.


3. The question of Kashmir has been a constant soar in the relationship of India and Pakistan. The Kashmir issue also involved the two countries in two serious wars in 1965 and 1971. For more details see Dennis Kux, Estranged Democracies: India and the United States (1941-1991), Sage Publications, New Delhi, 1993, p. 58.


7. Nehru firmly declined either of the two power blocs (one the Soviet bloc and another U.S. bloc) and expounded the policy of non-alignment as a measure of safe guarding independence and contributing to the maintenance of world peace. So India’s neutral policy and state forward refusal to join the western alliances disappointed and annoyed the American authorities, and they now offered the same to Pakistan.


10. The democratic ideas of America greatly fascinated the Indian leaders, especially Nehru and tried to develop intimate relations with U.S.A. However the decision of India to follow policy
of non-alignment did not find favour with the U.S. leaders and they considered it as an unfriendly posture towards U.S.A. The term “non-alignment” appears to have been coined by Nehru in a speech of April 28, 1954, in Colombo (Sri Lanka). Generally, the term implies the policy of maintaining equidistance from the super power rivalry and avoiding direct involvement in military alliances or pacts. In 1954 Nehru categorically stated the “NAM had nothing to do with neutrality or passivity”. See Tanvir Sultan, *op.cit*, p. 71.

11. Explaining the reaction of the United States Washington Correspondent of the New York Times observed, as a matter of fact the opposition of Prime Minister Jawharlal Nehru of India was so pronounced that the state Department felt that the U.S. had to go through with the agreement or face up to the consequences of turning the leadership of South Asia over to neutralist India. See *New York Times*, February 8, 1954.


13. PL-480 Legislation envisaged three types of food aid. Title I provided for the sale of surplus food for blocked local currencies. Title II authorized donation of food grants to non-profit charitable organizations for distribution abroad. The bulk of U.S. food aid to India came under the Title I. This program ended in the 1970’s with debt settled through the rupee agreement. Title III programs have continued into the 1990’s running about $100 million annually.


15. In Oct 1962, another crisis triggered off in the Atlantic Ocean near Cuba, known as the *Cuban Missile Crisis* of 1962. The later disputes were solved by the sagacity of Khrushcher and Kennedy.


17(a). Tanvir Sultan, *op.cit*, p. 80.


19. The U.S.A. adopted a balanced policy in South Asia in the 1960’s. That is, it gave strategic importance both India and Pakistan. This policy was disliked by Pakistan and obviously, linked by India. India was thus bolstered by the U.S. tactical support. For further details please see. D.C. Jha, *Indo-Pakistan Relations*, Bharati Bhawan, Patna, 1972, pp.200-210.


21. Dennis Kux, *op.cit*, p. 239.


23. The Soviet Union for the first time took the initiative to bring about peace negotiations. Lal Bahadur Shastri met Field Marshal Ayub Khan, President of Pakistan, in Tashkent (now the capital of Uzbekistan) and under the persistent prodding of Alexei Kosygin, then Prime Minister of the Soviet Union, signed what came to be known as the Tashkent Agreement, by which the two countries agreed to follow the peaceful route to the solution of their problems including Kashmir. For details see V.P.Dutt, *India’s Foreign Policy - since Independence*, National Book Trust, India, New Delhi, 2007, p.32. And also see, D.C. Jha, *op.cit*, pp. 406-407.


26. The Treaty on Non-Proliferation of Nuclear weapons was simultaneously signed at London, Moscow and Washington in July 1968 and actually came into force on March 5, 1970. The signatory states were not to encourage or induce any non-nuclear weapon State to manufacture or control over such weapons or explosive devices. The non-nuclear states ascending to the treaty were also not to manufacture or otherwise acquire nuclear weapons or other nuclear explosive devices. However the treaty granted the right to the member states to develop research, production and use of nuclear energy for peaceful purposes without discrimination. India refrained from signing the Nuclear Non-Proliferation Treaty (NPT) of 1968, because, unlike the affronted 1965 proposal, the NPT did not safeguard a balance of rights and responsibilities between nuclear weapon states and non-nuclear weapons states. Also see Jayanta Kumar Ray, ‘India’s Nuclear Policy’, in Arunava Ghosh (ed.), India’s Nuclear Policy: Pokhran II and its aftermath, Progressive Publishers, Kolkata, 2002, p.67.

27. U.S.A.’s pro-Pakistan policy took place against the background of the Bangladesh Civil War, which started on 25th March 1971. The Awami League Party registered thumping victory in both the Central and State levels, having one a two-thirds majority in both the legislature’s But it was denied it’s rightful place in the Centre, by Z.A. Bhutto of Pakistan was resented very truly, by the Awami League. The Government of India reacted sharply to this emergency situation, which was, however, supported by the Western world, led by the United States. Then India’s Prime Minister Mrs. Indira Gandhi’s attempt to change the mind of the American leaders, however could not reach its fruition.


40. As reported by the US Department of Commerce in ‘India’, Business America, and February 7, 1983.


42. See *Physics News* (the Journal of the Indian Physics Association), September 1982.

43. Ajoy Sinha, *op.cit*, p. 79.

44. Actually Mrs. Indira Gandhi started to pay lesser attention to the Soviet Union and to greater attention to the U.S.A. Accordingly Mrs. Gandhi paid a visit to the USA in July 1982,
before she had visited in USSR in September 1982. Rather Mrs. Gandhi depended more on the U.S.A. and other Western countries than its dependent on Soviet Union, countries than its dependent on Soviet Union, so she entered into a number of arguments with Western Countries like, U.K., France, and Germany etc. for arms ammunitions.

45. V.P. Dutt, *op.cit.*, p. 47.


50. V.P. Dutt, *op.cit.*, pp 56-57.


54. V.P. Dutt, *op.cit.*, p. 57.

55. *India Abroad*, February 8, 1991.

Chapter - 3

Indo-US Diplomatic Ties in the Post- Cold War Period

This chapter will focus on the reasons for decline in the diplomatic importance of India in Moscow’s perception, and its diplomatic value to the U.S. It will also describe the socio-cultural ties between the two countries in post Cold War period. It will shed light on the U.S.A. ’s relations with Pakistan and China and their importance as factors in Indo-US relations.

U.S.- Indian Diplomatic Ties: The Post- Cold War Scenarios

India and USA is the two major partners in terms of pluralist democracy and liberal political culture. Although culturally two countries are different from each other, socially also they are not similar. New Delhi and Washington belonged to different ideologies in the Cold War periods. The Pro-Pakistani attitude of the US hampered the Indo-US friendly relations in the Cold War era. Why and how the USA has tilted towards India, these questions will be focused in this chapter.

It is almost a Cliché to suggest that India and the US are natural partners given their vibrant democratic institutions, shared values and convergence on vital national interests. But during most of the Cold War period India’s relations with the US and the earst-while Soviet Union were viewed in a zero-sum context. The US foreign policy vis-à-vis South Asia had a “tilt” towards Pakistan as the US viewed India as too closely allied with its Cold War adversary, the Soviet Union. Today the US diplomacy towards South Asia is predicated upon its decision to help India become a major world power in the twenty-first century. ¹

However, at first I would like to discuss about diplomacy briefly. The word ‘diplomacy’ is often employed in a broad meaning which embraces both the making and the execution of
foreign policy. In its more technical meaning here employed it has been aptly described by George F. Kennan, the prominent American practitioner and scholar, as the business of communicating between governments.

Diplomacy is the inevitable outcome of the co-existence of separate political units with any degree of contact and indeed, its origins can be traced to remote antiquity. At all times rulers considered diplomacy an important instrument of state policies but gradually it transcended a purely national role. Diplomacy may be defined “as the process of presentation and negotiation by which states customarily deal with one another in terms of peace.” In the Oxford Dictionary it is defined as “the management of international relations by negotiation or” the method by which these negotiations are adjusted and managed.” Sir Earnest Satow in his book *Guide to Diplomatic Practice* has defined diplomacy as the application of intelligence and tact to the conduct official relations between the governments of independent states.

The final important function of diplomacy apart from bargaining and negotiation is to provide to those who formulate goals and plans of action, and occasionally to make important policy decisions themselves. Before discussing, Indo-US diplomatic relations, it is necessary to examine the objectives of the U.S.A. establish friendly relations with India. Actually the main purposes of this chapter are to focus on basic interests of both countries which are responsible for making a good relation to each other.

*First*, the USA’s intension over India was primarily started with some mistrust and suspicious. But some years USA had realized that India is a faithful as well as peaceful country which could be a partner of considering democratic values and liberal ideological point of views.

*Second*, India’s huge and promising market was responsible for the bilateral diplomatic relations. As the foreign policy of one country is determined by its national interests so in case of
USA that was same. USA had been attracted by India’s growing market, so it was interested for making friendly relations with India.

Third, India’s performance in IT is well known by the world community. The USA had shown, therefore, its interest in this respective area and invested a huge amount of money.

Fourth, India had been alerted from Russia that, it will not able to supply arms and it will also not be able to give India monitory support. Because Russia, a successor State of the USSR has been crippled itself economically and militarily. And its political and diplomatic weight had also been reduced. When India had been fully confirmed that the USA was the only dominating power in post-Cold War world politics, it decided to lean towards USA for getting diplomatic and economic support.

Fifth, Relations with the United States have improved markedly, despite the latter’s renewed support for Pakistan Cooperation has grown in a number of economic and military arenas, for example at the height of the India-Pakistan crisis of 2002 American and Indian forces were engaged in joint military exercises near Agra.

Sixth, As India’s general standing in the international community had enhanced; it was no longer seen as a predictable and reticent state, but a country that other powers have to understand and accommodate. Overall, there does a more balanced and objective understands of India in the major states of the world, like the USA.

Seventh, The USA had been aware of the fact that the Chinese influence in South Asia had been increasing. So, to maintain balance of power in this region and to reduce the Chinese raising the USA preferred to India.
Eighth, Pakistan is an old friend of USA, but the latter had influence fully informed about Pakistan that it could not be a faithful and responsible partner. The internal crisis has led to the growth of Islamic fundamentalism, criminalization of administration, militarization of the government, growth of terrorism. These are hampering Pakistan’s democracy. So USA had started to find a potential and faithful partner since 2001. And finally Washington knew in New Delhi a reliable diplomatic ally.

It would be a mistake to under or-over-estimate India’s identity on Asia’s strategic chessboard. For many decades, Washington treated India like an insignificant pawn, which was incorrect. Both American and Indian officials have used the term “natural alliance” to describe the new relationship between these two countries, but the vagueness of the concept it self evident. However in the era of globalization, despite some differences in political sphere, the relation between the two countries in the economic, cultural and educational sphere continued to grow and USA provided valuable assistance to India to fight against HIV.

India adopted quite-co-operative attitude towards USA during the gulf war of 1990-91 and provided refueling facilities to American transport aircrafts bound for the war zone in the Gulf, even at the cost of internal as well as international criticism. Although since 1991, Indian government has started to maintain closer relations with USA continued to be unhappy with India because it refused to accept international inspection regimes on the plea of country’s threat perceptions vis-à-vis Pakistan and China, and peaceful use of nuclear power.

Few American interests were directly impacted in South Asia as the Cold War came to close. During the 1980’s, the US had started into the region to challenge the expansion of Soviet power into Afghanistan, however, after the Soviet defeat Washington ignored Afghanistan and virtually abandoned its erstwhile ally, Pakistan. In fact, George W. Bush (Jr.) administration imposed
sanctions against Pakistan under the aegis of the Pressler Amendment in 1990, saying it was unable to certify that Pakistan did not possess a nuclear explosive device.5

The collapse of USSR forced India to think a new diplomatic and strategic partner. New Delhi could not be totally faithful to its old friend. Because Moscow did not give India all types of military or diplomatic support. India slowly and gradually has turned to make a good bilateral relationship with China. India thought if it is not able to make normal relations with the existing World’s biggest Socialist Country, then it might be looser, because Chinese ability in terms of military economy and politics are stronger than India. If Beijing attacks New Delhi, It has no doubt it will defeat.

However, more importantly, the Indians largely abandoned their reflexive opposition to American strategic, economic and diplomatic policies, evincing a new openness to the pursuit of mutually beneficial endeavors.6 India’s foreign policy maker realized that its closer relations with US could help them fill the power vacuum of USSR, which countered the Chinese aggression in South Asian region. The US, for its part, was no longer forced to view India in light of the latter’s friendship with Soviets and could re-evaluate Indo-US relations on their own merits.7 So it was clear that a major structural shift had occurred in Indian stand point and relational approach in International politics.

Domestic factors also contributed to an Indo-US rapprochement in the post - Cold War era. The most important element was to serve financial crisis that gripped India in 1991, after the first Gulf War. The convergence of three distinct forces caused this crisis. First, India had badly depleted its foreign exchange reserves purchasing oil on the global spot market prior to the out break of the war. Second, the hostilities forced India to repatriate, at short notice, over 100,000 expatriate workers from the Persian Gulf region. Their return closed an important source of foreign
exchange. Third, shortly after the War’s end, a series of loan payments to multilateral banks came due. The combination of these three factors sent the Indian exchequer into a tail spin. Due to Persian Gulf War a major financial and Structural weakness of Indian economy has showed. To recover this crisis, in the early 1990’s Indian Prime Minister Narashima Rao and Finance Minister Manmohan Singh were finding some short-term solution. They decided to shift some fundamental changes in India’s economy. Indian government adopted some new approaches. Key aspects of this approach included adopting a structural adjustment regime, reducing tariffs and agricultural subsidies, loosening industrial regulations, and Paring down India’s massive Public sector. Indian new market-oriented approach has helped to her economic growth. Adopting liberal economic policy, New Delhi was able to make a good diplomatic relations with Washington. Washington’s rapprochement with New Delhi was possible, for its changing ideological practices. Both sides have much to gain from further cooperation in the future. They can no longer afford to ignore one another.

S. Paul and Sumit Ganguly have observed that, individual leadership had also played a major role in enhance by Indo-US ties. Various Indian and American leaders have made significant contributions in this regard. In the early 1990’s Narashima Rao and Manmohan Singh launched a policy which represented a remarkable departure from the previous policies. On the other hand U.S. President Bill Clinton also took an initiative in fostering Indo-US rapprochement. Clinton’s role as a diplomat for normalizing Indo-US relations was vital, as he was the first one who did not blindly support Pakistan in Kargil War in 1999.

After the beginning of the Kargil war, Pakistani Prime Minister Nawaz-Sharif visited Washington and asked Clinton to follow reconciliatory policy towards Pakistan. But the U.S. President made it clear that the USA should not side with Pakistan on Kargil War, because Pakistani
soldiers crossed the LOC. So USA shall not cooperate with Pakistan regarding this war, Clinton said. Clinton also kept New Delhi informed of the Progress of his discussions with Sharif. The latter eventually agreed to Clinton’s terms and called for the withdrawal of all intruding forces back across the LOC.  

The personal chemistry between Clinton and Narashima Rao seemed to have turned out well despite the differences in age, temperament and outlook. Clinton himself acclaimed that success of his visit was in promoting economic reforms within a democratic framework. India’s P.M. Narashima Rao visited U.S.A. in June 1994. Rao demonstrated extra-ordinary diplomatic and political skill in apparently yielding little, but gaining a lot. US President Bill Clinton told the press conference that in spite of huge differences between India and American common values and interests, the similar diplomatic approach was vital for making a strong bilateral relationship.

The U.S. President, Clinton offered a significant assurance to the Indian Prime Minister I.K. Gujral at their meeting on September 22, 1997, at New York that the U.S. would be “careful not to intervene in any ways with the issue of contention between India and Pakistan.” During discussion with I.K. Gujral, Clinton did not raise Kashmir issue or Indo-Pak disputes. The issue of CTBT had been focused by the U.S. President. Replying Clinton’s point I.K. Gujral answered that India was willing to engage in discussions on disarmament issue including by implication the CTBT. The Hindu, editorially stated that, “the categorical assertion by Mr. Clinton that the US would not in any way interfere in the outstanding issues between India and Pakistan, will be the positive outcome of the just concluded talks between the U.S. President and the Prime Minister I.K. Gujral.”

The Clinton administration sent a high-level delegation led by the US Ambassador, Bill Richardson to the U.N. He was the number two person in the US State Department. The basic
motto of Richardson’s visit was to prepare the ground for Clinton’s visit to India. During his visit he had not made any commitment to New Delhi on the question of a permanent seat in UN Security Council. Two sides reviewed the regions security environment and agreed to strengthen defense co-operation in various fields, including military to military contacts.16

India, under Narashima Rao, was eager for a closer relationship with the US in the changed structure of world power. India’s policy of engagement with the US was not entirely novel, however. Before this, Indira Gandhi and Ronald Regan had seemed to launch the two countries by signing in 1985 a “Memorandum of Understanding” to promote technological cooperation.17

The new circumstance of a changed geopolitical context following the end of the Cold War was perhaps more propitious for an improved relationship. India sought through its strategy of constructive engagement to improve relations so as to build its capabilities. President George Bush (Senior) Sought precisely to contain India’s capabilities and, more critically, to divest it of its nuclear option. This was no recipe for success in building fruitful relations.18

Initially India’s relation with Clinton administration got off to a bad start on the non-proliferation and Kashmir issues. Though Clinton administration sought to increased interaction with India, yet it also successfully persuaded France to stop supplying nuclear fuel for the commercial reactor at Tarapur. Actual motive of US was to resist India from developing and making the missiles. But India did not to stop its missile programme and tested its Intermediate Range Ballistic Missile (IRBM) ‘Agni’ in January 1994. Actually initial motives of Clinton administration towards India were to give a threat as a Super Power and the U.S.A., desiring as a ‘colony’ to treat India like Pakistan. But Washington was lately able to understand that India’s position was not the same as Pakistan’s. Its manpower, technology, Science, resources, market and economy, military sides are
more powerful than Pakistan’s. But, during the second term of Clinton administration, its approach towards India had been changing perceptibly.

By carrying out five nuclear weapons tests within 48 hours, India had at long last demonstrated its political will and courage which was expected of any nation which acted as a regional and global player of some significance. In launching its nuclear programme, India had been motivated mainly by the security consideration. India lives in a region where its security is threatened from several quarters.¹⁹

The dramatic announcement about the nuclear test was made by the Prime Minister, A.B. Vajpayee at a press conference on May 11, 1998: “I warmly congratulate the Scientists and Engineers who have carried out these successful tests.”²⁰ After explosion in Pokhran II, the U.S. administration stopped the assistance to the tune of $ 142.3 millions which this country earlier promised to grant. That apart, the U.S. would also oppose the loans and guarantees extended by the international financial institutions where India expected $ 3.8 billions as assistance.²¹ The other part of the sanctions would basically impact on U.S. exports to India. For instance, the U.S. Export Bank said its action of ceasing all new approvals of financing of US exports to India would immediately affect approximately $ 500 millions transactions.²²

However the most crucial element is the mandate to the US administration to oppose loans and guarantees in international financial institutions such World Bank, the International Development Agency, the Asian Development Bank etc.²³ In reply to India Pakistan also tested nuclear bombs in Chaghai. But U.S. policy towards Pakistan was not as cruel as India. U.S.A. threatened Pakistan softly. Washington’s this type of activity New Delhi has taken suspiciously. Washington adopted a softer policy to Pakistan on nuclear testing.
India’s tests of May 1998 were answered by Pakistan’s own test with a view towards establishing parity, if only for perceptual purposes. Pakistan’s quest for a nuclear device assumed seriousness after the defeat in the 1971 War, the 1974 nuclear explosion and finally the Indian tests of 1998. The Point is that Pakistan’s insecurity stems from perceived Indian designs on the unity of the Pakistani state, and this perception forms the basis of Pakistan’s strategic calculus. Thus any change in India’s capabilities, whether real or imagined, is seen to add to the imbalance in India’s favor, and therefore necessitates that Pakistan try to counter it. This is why the role of the United States assumes importance in Indo-Pakistan relations.

The U.S. Central Intelligence Agency (CIA) rebelling information that Pakistan in its latest exercise to enhance its nuclear weapons capacity has imported 500 ring magnets for use in its cast centrifuge plant for enriching uranium has put the cast among the pigeons of discriminatory non-proliferators. There is much private cogitation in the United States on how to deal with China which has exported these restoring arms supplies to Islamabad. Benazir Bhutto, Pakistani Prime Minister flatly denies Pakistan having imported ring magnets, as she did her address to the Pakistan Institute of Foreign Affairs in Karachi on February the 25th 1995. She said: “The story about nuclear magnets from China is baseless.” She went on to argue that it was India which should be targeted by the US for disciplinary action.

Benazir Butto’s religious diplomacy had been shown before, when she alleged that India had targeted missiles, which could not only reach Pakistani cities, but also Teheran, Baghdad, Kuwait, Riyadh and even Cairo. It is interesting that she perceived Indian missiles to threat only Islamic countries of Gulf, West Asia - a convoluted exercise in generating Islamic paranoia.
The U.S. attitude to Pakistani activities is somewhat nebulous. The U.S.A. was well informed by its own intelligence agency that Pakistan had borrowed technology of nuclear missiles and blaming New Delhi without any valid reason that it targeted its missiles to the Islamic countries.

The USA, of late, has evinced Keener interest in Indo-Pak relations on the Jammu and Kashmir issue. In fact, there is an undercurrent in the US establishments desire to play a direct mediatory role in Indo-Pak relations.

Another dimension of Indo-U.S. relations is the influence of China in South Asia and its activities to India. During his visit to China, President Bill Clinton and his counterpart, President Jiang Zemin, issued a joint statement on South Asia on June 27, 1998. The speech emphasized Washington’s perception that Beijing should play a larger role in tackling the South Asian situation:

“Recent nuclear tests by India and Pakistan, and the resulting increase in tension between them, are a source of deep and lasting concern to both of us. Our shared interests in a peaceful and stable South Asia and in a strong global non-proliferation regime have been put at risk by these tests, which we have joined in condemning.”

From this above mentioned statement three conclusions can be drawn.

**First**, the United States and China are taking an important role in non proliferation programme or strategy in South Asia, especially to India and Pakistan. U.S.A. also viewed that China is an important strategic partner of Pakistan.

**Second**, Beijing has accepted U.S. argument to maintain status-quo. In this region China will follow the international order-set by U.S.A.

**Third**, Both India and Pakistan are problematic states that need to be “managed” through a joint U.S.-China partnership.
So from U.S.A. and Chinese statement it is true that any how these two big powers controlled and dominated Pakistan and India. Although U.S. and China mentioned the name of Pakistan, but the later is an old and present friend of the formers. India should keep in mind that U.S. could not be a faithful, only be just a partner.

Although the main objective of this chapter is to highlight the prospects of Indo-US diplomatic relations, yet the Pakistan factor and Chinese factor are of much importance. The vast majority of studies on Indo-Pakistan relations have focused on the confliction aspects of the bilateral relationship, such a focus in hardly unreasonable. India and Pakistan have fought three wars since their emergence as nation-states from the detritus of the British Indian Empire. Though war has not erupted between India - Pakistan since 1971, relations between them remain strained particularly over the status of the state of Kashmir. USA supported Pakistan in the 1971 war. Since then India didn’t have confliction relations with USA. So New Delhi has tried to make a distance from Washington till mid 1980. Pakistan always sided with USA and influenced as USA did not have any co-operation with India. India and Pakistan had hardly emerged as independent states from the collapse of the British Indian empire when they were instead in a conflict over the status of the state of Kashmir. The Indo-Pakistani relationship is too intricate, much complicated and of a highly zero-sum nature for it to be easily untangled by declaratory statements, even those from a super power. In the Cold War period US contribution foreign aid to Pakistan and India was different. Pakistan received a huge amount of financial and military equipment aid. USA has not been interested to supply any aid to India because later closeness with USSR.

According to George W. Bush (Jr.), “Good relations with America could help the both nations in their quest for peace. Not long ago, there was so much distrust between India and Pakistan that when America had good relations with one, it made the other one
nervous. Changing that perception has been on of our administration’s top priorities, and we’re making good progress. Pakistan now understands that it benefits when America has good relations with India. India understands that it benefits when America has good relations with Pakistan. And we’re pleased that India and Pakistan are beginning to work together to resolve their differences directly.”  

President G. Bush (jr.)’s remark was highly diplomatic. He gave same importance to the both countries. And his aim was to play a mediatory role in Indo-Pak relations. The President wanted to make both India and Pakistan realize that the USA was the important country which only could solve the bilateral problems of India and Pakistan. Indian Govt. realized the logic of the US diplomacy, but did not make any comment on this statement. 

However America’s remarkable tilt towards India became apparent in the closing eras of the Clinton administrations tenure and grew even more pronounced when President Bush came to Power. During President Clinton’s South Asia visit in 2000 it was clear that USA’s attitude towards India had changed. In Kargil war Clinton played a prominent role. Clinton was fully aware of Pakistani conspiracy. So he advised to Pak Prime Minister Nawaz Sharif to pullback the Pakistani Army from the border. This initiative of US President was a turning point in Indo-US relations. In his book, Engaging India, Strobe Talbott quotes former External Affairs Minister Jaswant Singh’s “Something terrible has happened these past several month between us and our neighbours. But something quite new and good has happened this weakened between our own countries, yours and mine - something related to the matter of trust. My Prime Minister and I thank your President for that.” C. Raja Mohan remarks that, “this was the first time that the United States supported India in its various conflicts with Pakistan. The crisis saw a rare intensity of communication between the leaders of India and the United States.”
Throughout the Kargil conflict, India was skeptical about America whether the latter would be fair in its assessment of conflicts, origins or firm in its dealings with Pakistan as it sought to undo the mischief. However, New Delhi was pleasantly surprised by President Clinton’s exertions and his determination to make Pakistan realize the depth of its folly.\(^37\) New Delhi had been highly delighted by American standpoint in the Kargil War. It was for the first time, after 1998, Pokhran II phenomenon, that the USA treated India as a real faithful friend. USA had sent a message clearly to Pakistan that it must maintain Line of Control (LOC).

Thereby Newaz Sharif government had been overthrown by a military coup led by Pervez Musharaf. Since then USA felt insecure about Pakistani democracy and also doubted its political stability. In October 1999 Pakistan lost its democracy and started a military regime. Since then, USA reduced its diplomatic exchanges with Pakistan. America’s aim was to reestablish democracy in Pakistan. During the Clinton visit gave a signal to India that he preferred democratic regime to military rule. Clinton spent five memorable days in India, while he only spent a few hours in Pakistan. But before Clinton, US diplomats gave more importance to Pakistan than India.

His India trip proved to be a resounding success. The gain for India consisted in the shift in American perception on Kashmir, which seemed to parallel Indian policy.\(^38\) New Delhi was really surprised and happy about Washington’s changed standpoint towards South Asia. But there were some differences between USA and India, especially on terrorism. In spite of India’s grievance about Pakistan’s support for cross-border terrorism, USA did not properly acknowledged India’s appeal. India had been faced terrorist threat since a long time with international terrorism. Initially USA did not take it seriously. But American perception about international terrorism had been totally changed after devastating attacks on itself. On 11 September 2001 Al Qaeda terrorist
A group attacked World Trade Center (W.T.C.) in New York. WTCs twin tower, the pride of USA were totally broken down by this attack.

The Bush administration’s firm and swift response to 9/11 raised India’s hopes of a sympathetic and effective US action to force Pakistan to deal with the terrorist camps operating from within its territory. But USA forgot that it only depended on Pakistan’s cooperation. If Islamabad took some bold and strict steps against Taliban terrorist group and stopped its support to internal terrorist group then it could be possible. USA needed Pakistani support to fight against international terrorism. So India’s fear that America’s South Asian Policy would fall back into the old groove, regressing to the days when Pakistan’s importance as a frontline state had led the US to forgive all its sins. On the one hand USA and India gave all of their efforts for rebuilding their faithful relations; on the other hand the U.S and Pakistan renewed their old relationship.

After terrorist attack on World Trade Centre, U.S. Secretary of State Colin Powell visited Pakistan and India between 15th and 17th of October, 2001. A discussion was held between Powell and Indian Prime Minister Atal Bihari Vajpayee giving some negative reaction to Powell, which was not satisfactory to US govt.

India’s perceptions or reactions were as follows:

1. Although India agreed to help U.S.A. to fight against international terrorism and promised to give military support to USA in operations against Taliban which is rooted in Afghanistan, yet USA has again chosen Pakistan over India as an active partner.

2. USA has tilted towards Pakistan in Kashmir question.
3. US is not interested in acting against terrorism sponsored by Pakistan against India. USA is only concerned with terrorism directed against the US and its allies in Western Europe and against countries live Japan.  

4. Colin Powell’s statement that, ‘Jammu and Kashmir is a central issue in Indo-Pak relations’. This statement has been objected by India, which asserts that it is cross border terrorism but not Jammu and Kashmir which is central issue. 

5. India was disappointed about the U.S. Because the US was not taking any strong step against Pakistan, or USA did not declare Pakistan as a terrorist country.

India’s effort for declaring Pakistan as a terrorist country by the U.S.A. has been successful after 26/11 incident. After the Mumbai blast India created a strong pressure on the U.S.A. with strong evidence to declare Pakistan as a terrorist country. The U.S.A. declared Pakistan responsible for international terrorism. The USA further declared that Pakistan involved in anti-Indian activities. Needless to say, it was a great diplomatic gain for India.

However, New Delhi’s offer of military facilities to the US during the Afghan Campaign was not that crucial for the operation, mainly because India did not share any border with Afghanistan. Nonetheless; it was significant that such an offer was never made. India’s keenness to support the war effort was evident when the Indian navy subsequently provided valuable by escorting US vessels bearing supplies for Afghanistan as they transited along the Malacca Straits. These initiatives clearly indicated that the means, goals and world views of both countries had begun to change as both adapted to new realities. Their bilateral relationship was being pushed to a new level. The US President Bush (Jr.) in early 2002 vowed preference for regarding India as an
essential part of the larger Asian balance of power system. More over, America’s willingness to uphold the Sanctity of the LoC found favour with New Delhi.44

All countries of South Asia are watching the Indo-US strategic embrace with trepidation. India’s old position of keeping the US out of the subcontinent’s politics has not only been reversed, but India is being seen as the State that will further the US interests in this region and beyond.45 The Indo-US engagements have raised threat perceptions in the entire Asia Pacific region. Even US Congress and policy analysts have noted that the new US linkages with India have “significant implications” for Asia and on US relations with Pakistan and China.

The Indian foreign minister Pranab Mukherjee has asserted that India rejects “outmoded” practices such as the “balance of Power” between India and China. The US however adheres to it and it forms the crux of their relations in Asia where the containment of China is part of national Security doctrines. India’s close defense tie up with Israel is testimony to this. India’s old position of support to the Palestine cause is much more muted. India voted with the US on sanctions against Iran and then abstained a second time.46

The first Bush administration (2000-04) had deliberately cultivated equal relations with both India and Pakistan; the second attempted the same. Among the momentous decisions made by the US in early 2005 was the resumption of F-16 fighter aircraft sales to Pakistan. India was understandably upset by this change in policy, but its reaction was subdued rather than vehement.47 But Washington did not delay to announce to help India. Because to USA India is emerging as world power in every aspects in this century. Immediately U.S.A. gave counter offer to India for selling F-16 fighter. But India demanded for further developed F-18 or F-20 fighters. U.S. Secretary of State Condoleezza Rice remarked that:

( 58 )
“What we are trying to do is solidify and extend relations with both India and Pakistan at a time when we have good relations with both of them - something most people didn’t think could be done - and at a time when they have improving relations with one another.” 48

C. Raja Mohan observed that the paradox of Indo-US relations can be understood only in terms of the American towards India’s periphery and the consequences for Indian security. While there was no direct conflict of interest between India and the United States, the latter’s relations with Pakistan and China and India’s ties with the Soviet Union created a political dynamic that was impossible to reverse. US policy toward India’s neighbours in the Cold War era was driven by the imperative of the American global geopolitical competition with the Soviet Union.49 In 1998 when US President Bill Clinton visited Bangladesh then it indicated that the US has vested interests in South Asia. U.S.A.’s diplomatic activism in South Asian periphery was tension area to India. From security perception India had due cause for fearing. To Indian foreign policy makers the biggest challenge is in coping with uncertain relationship between Washington and Beijing.

However, India and United States have expanding stakes in regional and sub regional cooperation in South Asia. India and the USA both also have a common interest in ensuring that the fledgling democracy in Bangladesh - one of the World’s largest Islamic nations-succeeds. Promotion of moderate and modern Islam in Bangladesh is of considerable political value to both India and USA. In many ways Bangladesh could become a more important economic priority than Pakistan for both India and the U.S.A.50

Actually India has serious differences with the U.S. on various issues, including Iraq, the government claims that it had acted in the larger and long - term interests of India.51 Some of the
foreign policy experts have argued that the Indo-US Civil Nuclear Deal have been done by USA obviously to contain China. Undoubtedly Washington has in mind a new balance in Asia in which China did not run away with dominance and which would also secure its own continued central role in Asia.

For India, the United States has been far too important to ignore, in as much as the United States has always been seen as both a source of advanced technology and a global hegemony. Given India’s regional ambitions, it has always felt the need for recognition of this role as it’s done by the United States. 52

Recent studies from the United States reflect changes in US perceptions of India. There is a growing demand that the United States move beyond its zero-sum-approach toward India and Pakistan and aim to redress the imbalance by engaging with India. 53 Even before the nuclear tests, an important RAND corporation study has suggested that future instability in South Asia may be caused by Pakistani insecurity from Indian economic and technological growth and not necessarily by any overt Indian attempt to establish military hegemony over Pakistan. 54

For policy makers of Washington, closer military relationship with India will serve multiple purposes. Firstly, Washington regards India as a vital balancing force in Asia, where several emerging powers exist. Zhao Oinghai, a Chinese international affairs researcher has pointed out that, “There is a military meaning under Washington’s pledge to “help India to become a competitor of China.” Secondly, overstretched by two wars, the United States obviously hopes to find a new partner like India to share some of its burden across the globe. Thirdly, the U.S. defense industry could benefit from growing U.S. arms sale to India, which has been increasing defense procurement. Lockheed Martin Corp and Boeing co. are competing for India’s plan to buy 126 multi-role fighters, which would be one of the largest arms deals in the world.
A. Feigen Baum, an expert at Council of foreign Relations, said explicitly that “India is among the largest potential U.S. defense customers”. However as a growing power, India is proud of its history and culture, and has its own aspirations and visions, which may not all fit with U.S. strategic calculations.

India’s nonalignment and independent foreign policy is unlikely to change. India’s traditional relations with Russia and other key regional players may require a balance when dealing with the United States and other countries at the same time.

According to Robert O. Blake, “Climate change is another thorny issue where there is room to make progress. The United States views India as a partner in confronting the interrelated challenges of clean development, energy, and climate change.” But India’s stand point about climate change is not the same to USA. The U.S.A. always claims that third world countries are responsible for global warming and the resulting climate change. But India has been protesting against this view. According to Manmohan Singh the Prime Minister of India “First world countries are also same responsible for climate change.” Already the Washington and New Delhi are working together to promote more energy efficient buildings, clean coal technology, and the use of solar, wind, hydro and other clean energy alternatives to ensure a lower carbon future.

Some analysts of USA are concerned that, as Washington pursues a new “Strategic Partnership” with New Delhi, U.S. government attention to such abuses has waned. According to the U.S. state Department’s country Report on Human Rights Practices, 2006, the Indian government “generally respected the human rights of its citizens, however, numerous serious problems remained.” A major U.S. news outlet claimed that some U.S. officials had urged that India be placed in the Tier 3 category, which is known as “blacklist” can be bad to penalties in lien of swift
government action. These officials reportedly were overruled by the secretary of state, who instead called for a special six month evaluation of New Delhi’s progress in this area. 56 Upon the report’s release, the head of state’s trafficking office, Ambassador Mark Lagan said, “The Tier 2 Watch List is not supposed to become a parking lot for governments lacking the will or interest to stop exploitation and enslavement on their soil”, and he called India “the world’s largest democracy [with] the world’s largest problem. 57

**Socio-Cultural Linkage between New Delhi and Washington**

India and USA have taken joint action to protect human rights. USA also started campaign against the abuse of human rights in India. Recently U.S. govt. sanctioned a handsome amount of money to protect human rights, especially for children and women and also for homeless people. According to left political parties it is a diplomatic step of USA for fulfilling its national interests.

Another side is HIV/AIDS through which two countries become closer. The United Nations has estimated that 5.7 million Indians are infected with HIV, giving India the largest such population world wide. As part of its foreign assistance progress in India, the U.S. government supports integrated HIV prevention, treatment, and support services in high prevalence states. India received more than $ 16 million in direct U.S. assistance for such programs in FY2006 and the administration has requested another $ 23.5 million for FY 2008. Additional resources are provided through the President’s Plan for AIDS Relief (PEPFAR).

Foreign Aid is an instrument of diplomacy. U.S.A. has been using this instrument since a long time to dominate third world countries economy. Although India belongs to third world country yet it is not categorically same with other Afro - Asian weaker countries. A total of more than $ 15 billion indirect U.S. aid went to India from 1947 through 2006, nearly all of it in the form of
economic grants and loans, more than half as food aid. During the Cold War period the USA gave food grain to India by PL480. USA gave it not from humanitarian ground but from realistic ground. In the post Cold War period the USA has been so much interested for assisting India by foreign aid due to national interest. India’s open and big promising market attracts US government significantly. When a donor country gives foreign aid to the recipient country, then donor country expects return some thing from the recipient. The U.S.A. always gets return from India, so it is showing so many interests to India.

Indo-U.S. cultural relations are also an important area. Although India and United States of America are culturally different, yet due to the development of information technology the people of both countries are exchanging their views on music, dance, education, films and drama. Not only that Indian yoga, meditations have been so much attractive to American people. Governments of both countries are showing keen interest to develop cultural relations. Privately initiatives are also taken to foster cultural and societal relations between the two countries. Both countries have pluralistic society. Democratic values are given priority here.

Indo-US cultural relations have been stopped during Bill Clinton regime. While President Bill Clinton said during his visit, “I have read that one of the unique qualities of Indian classical music is its elasticity. The composer lays downs a foundation, a structure of melodic and rhythmic arrangements, but the player has to improvise within that structure to bring the raga to life.” President Clinton further said, “As I look at the world of tomorrow - a world I hope will be characterized by peace and prosperity, by a genuine commitment to the dignity of all people; by societies which celebrate their ethnic, their racial, their tribal religious diversity, but are bound together by a common acceptance that the humanity we all share is
even more important than the differences among us - I know the world will never be that way unless South Asia is that way.”

On the other hand while Vajpayee visited USA in September 2000 he remarked, “It was not as if India and the U.S. were neglecting the social consequences of the information age.” Clinton indicated that India was already showing the way when he said at Vajpayee’s state dinner, “In India, the best information available on maternal health and agriculture can now be downloaded by growing numbers of villages with Internet hook-ups.” However students exchange programme has been started between the two countries at governmental level. Many Indian students are going to U.S.A. for getting their higher degrees in various fields. American food culture has also been popularized in Indian society. For example Mac Donald and Kentucky Fried Chicken etc. American dress is using by the Indian young boys and girls.

However American movies and music are vary much popular to Indian urban people. Indian origin people who are living in U.S.A. since a long time they observes various Indian festival in U.S.A. to propagate Indian culture. American embassy and consulate offices are trying to spreading their culture through different ways. Indo-U.S. cultural diplomacy is a strong medium for accelerating their bilateral relations. According to Pramit Pal, “Whether at the private or at the government level, both India and the U.S. are determined to deepen and broaden their knowledge partnership.” In an article on Indo-U.S. relations published by the International Herald Tribune in September, 2000, Vajpayee argued that, “Barriers to mutually enriching science and technology must be removed to promote creativity and knowledge to the full.” In my research it showed that China may have some fears about a perceived American tilt towards India in the confrontation with Pakistan. But it is not likely that Beijing will intensify its cooperation with Islamabad to a point where it begins to lose all prospects of a reasonable relationship with
India. Although China is unlikely to abandon its special relationship with Pakistan, a change in Indo-US relations could help Beijing recognize the importance of pursuing a more balanced policy in the sub-continent. 62a

Another aspect of Indo-US diplomatic engagement is to set up ‘the Indo-U.S. joint working group’ on UN peace keeping operations. India and USA exchanged views on functional aspects such as command structures, logistical support, training and preparations for effective UN peacekeeping. The scope of these discussions included both “civilian police and military components.” The US is the biggest contributor to the UNO and India is one of the most frequent participants in its peace mission, having participated in 33 such exercises since 1953.

During his visit in 2000, U.S. President had Bill Clinton addressed to the joint session in the Parliament of India. In his speech he said, “Mr. Vice President, Mr. Prime Minister, Mr. Speaker, members of the Lok Sabha and Rajya Sabha, I am privileged to speak to you and through you, to the people of India. I am honored to be joined today by members of my Cabinet and Staff at the White House, and a very large representation of members of our United States Congress from both political parties. India is a leader, a great nation, which by virtue of its size, its achievements and its example, has the ability to shape the character of our time.” 63 For the deep study on Indo-US relations in the post Cold War era Clinton’s visit is very important. Clinton and Vajpayee presented a vision Statement for 21st Century. They have said, “We are two of the world’s largest democracies. We are nations forged from many traditions and faiths, providing year after year that diversity are our strength. From vastly different origins and experiences, we have come to the same conclusions: that freedom and democracy are the strongest bases for both peace and prosperity, and that they are universal aspirations, constrained neither by culture not levels of economic development.” They also said, “We are leaders in the information
In many ways, the character of the 21st century world will depend on the success of our cooperation for peace, prosperity, democracy and freedom.”

Both leaders had been agreed that in the new century, India and the United States will be partners in peace, with a common interest in and complementary responsibility for ensuring regional and international security. They also agreed to engage in regular consultations on and work together for, strategic stability in Asia and beyond. These above mentioned statements were the symbol of friendly diplomacy between the two countries. In the very beginning of 21st century USA was banned towards India giving priority and importance to later it is clear.

There was a perfect time in building diplomatic partnership between the two countries. A comprehensive strategy had taken by USA. Bill Clinton wanted to help India in many issues such in high-technology, environment and climate change, education, air and water pollution, including AIDS, malaria and tuberculosis. Institutional dialogue between the United States and India which had madder by the Bill Clinton and Vajpayee in brief these are -

1. India and USA both countries will work jointly for promotion of peace and prosperity in the 21st century.

2. New Delhi and Washington will hold regular bilateral “Summits” in alternatives capitals or elsewhere.

3. The two countries will also hold an Annual Foreign Policy Dialogue at the level of the Secretary of State of the USA and External Affairs Minister of India.

4. They also agreed that this dialogue should continue and take place semi-annually or as often as considered desirable by both sides.
5. The two leaders believed that close cooperation between the two countries is a factor of stability in the politically and culturally diverse and rapidly transforming Asia.

6. The two leaders consider combating international terrorism as one of the most important global challenges. They expressed satisfaction at the establishment of the joint Working Group on Counter-terrorism and its productive first meeting in February 2000.

7. New Delhi and Washington agreed for enhancement of economic and business relations between the two countries in the knowledge Age.

8. Vajpayee and Clinton agreed to co-operate each other in energy sector. They have also agreed to set up a joint Consultative Group on Clean Energy and Environment.

9. India and USA agreed to set up as U.S.-India Science and Technology Forum. The forum shall promote research and development.

During Bill Clinton’s visit cultural diplomacy had been started with India. Actually Clinton’s visit was a mile stone in Indo-U.S. diplomacy which a departure from mistrust to building up a friendship. On the other hand during his visit to Washington Indian Prime Minister Atal Bihari Vajpayee had made an effort to confidence building measured process. Addressing the U.S. Congress during his visit in September, Vajpayee said, “Measured in terms of the industries of tomorrow, we are together defining the partnerships of the future.”

Vajpayee referred during his speech to the U.S. Congress that, “Today on the digital map, India and the United States are neighbors and partners. India and the U.S. have taken the lead in spacing the information age.” The knowledge trade has empowered the Indian - American community, providing them with a hard-nosed economic stake in Indo-U.S. relations. In a recent interview with the ‘Los-Angeles Times’ during a visit to California, the Minister for External Affairs Jaswant Singh said, “American of
Indian origin have acted as a catalyst to Indo-U.S. relations that even I didn’t see 10 years ago.”

David C. Mulford, the Ambassador of the United States of America, New Delhi has given a report to U.S.A. on Indo-U.S. relations in June 24, 2005. According to him, “U.S.-India relations are going through a period of dynamic positive change.” Secretary of State Condoleezza Rice has emphasized that strengthening President Bush’s vision of a growing strategic partnership between our two great democracies is a foreign policy priority for the Bush administration.” He also said, “The U.S. and India are poised for a partnership that will be crucial in shaping the international order in the 21st century.”

U.S. Secretary of State, Condoleezza Rice has made a comment on Indo-U.S. relations during her visit to India in 2005. According to her, “The United States is serious about its vision for the U.S.-India relationship and we are working hard with our Indian counterparts to make it happen.” Actually she wanted to say from the beginning of President Bush’s administration, has given privileged to pursue his vision for a growing strategic partnership between two great democracies. According to her, “India is an increasingly important partner for the United States and we welcome its emergence as a global power in the 21st century.” She also said, “I look forward to working with India’s leaders as we reach for new height in our cooperation.”

R. Nicholas Burns, Under Secretary for Political Affairs had made a comment on future of Indo-U.S. diplomatic relations. He said, “The greatest change you will see in the next three or four years is a new American focus on South Asia, particularly in establishing a closer strategic partnership with India.”

Collaborating on tsunami relief has marked a new high in U.S.-India cooperation. Soon after the disaster struck, senior U.S. officials were speaking directly with their Indian counterparts.
- then - National Security Advisor of U.S.A. Condoleezza Rice with the late J.N. Dikshit and the Commander of the U.S. Pacific Command with India’s Naval Chief. The result: The “Core Group” of four nations (Japan, Australia, India and the USA) uniquely qualified to provide quick relief and unprecedented cooperation.

On May 17, 2005, the India-U.S. Global Issues Forum re-affirmed the two country’s commitment to harness the transformed bilateral relationship to address global challenges such as protection of the environment, sustainable development, protection of the vulnerable, combating transnational organized crime, promotion of democratic values and human rights.  

People to people contact continue to grow at record rates. The demand for visas to the United States has been so high in 2005. From businessmen, employees, students and tourists that the United States significantly increased staffing and expanded its visa offices in India. The U.S. Mission in India now is the United States second largest consular operation in the world, behind its neighbor Mexico. More Indian students are studying in the USA then in any other, foreign country and more temporary, workers are in the United States from India than from any other country.

U.S. Secretary of Transportation Norman Mineta had said, “After too long a period of maintaining a distance, India and the United States are coming together as true partners on the world stage.”

However the U.S. Government is collaborating with a wide range of Indian institutions to combat the HIV/AIDS epidemic threatening India. HIV prevalence has declined since year 2002 in Tamil Nadu. I have previously mentioned about U.S. assistance to India fighting against AIDS. A more comprehensive approach is now emerging with recently launched collaborations among the Indian government, military and private sector.
Ambassador, David C. Mulford was interacting with Indian students prior to their departure to U.S. universities. In the 2003-04 school years, 79-736 students from India studied in American universities, an increase of 6.9 percent from the previous year. Over the past five years, the number of Indian students in the United States has bobbed and for the third year in a row, India remained the leading place of origin for foreign students in the United States.

According to Lalit Man Singh, “the first term of Junior Bush’s administration succeeded in establishing a level of harmony which was absent in the first five decades of Indo-US relations.” There is recognition that while differences would undoubtedly surface from time to time between the two sides, what is needed is better management of these differences.”

India’s refusal to send troops to Iraq was a major disappointment to Washington. The declaration of Pakistan as a Major Non-NATO-ally of the US angered India. However, both sides have refused to let differences derail the progress of their bilateral relations. In year 2004 before the election of the U.S. Presidentship Strobe Talbott, former Deputy Secretary of State and current President of the Brookings Institution, points out, the relations between the two countries now have “sufficient ballast”. He adds, “The U.S.-India relationship is not subject to being tossed and turned. For one, the logic of a good relationship is never in dispute.” According to Ashley Tallies, senior associate, Carnegie Endowment for International peace says, “While the inclination would be to deepen Indo-US relations, it could be complicated by American distractions in Iraq and also it’s dealing with Pakistan.”

Moreover, the Bush Administration is likely to continue backing Pakistan President Pervez Musharraf and supply the big ticket arms package promised in return for ongoing support for the war on terror. In the run up to the elections the administration had adopted a “kid glove” approach towards Pakistan. Hasan Zaidi, a special correspondent of India Today, from Karachi (Pakistan),
he said, “The special relationship between Bush and is Pakistani counterpart General Pervez Musharraf has been extremely beneficial to the present disposition in Pakistan.” Pakistan muted US criticism regarding the dominance of the army in Pakistan’s domestic politics, brought a level of macro economic stability to the country’s economy through US help at international donor groupings and, of course, meant the designation of Pakistan as a Major Non-NATO Ally even in the face of Indian opposition. The rapport between the U.S. and Pakistan’s military establishment post 9/11 helped in pushing a stalled dialogue with India to the forefront of the agenda, much to the satisfaction of the Pakistan Government. However there is no doubt Pakistan is a vital factor in Indo-U.S. relations.

In conclusion of this chapter it can be said there are so many dimensions in Indo-US diplomatic and socio-cultural relations. Some external issues have made influence in Indo-US relations. By leading together, America and India can meet other global challenges, and one of the biggest is energy. Like America, India’s growing economy requires growing amounts of electricity. By regular negotiations and meeting both countries could solve their problems. America and India are also cooperating closely in agriculture. It is a part of food diplomacy. United States Trade Representative Robert Portman said, “We should strengthen the rules that facilitate trade, where we have jointly made proposals: Work in all these are as must go hand in hand.”

U.S. President G.W. Bush (Jr.) had said, “Prime Minister Singh and I are launching a new Agricultural knowledge Initiative. By working together the USA and India will develop better ways to grow crops and get them to market and lead a second Green Revolution.” He also said, “America and India are global leaders and we work together, there is no limit to what we can achieve.”
Indian leaders and diplomats were so happy after hearing positive remark from the U.S. President. Majority of decision markers and administrators of U.S.A. have shown keen interest towards India after 1991, but specifically since year 2000. Indian potential market, growing technologies and international image took a major role for growing U.S. interest towards India. Apart from Pak and China factors the future of Indo-US diplomatic relations is bright.\(^8\) Considering of all aspects India has been a reliable partner of U.S.A and India also felt importance of U.S.A. for its own national interest on the other. The two ways - giving and taking have made a balance in Indo-U.S. relations.\(^8\)

**Notes and References**

1. As a pluralistic and secular democracy in a world, where fundamentalist violence in on the rise, India's emergence as a model of stability, modernization and predictability, has begun to impact on international consciousness. To this has been added a healthy respect for our capabilities that have been steadily growing across the board. US strategic assessment of India is articulated both in its *National Security Strategy* of March 2006 and *Quadrennial Defense Review Report* of February 2006. The NSS speaks of India as a major power shouldering global obligations. Similarly, the QDR refers to India, along with China and Russia, as key factors in determining the international security environment for the 21st century. Also see Harsh V Pant, ‘Natural Partners: US and India Engaged, No Longer Estranged’, *The Statesman* (editorial), July 25, 2005. p. 6.


11. India discovered in the spring of 1999 that Pakistani forces had breached the Line of Control (LoC) dividing Indian and Pakistani controlled Kashmir in a sector called Kargil. When Pakistani solders crossed the LoC, then a large-scale conflict was started between the two countries. That is known as Kargil War. Clinton took an impartial stand point in the conflict.


18. *Ibid*.


20. Vajpayee made his statement after explosion of nuclear bombs at Pokhran on May 11, 1998, in a Press Conference. This statement was directly (live) telecast by Door Darshan Channel (National Channel or DD1) and other visual medias.


22. Data has been taken from ISI library, Kolkata, Baranagar, W.B, India.


27. Pak Prime Minister Benazir Butto had delivered speech in Pakistan’s Institute of Foreign Affairs in Karachi, on Feb 25, 1995. She denied all of blame given by U.S.A. and India. She had also tried to establish a clean image of Pakistan to the World Community through this speech. Her speech had been forecasted in different media through the world.

29. Statement issued by President Bill Clinton and President Jiang Zemin, Beijing, June 27, 1998.

30. Ever since India and Pakistan emerged as sovereign states in August 1947, they have been in a state of uneasy peace. Thrice they were engaged in direct military confrontations. The physical division of India created numerous irritating problems between the both countries. Kashmir issue is the most important between the two, which is unsolved till now. See Bhabani Sen Gupta, The Fulcrum of Asia Pegasus, New York, 1970.


35. Ibid.


38. C. Raja Mohan, op.cit, p. 102.


40. Stephen P. Cohen, op.cit, preface, p.XV.

42. Kripa Sridharan, *op.cit*, p. 15


44. Kripa Sridharan, *op.cit*, pp. 70-71.


46. *Ibid*.


50. *Ibid*, p. 36.


54. Ashley J. Tallies, Nuclear Stability in South Asia (Santa Monica : RAND 1997) and also see Gary K Bertsch and others (eds.) *Engaging India*. p. 123.
55. Robert O Blake’s remark on Reflects on US-India Relations, June 30, 2009, Robert O Blake was Assistant Secretary, bureau of South and Central Asian Affairs, American Enterprise Institute, Washington DC.


59. President Clinton had delivered a speech at a press conference during his visit in New Delhi, March, 2006.


63. President Bill Clinton’s Address to the joint session of Parliament, during his visit to India, March 21, 2000, for more details see *Span*, May / June 2000, pp. 8-9.

64. *Span*, May / June, 2000, p. 10.

65. Indian Prime Minister Atal Bihari Vajpayee’s speech he was addressing the U.S. Congress during his visit in September, 2000.

66. *Ibid*.

67. Former Indian Foreign Affairs Minister Jaswant Singh’s remark on Indo-US relations, during his visit to U.S.A. in September 2000, with Prime Minister Atal Bihari Vajpayee.
68. David C. Mulford’s remark on Indo-U.S. relations. He was highly optimistic on these bilateral relations. As a part of Public Affairs Section of the Embassy of the USA, New Delhi, David C. Mulford had made a report for U.S.A., named *Reaching New Heights: U.S.-India Relations in the 21st Century*.

69. U.S. Secretary of State Condoleezza Rice’s comment on Indo-US relations during her visit to India in 2005. She made this comment while she was in a meeting with Indian Foreign Minister Jaswant Singh in New Delhi.

70. For detail information see ‘Reaching new Heights - U.S.-India relations in the 21st century’ Printed and published by Public Affairs Section of the Embassy of the USA, New Delhi, India, June, 2005.

71. See U.S. Embassy Home Page, New Delhi, (usembassy.gov.), R. Nicholas Burns as Under Secretary of State for Political Affairs was optimistic on Indo-US relations. He seems that the USA and India are elevating their relations on all fronts. Trade is increasing. More people are traveling between our countries than ever before for work and study vacations.


73. After signing ‘Open Skies Treaty’ between U.S.A. and India in New Delhi in April 2005, Norman Mineta had made this remark. Norman Mineta is U.S. Secretary of Transportation. He made this remark because many U.S. companies like Boeing; hope to participate in the growing U.S. - India trade relationship.

74. Lalit Mansingh, ‘Managing the differences, four more years of Bush administration should consolidate the Indo-US strategic partnership’, *India Today*, November 15, 2004, p. 58.

76. Raj Chengappa and Anil Padmanabhan, ‘Roll out the red carpet - India should now push to consolidate its relations with the US and minimize the downsides’, India Today, November 15, 2004, p.60.

77. Hasan Zaidi is a special correspondent of India Today in Karachi, in his article ‘Advantage Pervez’; he had stated a remark on U.S.-Pak diplomatic relations, which was significant for Indo-US relations. Zaidi’s article was published in India Today on November 15, 2004, p. 62.

78. U.S. Trade Representative Robert Portman’s remark during his meeting with Kamal Nath, Minister for Commerce and Industry in New Delhi, on March 1, 2006.

79. President Bush’s remark while he met United Progressive Alliance Chairperson Sonia Gandhi, on March 2, 2006 at the Maurya Sheraton Hotel in New Delhi, During his visit to India.

80. If there is one factor that is likely to loom over the future of Indo-US relations, it is China. Although there is greater integration now between China and the United States than between India and United States, there is some concern in Beijing at the States; Washington has been talking about mobilizing China to resolve some of the problems of the subcontinent. India has some stake in the American policy aimed at preventing China from nuclear and missile technology to Pakistan.

81. The United States is clearly the pre-eminent power of our times. There can be no argument that better relations with the US are in our national interest. It is our largest trade partner, investor and technology source. A stronger relationship with the US can offer benefits on both fronts. For details, see: Shyam Saran, The India-U.S. joint Statement of July 18, 2005 - a year later, in Atish Sinha and Madhop Mohta, (eds.), Indian Foreign Policy: Challenges and Opportunities, Academic Foundation, New Delhi, 2007, p. 762.
Chapter - 4

Indo-U.S. Economic, Technological and Scientific Co-operation

This chapter will discuss the Economic issues in the relations between India and the United States in the post Cold War period.

The end of the Cold War and disintegration of the Soviet Union further obliged India to develop closer relations with United States in view of the dominant role the latter was expected to play in the international arena. India agreed to increase economic co-operation with the U.S.A. due to its national interests. In the aftermath of the end of the Cold War, the U.S.A. is remained the sole superpower. According to historians like Hobsbawm, the year 1991 marked the end of the 20th Century and the beginning of the 21st century. For Fukuyama, it signified “end of history” and marked the universalization of capitalist market economy, liberal enterprise and democratic policy.

The Indo-U.S. Economic Cooperation during Post- Cold War Era

The post - 1991 years progressively unfolded significant trends in international relations that might provide propitious circumstances for closer relations between the US and India. The new context necessitates rethinking and recasting of their relations. India’s potential can easily be gauged. As the seventh biggest state, India holds 16 percent of world population. It has the fourth biggest army and the third largest pool of scientists. Her well established and vibrant democracy has survived for the last 63 years. It has witnessed the emergence of a fairly sizeable middle - class numbering at least 150 million and providing a big market.

Indo-US relations can be classified under three broad headings, each signifying different areas especially in economic and trading area. In the view of US, India is in the midst of a major and rapid economic expansion with an economy projected soon to be the world’s third largest.
Though there is widespread and serious poverty in India, the US Government believes that the long term economic potential of India is tremendous, and the recent strides in the technology sector have brought international attention to such new global high-tech Centers as Bangalore and Hyderabad.

Although in the post Cold War era, American interests in the South Asia were complex and diversified, for most of the 1990s. US relations with India were focused mainly on market economy. The 1992 liberalization of Indian economy under the Narashima Rao Government brought into India a host of American multination.

The Indian government directly approached some of the top US business houses for investing in the country. The US replying to Indian governmental invitation, showed interests in investment. Washington was investing in the core sectors of the economy like hydrocarbons, power, electronics, computers and development of natural resources. The American investments and economic interactions had been on an ascending curve. Both the countries considered illegal trafficking in narcotics as a serious international problem and pledged to attack it at all levels. They had also signed a bilateral extradition treaty.

Economic Reforms introduced since 1991 radically changed the course of Indian economy and led to better growth rates, higher investment and trade flows and accelerated decline in income poverty. The effects of these reforms on trade and investment relations with the United States had been profound. There was no doubt that India’s liberal economic policy and its vast market evoked American interests. There was perfect convergence between the U.S. need of Indian market and India’s dependence on the USA to accelerate the pace of its economic growth.

The Task Force believes that U.S. interest would be better served by helping both India and Pakistan to develop a “normal” bilateral relationship with one another. The United States and
other interested government’s and organizations should encourage regular, sustained and multifaceted contact between India and the U.S. in a wide variety of trade area. After the decline of U.S. development aid in the 1970’s, America’s economic engagement with India was relatively limited during the next two decades.

In 1990, the year before India launched its reforms, U.S. Private Sector investment in India was a minuscule $19 million. The removal of many - but far from all administrative restrictions on foreign investment spurned a major increase. Investment by U.S. companies rose to $ 500 million a year by the mid 1990s but has since declined. Globally; India currently receives about $3.5 billion a year in Foreign Direct Investment (FDI).

Though the Trade between the United States and India is relatively small, it has risen sharply over the years. In terms of India’s major trading partner the USA continues to lead. However, India’s share in US trade is 24th in US export and eighteenth in US imports. The two countries had been trying hard to strengthen the institutional structure of their bilateral economic relations.

Signing of “India - US Economic Dialogue” by Indian PM, A.B Vajpayee and US President in 2003, aims at deepening the Indo-American partnership through regular dialogue and engagement. India’s sizable population and growing middle and higher income class makes India a potentially large market for U.S. good and services. The United States remains the largest source as well as the major provider of funds flowing through the financial markets, accounting for $ 7 billion of India’s total $ 13 billion of portfolio investment.

Although investment from abroad remains well below Indian expectations, foreign trade has grown steadily, Exports and imports rose from 13.3 percent of GDP in 1990-91 to 21.8 percent a decade later. India and the United States have come a long way since the early 1990’s,
when Washington threatened to impose sanctions in retaliation against New Delhi’s restrictive trade policies. The policy challenge over the medium term is to see that economic relations continue to expand.

After the end of the cold war, in the economic area USA had shown more understanding of India’s enormous problems and poverty, especially in relation to trade policy questions. Expanded commercial and economic ties, however, lie largely in Indian hands. Unless the Indian government vigorously carries through with its reforms, genuinely modifying India’s economic policies to open the country to the rest of the world and to give greater scope for market forces, US business is unlikely to show much greater interest in India than it has in the past.

India was likely to be placed on the US trade list of unfair trading partners for what US officials say is the lack of progress on contentious issues of patents and copyrights. The special 301 list has been published on April 26 (1991) by US trade representative, Mr. Carla Hills. Under the 1988 US trade Act, Mr. Hills was required to name countries which did not provide adequate openings for foreign competition while maintaining a trade surplus with the United States. The US officials said that India seemed unwilling to make any changes in patent and copyright laws to protect foreign companies.

India said it was unfortunate that the United States of America had decided to put India under special 301 provision of the trade Act which showed no progress. On the issue of intellectual property rights Indian commerce Ministry sources said that India would react at the proper time because, “We don’t know what the US is going to do after naming India under 301.” However in the early 1990’s, India’s restrictive trade policies, especially its unwillingness to protect intellectual property, led the United States to threaten relations under section 301 of the trade Agreements
Acts. Since then, India had gradually opened its markets to the world in keeping with its obligations as a World Trade.

India and America have made attempts to know each other for quite sometime. There had been sporadic, brief flashes of understanding, but nothing enduring enough to cut through the preponderant bulk of well-entrenched stereotypes. However, after taking the path of economic liberalization policy by India, various US multinational came here and made a strong economic relations. Like Ford, GE, IBM, and Bechtel among others, with the introduction of the second generation of economic reforms under the Vajpayee Government, US investment in India is likely to increase. There is a kind of convergence of interest between India’s need for technology and capital and the US search for markets.

But the story of Sixty-plus years of Washington - New Delhi relations is that both sides have emerged from a history of mistrust - and a relationship which lacked depth and breadth - to continuous economic dialogue. Since the middle 1990’s, India has been able to establish itself as a potential power in terms of economic development and political activities. India is now able to create new situations which make it costly for US interests to ignore India or to contain it. India now has the power to bargain with the US because India now has the means and will to hurt the US interests.

The United States has provided support and encouragement for the process of liberalization, but it can and should step up its efforts in this area even further - by sharing relevant technical, administrative, and financial expertise, by working in conjunction with other national governments and international financial institutions; by working with representatives of state and local governments in India. However, in terms of trade, relations between the USA and India in early 1990’s was not bad. Before the end of the year 1992, India’s fresh foreign investment were
worth around $2.7 billion in its power sector. It will create nearly 4,000 MW of installed capacity, which will be a big boost for the nation’s industrial infrastructure. A team of government of India and private sector officials, led by the Union cabinet secretary, Mr. Naresh Chandra was on tour of the US to speak directly with potential American investors.

On November 26, 1991, the Bush administration announced that for the time being it was dropping the idea of retaliatory action against India in the dispute over Intellectual Property Rights (IPR) by formally extending ongoing investigation into the subject by another three months. US Trade Representative Carla A. Hills, reported “progress” in the investigation which began on May 26, 1991, a month after the administration had placed India on its “Special 301 priority list” along with China and Thailand for providing “inadequate” protection to American intellectual property. The list calls for relations against countries which the US seen as excessively protective of their trade. November 26 was the deadline for taking action against India as the six month - long inquiry had ended without resolution of the US complaint that India had failed to provide adequate protection to its Intellectual property Rights.

After the commencement of the US investigation in May, a lot of exchanges had taken place between India and the US to resolve the dispute. The Minister of State for Commerce, P. Chidambaram went to the USA in October 1991 for talks with Mr. Hills who, in turn visited New Delhi for further consultations. The dispute between India and the US was narrowed down to the absence of a provision in the Indian law for product patents in the pharmaceutical industry. The intellectual property rights have many ramifications - in protecting trade marks, design and copyright. The hardest is the drug and medicine sector.

The Prime Minister Narasimha Rao’s talks with President Bush in New York on 31 January, 1992, on Uruguay round of multilateral trade talks in Geneva. The two sides agreed that
the differences on trade matters were narrowing down and were hopeful that the American and Indian delegations would be able to find a compromise.

The time was ripe for a big push forward in Indo-US relations because American thinking is forward looking and cautiously optimistic about India’s political and economic future, and there is room for both sides to engage in confidence building measures.\textsuperscript{15} The reasons for this optimism were many. In these days trends were in favour of warmer Indo-US relations and cooler US-Pakistan relationships. However, these no longer played on each other; the linkage of the Cold War, these days was over. It implies that India could be independent and still be closer to the USA in the post-Cold War scenario. Americans regarded India’s economic crisis as a temporary phase. They accepted that the Indian economy was structurally stronger compared to cold war period and that, they appreciated the trend towards economic liberalization.

India and the USA should, be better friends and stronger partners on economic issues. In a World of increasing globalization India’s futures plainly are intertwined with the USA. It still needs to be verified by future events and administration.

US Agricultural Secretary Edward Madigan, who had in February, 1992 rejected sales of one million tons of US wheat to India under the Export Enhancement Programme (EEP).\textsuperscript{16} The wheat purchase was one of the items on the agenda during India’s food Secretary Mr. Tripathy’s visit in Washington in early 1992. In February, of this year, New Delhi had again sought to purchase wheat under the EEP, but US Agriculture Secretary Mr. Madigan adamantly turned down the idea on the ground that India had sold rice to Cuba. A Cuban rice deal was not in the picture at the time, but Mr. Madigan was apparently convinced that it was in the offering.

US Department of Agriculture (USDA) officials, tenders were invited from 24 leading grain exporting companies registered with the USA. On the basis of the bids received export of
However, US had granted an average subsidy of $33.45 per ton on the exports to India. The net export price for the last quarter of 1992 was $110.50 per metric tone. On the basis of F.O.B. Gulf ports for the succeeding price was $112.50 per metric tone, F.O.B. Gulf ports.

In the beginning of Post Cold period Indo-US relations suffered set backs due to some reasons which are as follows:

(1) US attitude to give the loan to India was not positive. Because the USA has opposed India’s application to the Asian Development Bank (ADB), for the Soft loan facility. While other donor countries such as Japan and Canada were sympathetic to India, the USA, another donor country, was against India getting the soft loan facility. For this reason India was primarily doubtful about USA’s attitude and policy towards India.

(2) Another irritating issue was America’s negative attitude towards ‘Indian Space Research Organization’ (ISRO). One wonders whether the black listing of the Indian Space Research Organization and the Russian Space Agency-Glavkosmos, with aim to pressurize Moscow to break its contact with New Delhi, for the supply of cryogenic engines, would have came if India bought American technology. The US was certainly trying to kill two birds with one stone. While in the case of India, American objective seemed to be to prevent it from achieving heavy load satellite launch capability and a consequent entry into the high protective world market. In case of Russia, Washington’s action was like that after the end of cold war heralding a “trade war” now to keep it out of the international market of high technologies. Under the garb of the Missile Technology control Regime (MTCR), The US had put a two year’s ban on ‘ISRO’ and ‘Glavkosmos’ and its instigating the other countries signatories to impose sanctions against India and Russia.
The Chairman of the Indian space Research Organization (ISRO) Dr. U.R. Rao, Criticized the two year ban imposed by the US on ‘ISRO’ as “a unilateral decision” which was arbitrary, unfair, unjustified and one which would not stand up to technical security. It was obvious that it was commercial interest - said Mr. Rao.

The US Ambassador to India Mr. William Clark (Jr.) said, the U.S Direct Investment (FDI) in India, had gone on record as saying that US businessman’s view India as one of the “most promising” countries in the South Asian region. But the difference between rhetoric and reality appeared to be as wide as the gulf between civil rights and consumerism with a total two-way trade of over $ 5 billion, the US was India’s biggest trading partner, with exports of Rs. 4,797 cores in the financial year 1990-91, the US was India’s biggest export market in both exports and imports from India. In 1990-91 it accounted for 14.1 percent of all Indian exports and 12.1 percent of the total Indian exports.

The dialogue with the United States was intensified and a series of continual talks between senior functionaries of the two sides marked the Narasimha Rao regimes, an attempt to explore a new relationship with the US. During the Narosimha Rao’s period the bilateral trade relations between Washington and New Delhi started with new dimension due to excepting the liberal market economic policy by India. India had used its exchange rate to improve its competitiveness in the export sector. The rupee was tied to a basket of currencies with the dollar occupying a major share.

However, the rupee was first made convertible on the trade account in 1993 and fully convertible on the current account on 20th August 1994. India’s Central Bank, The Reserve Bank of India intervened in the exchange market to keep the rupee stable. Since 1992 the government of India had eliminated the licensing system for imports of intermediate and capital goods. It had
also reduced its import-weighted tariffs from 87 percent. As a member of World Trade Organization (WTO), India had no choice but to liberalize further and open its economy to foreign goods on schedule.

For these reasons the Indo-US trade volume at $7.4 billion in 1994 could rise exponentially, this was behind by the U.S. Commerce Secretary Ronald Brown. The USA was also pressing India to further open its markets for international trade. India was equally aware of economic and political compulsions for a sustained relationship with the USA while resisting its pressures where its own interests were concerned.

Indian-Americans have been high achievers in some important fields. There are approximately 300 Indian-American entrepreneurs with a personal net worth of at least $5 million, many in the high-technology sector. Nearly 40 percent of start-up companies in the Silicon Valley and Washington D.C. are owned by Indians or Indian Americans, and there are at least 774 Indian American companies in Silicon Valley alone. These high-technology entrepreneurs have their own networks, one of which, TLE (The Indo-US Entrepreneurs), has 1000 members. In other fields as well, Indian-Americans have moved quickly into important managerial and administrative positions.

Accepting President Clinton’s invitation, Prime Minister Narasimha Rao paid an official week-long visit to the US in May 1994. This historic visit cleared much of the earlier misconceptions about American pressure and Indian capitulation and helped to reestablish Indo-US ties on a more vigorous footing. Significant gains of the visit were the signing of six MoU’s. There was a shifting of four by low balling non-proliferation and high balling the economic issues. The visit expected to here an investment flow into India in the infrastructural sector. The US Commerce Department in a “White Paper” listed India as one of the top Big Emerging Markets (BEM).
Improvement of relations between the USA and India were not that easy as many observers had felt. Some basic issues between the two countries still remain unresolved. The USA pressurized India to agree to certain things which were against latter’s national interest and hence unacceptable.

However, in the post-cold war period the US had followed a policy of tilting towards India rather than towards Pakistan. This policy was based on three assumptions: First, in the absence of the cold war, Pakistan’s value as an ally decreased but India’s importance increased due to economic factors (market economy). Second, in the Post-Cold War period, containment of Islamic fundamentalism would replace containment of communism as the chief objective of American foreign policy. Huntington’s theory of “clash of civilizations” was an illustration of this type of thinking. Therefore, Pakistan, being a theocratic state, could not be regarded as a dependable ally by the US in this clash. Some felt there might be a convergence of US - Indian interest in relation to this objective. Third, new liberal economic policy was taken by Indian Prime Minister Narasimha Rao and his finance Minister Manmohan Singh for free flow of investment. That is why; Washington was interested in looking towards Indian big market.

With the transformation of Indian economic policy since 1991, corporate America began to take seriously. U.S two-way trade to India rose from $ 5.3 billion in 1990 to $ 8.5 billion in 1995 and to $ 12 billion in 1999 with $ 9.1 billion in imports and $ 3.7 billion in exports.

The United Front (UF) government, a coalition of 13 parties - remained in office from June 1996 to March 1998. During this brief period it was headed by two Prime Minister Dave Gouda and I.K Gujral in quick succession. The UF Government continued the earlier foreign policy with USA. The economic relations between the two countries were disturbed by India’s refusal to join the CTBT. In 1996 the issue of joining the CTBT mostly dominated Indo - US
relations. The Clinton administration was not happy with India’s attitude. But the Year 1997 saw an upswing in Indo - US relations. The Clinton - Gujral Summit in New York was followed by the visit of the US under - secretary of State for political affairs, Mr. Thomas Pickering to set the tone for a strategic dialogue along with economic issues. In November 1997, the US Secretary of state Mr. Madeleine Alright visited India and made an agreement between the two countries on setting upon an Indo - US science and technology forum. The Investment Incentive Agreement was also signed between the US and India in 1997.

However, in the mid-1990s, the American multinationals have grown more and more, interested in India in the wake of these and other changes. The Indian government has pushed open the energy sector to foreign investment and a number of American companies - for example Enron, Cogentrix etc. have entered the market. In various sectors Indo - US Joint ventures were seen during this time. This type of economic relational opened up possibilities that were not thinkable twenty years ago. This is for the first time that the prospect of a substantial economic relationship between Washington and New Delhi was visible.

While the size of the Indian middle-class-market, estimated to be anywhere between 100 million and 300 million, may be exaggerated, American firms understand the advantages of South Asia as a production site as well as a place to sell goods.\textsuperscript{12} Today United States is India’s Second largest source of FDI (Foreign Direct Investment) after Mauritius, accounting about 16% of total FDI flows to India from 1991 through July 2001. USA has 17.08% share in FDI inflows to India, Mauritius is at top with 34.49% and Japan comes 3rd with 7.33% share.\textsuperscript{33} On the investment front, the USA covers almost every sector in India, which is open for private participants. Both government to government level and business - to - business level conduct
regular interactions with each other to promote and strengthen the trade and economic relations between two countries.

The US investor community is today increasingly sharing confidence with the future of the Indian economy. Several areas like infrastructure, IT, telecom sector, energy and other knowledge industries such as pharmaceuticals and biotechnology possess immense potential for progressing economic cooperation between India and the US.

US and congressional interests in India cover a wide spectrum of issues, ranging from the militarized dispute with Pakistan and weapons proliferation to concerns about regional security, terrorism, human rights, health, energy, and trade and investment opportunities. Throughout the 1990’s, however, regional rivalries, separatist tendencies, and sectarian tensions continued to divert India’s attention and resources from economic and social development.

However, *Indo-US bilateral trade relations* can be analyzing by a table (From1992to1999).

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports</th>
<th>% growth</th>
<th>Imports</th>
<th>% growth</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>4.551</td>
<td>3.781</td>
<td>2.761</td>
<td>1.914</td>
<td>1.866</td>
</tr>
<tr>
<td>1993</td>
<td>5.302</td>
<td>+20.04</td>
<td>2.296</td>
<td>+44.3</td>
<td>1.790</td>
</tr>
<tr>
<td>1994</td>
<td>5.736</td>
<td>+16.5</td>
<td>3.296</td>
<td>-16.8</td>
<td>3.790</td>
</tr>
<tr>
<td>1995</td>
<td>6.169</td>
<td>+8.2</td>
<td>3.318</td>
<td>+43.6</td>
<td>2.440</td>
</tr>
<tr>
<td>1996</td>
<td>7.321</td>
<td>+7.5</td>
<td>3.616</td>
<td>+0.7</td>
<td>2.851</td>
</tr>
<tr>
<td>1997</td>
<td>8.225</td>
<td>+18.7</td>
<td>3.545</td>
<td>+9.1</td>
<td>3.705</td>
</tr>
<tr>
<td>1999</td>
<td></td>
<td>+10.4</td>
<td></td>
<td>+4.6</td>
<td>5.376</td>
</tr>
</tbody>
</table>

Source: [http://www.embassyofindiawashingtond.c.](http://www.embassyofindiawashingtond.c.)

(Researched on June 7, 2007)

The bilateral trade continued to grow further. India’s external trade including exports and imports, grew from $ 54.5 billion in 1990 to $ 106.6 billion in 1998 a 95% increase Exports of goods and services more than doubled from $ 25 billion in 1990 to $ 47.4 billion in 1998. Imports
on the other hand grew from $31.5 billion to $59.1 billion, an 88% rise between 1990 and 1998.\(^{36}\)

The US President Bill Clinton visited India in March 2000. This was a visit by an American President after 22 years. Last President Jimmy Carter visited India in 1978. President Clinton’s visit had brought a new chapter in Indo-US relations. Prime Minister Vajpayee’s 10 days return visit (September 7, 2000) to the US took bilateral relations into a new and amicable phase with Washington unequivocally acknowledging that New Delhi was an emerging global power in terms of economy and politics. Economic achievements of this visit were more significant to India, keeping in view the following facts:

(1) Resumption of US economic assistance to India, stalled after the May 1998 nuclear tests,

(2) Signing of agreements for the development of two thermal and one hydro power plant between US energy companies and Indian promoter.

(3) Resolving to double bilateral trade (to $15 billion in the three years) and to triple US investment in India (to 15 billion a year)

(4) Opening of General Electric (GE)’s largest research and development center near Bangaluru.

(5) The US assistance of $900 million to the State Bank of India and Exim Bank for purchase of US goods and services by Indian businesses.

However, the Government of India is continuously reviewing its policies to create and investor friendly environment in sectors such as roads, ports and airports, private sectors participation...
in management, green-field airports, terminals and shipping berths and capacity augmentation has been initiated. Through a table it can be shown.

**Table - 2**

<table>
<thead>
<tr>
<th></th>
<th>US Direct Investment Abroad</th>
<th>Foreign Direct Investment in the USA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All Countries ($ min.)</td>
<td>India ($ min.)</td>
</tr>
<tr>
<td>Direct investment position on historical - coast basis</td>
<td>2002</td>
<td>1,520,965</td>
</tr>
<tr>
<td>Capital outflows (inflows (-))</td>
<td>2002</td>
<td>1,19,742</td>
</tr>
<tr>
<td>Income</td>
<td>2002</td>
<td>123899</td>
</tr>
</tbody>
</table>

*Source: Website of the Bureau of Economic Analysis of the US Department of Commerce (Researched on June 8, 2007)*

Among the major multinationals of USA that are doing a profitable business in India are General Electric, Whirlpool, Ford (India), 3M, Pepsi, Proctor and grumble (India), Micro Soft, Intel, IBM, EDS, Sun Micro Systems, Oracle Corporation, Texas Instruments.37 US success stories in this Sector include Citicorp, GE Capital, and American Express. The insurance sector in India is opened up to 26% FDI. However, there are proposals to hike this limit to 49%. US Companies that have successfully entered this field in India include New York life, AIG and Chubb.

Indo-US economic relations is not determinate by the simple trade and commercial aspects, it has also another important aspect that is arms trade. Along with increasing military to military ties, the issue of U.S. arms sales to India has taken a higher profile, with some analysts anticipating that New Delhi will spend as much as $ 40 billion on weapons procurement over the next few years.38 The first ever major U.S arms sale to India came in 2002, when the Pentagon negotiated delivery of 12 counter battery radar sets (or “Fire finder” radars) worth a total of $ 190 million.
India also purchased $ 29 million worth of counter terrorism equipment for its special forces and has received sophisticated U.S made electronic ground sensors to help stem the tide of militant infiltration in the Kashmir region. In 2004, Congress was notified of a sale to India involving up to $ 40 million worth of aircraft self protection, systems for mounting on the Boeing 737s that carry India’s head of the government.

India is in the midst of a major rapid economic expansion, with an economy projected soon to be the world’s third largest. Although there is widespread and serious poverty in the country, US government’s believe that long-term economic potential of India is tremendous, and recent strides in the technology sector have brought international attention along with USA to such new global high-tech centers as Bangalore and Hyderabad. About one seventh of foreign direct investment in India since 1991 has come from U.S. firms, in recent years, the major U.S based companies Microsoft, Dell, Oracle, and IBM have made multi billion - dollar investments in India.

A very important aspect of US India economic relations comes with the emergence of Business process outsourcing, where in many US Companies are reaping the advantages offered by India’s IT sector. India offers a large pool of trained, English speaking personal which offers huge cost benefits the US MNC’s. Several big names like, American Express, Citicorp, Microsoft, Dell, Hewlett - Packard and converges etc. are taking advantages of the opportunities offered by India’s IT Sector. Others companies such as Morgan Stanley, AT and T, Reebok, GM, Feejitsu, Boeing, these are India’s out sourcing partner.

USA is India’s largest trading partner accounting for 19 percent of the country’s exports and over 10 percent of its imports in the year 1994-95. Thus USA has played a dominant role in
India’s trade in to mid of 1990’s. On the other hand, India accounts for only 0.6 percent of USA’s total exports and imports. Thus there is enough scope for expanding trade with USA.

Indo - US bilateral trade which had been more or less stagnant since 1987-88, increased significantly during 1992-93 and 1993-94. The exports during 1993-94 showed 13.74 growths over 1992-93 while imports rose by 27.71 percent in the same period. Thus, India was having a favourable balance of trade for the last one decade expect for the year 1990-91. During 1993-94 the trade balance in favour of India was more than US $ 1.2 billion. This trend improved in the year 1994-95. Exports to the USA has increased by 25 percent while imports during this period. India had thus earned a significant amount of foreign exchange in its trading with USA. Trade with USA is one of the biggest positive factors for correcting India’s economic crisis.

In the era of globalization India has been fairly successful in attracting a large number of countries to invest in the country. More than 50 countries from diverse geographical regions have so far made investment in India. The top five countries based on cumulative investment data in the post reforms period, in descending order are: UK, Japan, Switzerland, Germany and USA. But compared to the other four countries USA is the biggest FDI country in India.
By a Table the actual scenario of FDI in India can be presented.

**Table No - 3 (Rs. in Million)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>34.8</td>
<td>31.7</td>
<td>39.1</td>
<td>38.9</td>
<td>37.8</td>
</tr>
<tr>
<td>U.K</td>
<td>6.0</td>
<td>3.0</td>
<td>7.0</td>
<td>14.5</td>
<td>9.3</td>
</tr>
<tr>
<td>Germany</td>
<td>7.8</td>
<td>2.2</td>
<td>2.0</td>
<td>6.4</td>
<td>4.1</td>
</tr>
<tr>
<td>Mauritius</td>
<td>0.0</td>
<td>0.0</td>
<td>1.4</td>
<td>6.0</td>
<td>3.0</td>
</tr>
<tr>
<td>Japan</td>
<td>9.9</td>
<td>15.7</td>
<td>2.9</td>
<td>4.5</td>
<td>5.7</td>
</tr>
<tr>
<td><strong>Total Incl. Others in Rs. Crore</strong></td>
<td><strong>534.1</strong></td>
<td><strong>3887.5</strong></td>
<td><strong>8859.3</strong></td>
<td><strong>8956.8</strong></td>
<td><strong>22237.7</strong></td>
</tr>
<tr>
<td><strong>US $ Mn.</strong></td>
<td><strong>234.9</strong></td>
<td><strong>1317.5</strong></td>
<td><strong>2817.5</strong></td>
<td><strong>2854.8</strong></td>
<td><strong>7227.7</strong></td>
</tr>
</tbody>
</table>

*Source: Govt of India.*

Foreign Direct Investment in India by USA had increased from 1991 to 1995. Its figure is given below in the following table:

**Table - 4**

*FDI flows from US to India (Rs. Million)*

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>858.5</td>
</tr>
<tr>
<td>1992</td>
<td>12315.0</td>
</tr>
<tr>
<td>1993</td>
<td>34618.5</td>
</tr>
<tr>
<td>1994</td>
<td>34880.9</td>
</tr>
<tr>
<td>1995</td>
<td>8642.4</td>
</tr>
</tbody>
</table>

*Note: Figures Up to March 1995.*

*Source: SIA Newsletter April 1995.*

One of the major questions for any country is employment. Indo - US economic relations made a good impact on employment sector in India. No precise statistics an available indicates the effect of United States on India’s employment scenario. In India - employment of US affiliates constitutes 0.6 percent of their total US affiliates of the entire world which is 6898.1 thousand.
US is creating a job of 0.2 labour in India which is higher than the ratios in China, Indonesia, Thailand and Philippines and even Korea.

Bilateral relations is effected properly when exports and imports acts in the same time as following balance.

**Table - 5**

*India’s exports to USA*

<table>
<thead>
<tr>
<th>Item of Exports</th>
<th>% Contribution to Total Export to the US in 1994-95</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Leather Manufactures</td>
<td>3.11</td>
</tr>
<tr>
<td>2. Gems and Jewellery</td>
<td>29.73</td>
</tr>
<tr>
<td>3. Cotton and Fabrics</td>
<td>5.13</td>
</tr>
<tr>
<td>4. RMG Cotton Including accessories</td>
<td>15.44</td>
</tr>
<tr>
<td>5. Carpet (Hand Made)</td>
<td>2.98</td>
</tr>
<tr>
<td>6. RMG (Man Made Fabrics)</td>
<td>2.98</td>
</tr>
<tr>
<td>7. Metal Manufactures</td>
<td>3.36</td>
</tr>
<tr>
<td>8. Cashew nuts</td>
<td>2.85</td>
</tr>
<tr>
<td>9. Marine Products</td>
<td>2.90</td>
</tr>
<tr>
<td>10. Handicrafts</td>
<td>2.94</td>
</tr>
</tbody>
</table>

Of the above items Gems and Jewellery and RMG cotton including accessories are the major items of export which accounted for about 45 percent of the total Indian exports to the US.

The USA is the largest market for ready made garments exports from India. In 1994 US $ 1284 millions were exported to USA which was 29 percent of the total garment exports and
showing a 44 percent increase in value over 1993. In terms of quantity the exports grew by 31.9 percent over 1993 and reached a figure of 200 million in 1994.

It is observed that during the last 4 years since 1991, there had been a consistent increase in India’s exports of garments to US at an average rate of 30 percent. The major items of exports to the USA are ladies dresses, gent’s shirts and T-shirts. India had signed a Textile Agreement with the US on 31st December, 1994 to facilitate the Trade in Textiles product.

It is true that there are political differences between India and the United States dickymainly to the Cold War. Politics is only on of the dimensions in the totality of interactions between any two countries. It can be expected that political differences will be gradually overcome by countervailing forces in there sectors: burgeoning economic relations, growing people to people contact and exchanges and the spiritual evolution of man.44

American investments in the Indian economy have increased as India has liberalized its economy. The implications of this growing economic relationship are evident. Mutual economic interests can override political differences.

However Indo-US relations were going smoothly in 1997, when India and the USA, on 12th December 1997 signed a work plan for 1998 and 1999 for co-operation and development in agriculture and allied sectors.45 The Agreement was signed at New Delhi. The agreement called for joint research and training and exchange of information in the area of tangencies, genetic enhancement of crop plant, aided horticulture reproduction technology and skill development for agro business. The agreement was signed by Dr. R.S. Paroda, Secretary, Department of Agriculture Research and Education of India and Edward Hailer, Vice Chancellor of Texas University U.S.
The U.S. Commerce Secretary Mr. William Daley had stated at New Delhi on December 8, 1997 that the U.S. administration may be prepared to go slow on the dispute with India over the Intellectual Property Rights (IPR). During his visit he underlined the importance of regional economic groupings such as the North American Free Trade Association (NAFTA). He felt that India should consider such regional groupings as the NAFTA had benefited Mexico greatly. He also stressed that the scope for Indo-US. Commerce was almost limitless. Bilateral trade had risen by another 18 percent in the first eight months of the 1997 and it might cross the $10 billion level for the first time.

The 12th General Election (1998) of India produced only hung parliament and unstable coalition government led by the Bhartiya Janata Party (BJP) that could work only for 13 months. This government was formed - led by Prime Minister Atal Bihari Vajpayee. Vajpayee Government took the bold step of exercising nuclear option by conducting five nuclear tests three on May 11, 1998 and two on May 13, 1998. The international reaction, as expected, was sharply critical of India’s tests. In a message after the explosions the President of India Mr. K.R. Narayanan said that “Indian Science had scored, yet another achievement in the successful testing of nuclear devices at Pokhran. The evident was major breakthrough in the realm of national security. I extend my felicitations to all scientists and technologists who have made this possible and say to them India is proud of you.”

But USA was unhappy about Pokhran II. The Washington has confirmed that the direct impact of the sanctions imposed against India will affect the flow of $142.3 millions which this county received as bilateral assistance. The US export - import Bank said its action of ceasing all new approvals of financing US exports to India would immediately be affected by approximately $500 millions of such exports in pending transactions.
The U.S Administration also outlined the potential scope of sanctions against India as mandated by the Glenn Amendments. First, will be the termination of bilateral assistance, except humanitarian items, and this includes $ 51.3 millions as Agency for International Development (AID) Developmental assistance which was come in fiscal 1998. The other component of assistance affected is PL-480 in fiscal 1998 amounting to $ 91 millions, taking the total to $ 142.3 millions.\(^{46}\)

The sanctions also resulted in the termination of military sales and financing which amount to $ 775000 under the foreign Military sales and International Military Education and Training (IMET) Programme. The sanctions also prohibit U.S Banks from extending loans or credit to the Government of India except for the purchase of food or agricultural commodities.

But the Bill Clinton administration was really in a dilemma on the question of sanctions against India for the conduct of nuclear tests. After taking a secret decision U.S administration had withdrawn the economic sanctions from India thinking for Indian Big market. A.B. Vajpayee wrote a letter on 11th May 1998 to Bill Clinton “I assure you that India will continue to work with your country in a multilateral or bilateral framework to promote the cause of nuclear disarmament.” The two ways process of normalization of the bilateral relations brought closer the two countries. One outcome of the Kargil conflict was that the USA moved closer to India. The frosty relations that had developed when India had exploded its nuclear bomb began to be repaired in the post-Kargil phase. The American Senate’s rejection of the CTBT in October 1999 helped ease the major hurdle in Indo - US relations. On January 21, 1999 the Maharashtra State Electricity Board signed a power purchasing authority with Dodson Linlelom Inc., USA to set up a 12 MW hydel power project in the Bhandara District in Maharashtra.

In early 2000 the US President Mr. Bill Clinton has allocated $ 5 millions for economic reforms and liberalization in India, besides funds for several welfare schemes in his fiscal 2001
budget. The amount for India was contingent on progress in American “economic dialogue with India.” The US President Bill Clinton visited India in 1978. President Clinton’s visit brought home the fact that a new era of Indo-US ties was beginning. But the left Parties of India were organized to demonstrations during the US President’s visit. The CPI Politburo Member Mr. Sitaram Yechury said that the visit would formalize the Vajpayee Governments “sub service” to the Clinton Administration. Mr. Clinton’s visit, he pointed out “....was coming at a time when the US pressures on India were at a peak. Most of the sanctions it had imposed after the Pokhran nuclear tests were still in force with nearly 150 Indian Institutions continuing to be bearded from any contact with U.S agencies.’

The game plan for upgrading Indo-US commercial ties had been carefully laid prior to the visit. The only inputs needed to push it forward were a green signal from the political leadership of both countries. Mr. Clinton’s entire trip was especially the softening of attitudes on strategic issues and economic engagement of the two countries. The most significant arrow that cements in the Vision Statement issued after the Clinton - Vajpayee talks, was the creation of an institutional arrangement for a Government to Government dialogue on economic issues.

During Clinton’s visit, the major sectors in which the two countries were tied up were energy, environment and information technology: the three areas where there seems to be the greatest complementarities between the two countries. Energy was the area where India needs perhaps the biggest door of investment from the abroad. The vision statement signed by Clinton and Vajpayee on March 21, 2000 was perhaps the substantive part of the visit. The crux of the vision statement is, in the 21st century India and the US would be partners in peace, with a common interest.
The Indian Prime Minister Vajpayee has paid a visit to Washington for 10 days, on September 7, 2000. The aim of the visit was to foster the bilateral relations of the two countries. Economic achievements of this visit were more important. During this visit an agreement was signed for development of two thermal and one hydro power plant between US energy companies and Indian promoter. Secondly the US ensured to give financial assistance to India. During the visit they resolved to double their bilateral trade (to $15 billion in three years) and to triple US investment in India (to $15 billion a year). It was ensured during Vajpayee’s visit for the opening of FE’s largest research and development centre near Bangalore. The US government offered India for giving assistance of $900 million to the State Bank of India and Exim Bank for purchase of US goods and services by Indian business.

The development of bilateral relations opens possibilities that were not imaginable just before 1991. There is for the first time the prospect of a substantial economic relationship between the USA and India. The economic interdependency between the two countries makes a closer relationship which has accelerated the relationship and closeness in other sectors of the relations of the two countries. The diplomatic sector is not immune from this.

These new economic links mean, first, that differences on economic issues can be managed more cordially. The balance of trade favours India, but some Indians remain concerned that American capital and finance will come to dominate their economy.\(^49\) Another important aspect of India-US economic relations is the huge number of people of Indian origin residing in the US. These people according to some surveys conducted in the US, contribute a lot to US economy and are among the most highly educated class in America.

The end of the cold war in the 1990s coinciding with the start of the liberalization of the Indian economy saw a steady improvement in India-US relations with Clinton Administration
identifying India as one of the 10 major emerging markets. The volume of India - US bilateral trade also started to grow at a good pace even though it still remains a small fraction of USA’s global trade.

In the year 2000, while US exports to India account for over 10% of India’s non oil imports while US figures one fifth of India’s exports. USA’s trade turnover with India constitutes less than 1% of its global trade. India’s one percentage share in US imports has remained more or less stable, it was 0.88% during 2000. In 2000, India ranked 21st among countries that export to the US.

Soda ash was an important matter in Indo - US economic relations. Soda gives washing powder. It is also at the centre of a looming trade conflict between India and the United States. In February 2001, New Delhi officially responded to a US threat to withdraw tariff concession on $2.8 billion worth of Indian exports. Soda - ash has been a low - key trade dispute between the two countries for over two years then, US Trade Representative said it would withdraw tariff benefits on seven categories of Indian exports, including leather goods. On humanitarian ground also, in 2001, US President George W. Bush (Jr.) offered to the tune of $ 5 million aid to India for quake victims after a telephonic conversation with Indian Prime Minister A.B. Vajpayee.

There has also been a change in the composition of our imports from the USA. With India becoming self sufficient in food grains and the PL 480 funds having been used up, imports of wheat and edible oil from the USA on a regular basis had stopped. Crude oil, which was the second highest import item in 1985, had also been virtually phased. Aeronautical equipment, medical equipment, Organic chemicals are main imported items from the US.

Since 1998, When the BJP led coalition first took office, GDP growth has slow, dropping from the height of 7 percent in the mid - 1990s to 5.4 percent in 2001-02. Although this growth
rate remains higher than that of any other Asian Country exceptionally, passing the $ 50 billion mark for the first time. The services sector, in this time produced almost half of GDP, has been the economy’s strongest performer during this time. The star continues to be Information Technology (IT).\textsuperscript{53} USA slowed India’s IT growth from a spectacular more than 50 percent in 2002.

Indian’s large pool of well-educated, English - speaking computer specialists whose wages, although high by Indian standards, remain well below those in the United states, makes it an attractive source of software and computer services and location for IT development facilities.\textsuperscript{54} Indo - US bilateral trade has also failed to expand as rapidly hoped, and the trade has been mostly one way. In 2002 India exported IT item to USA $ 3.8 billion, otherwise USA was more benefited than India. America continues to be India’s largest trading partner, but India ranks only 25th for the United States.

The U.S. under Secretary of Commerce Mr. Juster said “There is immense potential for trade in the high technology sector between the USA and India in areas ranging from telecommunications to biotechnology.”\textsuperscript{55} “India and the USA very much understood that there was a vast scope of furthering cooperation in the realm of trade, investment and services and are taking steps to meet some of the challenges and problems”, said the Union Minister for commerce and Industry”, Arun Jaitly, on 12th June 2003.\textsuperscript{56} The U.S exports to India increased by nine percent in 2002 and crossed the $ 4 billion for the first time.

In September 2003, the Secretary of State for Washington State (USA), Mr. Sam Reed visited India. Addressing a seminar in Mumbai, he said India should reform its trade policies further and reduce tariffs to boost trade with the USA.\textsuperscript{57} He also pointed out that while India had reformed its trade policies and needed to make system transparent and reduce tariffs further for trade policies

( 105 )
and needed to make system transparent and reduce tariffs further for trade between the two countries to grow.

The United States under-secretary of commerce, Kenneth Juster, was optimistic of making progress with India in high technology co-operation, but did not set any deadline on when specific agreements could be reached. Visiting in India, November 2005 Juster said he was pleased that a drop in Indian tariffs had led to an increase in U.S exports to this country. At the press conference and at a meeting organized by the Federation of Indian Chambers of Commerce and Industry (FICCI), Mr. Juster called on India to drop the trade barriers. Specially, he called for better protection by India of patent rights. At the FICCI function, Mr. Juster categorically denied that there were any U.S sanctions in force against India. However India’s sizable population and growing middle and higher income class makes India a potentially large market for the U.S goods and services. According to the figure from government sources, the U.S exports and imports from India in 2003 totaled US $ 5.0 billion respectively.

India today is considered a leading software development centre. The US accounts for 61 percent or $ 3.8 billion of India’s total software exports valued at $ 6.3 billion in 1999 - 2000. In the first half of 2000, exports increased by 63 percent or $ 2.8 billion representing 12.5 percent of India’s exports. At the current rate of growth, India expects to capture 5 percent of the worlds IT market in few years. Some leading US companies involved in the global IT market have set up their development centers in India especially at Bengaluru, Hyderabad, Gurgon and Kolkata.

On the other hand 17 of all the 32 software companies in the world receiving the ‘top quality’ certifications by the Software Engineering Institute of Carnegie Mellon University are Indian. Indian companies such as Tata Consultancy Services, Wipro and Infosys are listed on the New
York Stock Exchange and NASDAQ. These companies employ 2,80,000 software engineers, the second-largest group of software developers in the world.

The Indian economy has become considerably more open, with the ratio of total trade to GDP reaching 30 percent in 2004 (up from 14 percent in 1990). The idea of a Free Trade Agreement (FTA) with the US appearing to support the Government of Prime Minister Manmohan Singh, a move that is seen in many quarters as benefiting both sides. Backers of a services FTA in India point out that while it would open up some sectors which are now closed to the US, it would in turn provide huge opportunities for high-end Indian service providers such as doctors, accountants, architects, and software engineers.

During his visit of March 2004, American Secretary of State Mr. Colin Powell, said, “Outsourcing is a global reality, the two governments would remain intensely engaged on the issue.” Among a host of economic issues, Powell pitched for “easing bureaucratic obstacles to enter the Indian market, speeding up of reforms and relaxing foreign direct investment.

Mr. Powell stressed on fostering bilateral economic relations. But he appeared to have a contrary view on outsourcing. He said, “The American people will find it less difficult to accept outsourcing if India helps generate more American jobs by supporting trade liberalization in the WTO and further opening its markets to US exports.”

A second term for George Bush had been good for India. Bush was more advantageous to India. In his second term of Presidentship Bush had not taken the old line of foreign policy and was looking at South Asia, especially India, with a fresh approach. Bush declared that he was absolutely committed to building an enhanced, comprehensive relationship with India. Bush is a big advocate of free trade. Indian Prime Minister Manmohan Singh was also a supporter of the liberal economy. So the Head of the government of the two countries were of similar economic views.
During this time Indo-US relations have reached a high point with a friendly attitude. US President George W. Bush’s second term in the White House had been welcomed in the circles of Indian Industry and it was expected that it would further strengthen the Indian Chamber of Commerce and Industry that there would be a continuity of US policies towards India and further improvement of Indo-US relations.

Bush’s re-victory was particularly good for the Indian IT industry. The US President said, “The United States does not have enough young people to do the jobs that are outsourced to India. The unemployment rate in the US is only 5 percent, comprising people who want to work and 2-3 percent are temporary workers. It thus needs outsourcing as well as immigration”. The US market is extremely competitive, requiring that Indian exporters continuously enhance their technological capabilities. Ensure high quality packaging. E-commerce and globalization have quickened the pace of change. India was implementing a five year medium term export strategy 2000-2005. The second term for George Bush has marked the opening of new and more successful chapter in Indo-US economic relations.

Prime Minister Dr. Manmohan Singh’s meeting with President Bush on September 21, 2004 on the sidelines of UN General Assembly provided an opportunity for the two leaders to further strengthen these relations. Prime Minister comment that two countries relations have grown in diverse ways and that the two countries relations have grown in diverse ways and that “the best is yet to come was a clear reflection of the priorities and policies of the government in India. The Joint Statement, issued after the meeting between Prime Minister Dr. Manmohan Singh and the President Bush stated that bilateral relations had never been as close as they were that time. Both the leaders had agreed that policies encouraging greater integration of the two economics and with the global economy would offer opportunities to expand and strengthen their economic partnership.
The USA welcomed the government of India’s commitment to increase investment opportunities in telecom, insurance and civil aviation, and had drawn its attention to the urgency of moving ahead with other reforms, such as tax reform, trade liberalization, and the elimination of subsidies. In 2004, U.S merchandise exports to India rose by 22.6 percent, while imports rose by 18.4 percent, over 2003 levels. U.S imports from India were clothing and apparel and Jewelry.

U.S - Indian Economic Dialogue Initiative has enhanced cooperation in four areas - finance, trade commerce and the environment’, Remarked by U.S Ambassador David C. Mulford at an ICC/IACC Luncheon in Kolkata, on August 18, 2005. He called for “ADVANCING U.S-INDIA ECONOMIC RELATIONS” is illustrative of the importance attached to the economic aspect of the relationship. He stated further that the U.S commitment to develop deep economic and commercial ties with India has never been stronger. The open skies Agreement with USA and India was increasing air traffic and creating new Jobs, and India has financed a large order of Boeing aircraft. The two relational developments were held between USA and India in 2005, viz. Open skies civil Aviation Agreement and India’s-2005enactment of a new patent protection for pharmaceuticals and biotechnology inventions are indicators for bridging the differences that obtain in the U.S perception.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total FDI ($ Mln)</th>
<th>US FDI ($ Mln)</th>
<th>US Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>4498.1</td>
<td>418.4</td>
<td>9.30</td>
</tr>
<tr>
<td>2001</td>
<td>4281.1</td>
<td>367.6</td>
<td>8.59</td>
</tr>
<tr>
<td>2002</td>
<td>4434.5</td>
<td>282.8</td>
<td>6.38</td>
</tr>
<tr>
<td>2003</td>
<td>3109.0</td>
<td>396.3</td>
<td>12.75</td>
</tr>
<tr>
<td>2004</td>
<td>3468.0</td>
<td>344.4</td>
<td>9.93</td>
</tr>
</tbody>
</table>

Source: Data compiled from SIA Newsletter, Department of Industrial Policy and Promotion, Govt. of India, 2005.
As India’s largest trade and investment partner, the United States strongly supports New Delhi’s continuing economic reform policies. As U.S - India Trade Policy forum was created in November 2005 to expand bilateral economic engagement and provide a venue for discussing multilateral trade issues. The USA currently accounts for about one - sixth of all Indian exports. India was the 21st largest export market for U.S goods in 2006. Annual FDI to India from all countries rose from about $ 100 million in 1990 to nearly $ 6 billion for 2005 and more than $ 11 billion in 2006.

During the U.S President George W. Bush’s visit India in March 2006, he and the Prime Minister Manmohan Singh had expressed satisfaction with the great Progress the USA and India had made in advancing our Strategic Partnership to meet the global challenges of 21st Century. Reviewing the progress made in depending the global Partnership between the USA and India since their Joint Statement of July 18, 2005, the President and Prime Minister reaffirm their commitment to expand even further the growing ties between the two countries. Consistent with this objective the two leaders wish to highlight the efforts the USA and India were making together in the economic areas, as - (1) welcoming the report of the U.S - India CEO forum, agreeing to consider its recommendations aimed at substantially broadening bilateral relations. (2) Endorsing the efforts of the U.S-India Trade Policy Forum to reduce barriers to trade and investment with the goal of doubling bilateral trade. (3) Agreeing to advance mutually beneficial bilateral trade and investment flows by a high level public Private Investment Summit in 2006.

The Steps taken by the Government of India in proving a boost to foreign investment in India include, increase in foreign ownership limit, reduction of regulatory charges, moving to unified licensing and spectrum policy, bring about comprehensive broad band policy and revamping of national telecom policy. India’s Telecommunication sector, already a major recipient of US investment,
is expected to continue to provide substantial opportunities to U.S. investors.\textsuperscript{71} India’s energy sector has been, an important destination for US investment. The US India Business council (USIBC), along with FICCI, launched a knowledge trade initiative (KTI). KTI aims to strengthen Indo - US leadership in the knowledge - economy by harmonizing bilateral positions on key issues affecting knowledge trade.

Another important trading aspect of Indo - US relations is military sector India’s increasing military imports of which US expects a greater share since 2005, a number of such contracts have been proposed. In a note to the Congress, Pentagon officials said that India is likely to purchase $5 billion worth of conventional weapons.\textsuperscript{72}

However American corporations operating in India multiplied from 14 in 1991 to over a thousand in 2004. USA occupies a central position in India’s economic relationship, although India is only marginal to U.S foreign economic relations.\textsuperscript{73} A number of “tradable Jobs” in US are going off shore - a large number to India. Recording to the World Bank, India’s per capita GDP was only about $805 in 2006. The highly - touted information technology and business processing industries employ only about one third of one percent of India’s work force and while optimists vaunt an Indian “middle class” of some 300 million people, large number of Indians subsists on less than $1 per day.\textsuperscript{74}

Despite of significant tariff reductions and other measures taken by India to improve market access, according to report of the United States Trade Representative (USTR) “substantial expansion of U.S - India trade will depend on continued and significant additional Indian liberalization.” India’s extensive trade and investment barriers have been criticized by U.S government officials and business leaders as an important to its own economic development, as well as to stronger U.S. - India ties.\textsuperscript{75} Inadequate intellectual property rights protection is another long -
standing issue between the two countries. The USTR places India on its special 301 priority watch List for “inadequate laws and ineffective enforcement” in this area. The International Intellectual property Alliance (IIPA), coalition of U.S copyright based industries, estimated U.S losses of $496 million due to copyright piracy in India in 2006, more than three quarters of this in the categories of business and entertainment software.

In December 2006, under secretary of commerce and Director of the U.S patent and Trademark office Jon Dudes told, New Delhi audience that “further modifications are necessary” in India’s intellectual property rights protection regime and that India’s copyright laws are “insufficient in many aspects”. He also warned that “piracy and counterfeiting” rates will continue to rise without effective enforcement.

However a number of factors continue to hamper economic ties between the two countries. US citizens India for maintaining high tariff rates on import, and levying high surcharges and taxes on a variety of imports and imposing non-tariff barriers on US exports to India. In order to capture more US investment and trade share, India is required to further relax its trade and investment regimes, accelerate privatization of State firms, cut down on corruption, and substantially boost spending corruption, and substantially boost spending on its in physical and human infrastructure.

The Trade and industry objective has been clearly spelt out: the doubling of trade every three years. Therefore, a US-India comprehensive Economic Cooperation Agreement (CECA) is being discussed. Yet, what are the changes of Free Trade Agreement (FTA) between India and the US? The answer depends on many factors to the American economy. The US has begun to negotiate a series of FTAs as these lock-out competition against US products and force the partners to buy American goods. The reverse also holds true, So India too is trying to follow this route. India is generally aware of the criticism by economists that an FTA would make its imports more expensive,
but price is one that it is willing to pay return for the other benefits that would flow from such an
engagement.76(a)

The US - India CEOs Forum had very clear suggestions to make in this regard:

1. As immediate first step, India could permit FDI in retail in all SEZs and/or permit Joint
ventures in retail with minority foreign investment.

2. Accelerate the timetable to raise FDI caps in the insurance sector and allow foreign
FDI in Indian private Sector Banks as well as an accelerated approval of foreign Bank applications
for branches in India.

3. Remove restrictions on new branches by Indian banks in the U.S. This are under
consideration but will depend on reciprocity rules,76(b)

**India’s Imports from the U.S - some Items. (values in US $ Million (2005-06 yr)**

<table>
<thead>
<tr>
<th>SL No.</th>
<th>Name of commodity</th>
<th>in US $ Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Aircraft, spacecraft and parts thereof</td>
<td>1926.02</td>
</tr>
<tr>
<td>2.</td>
<td>Nuclear reactors, boilers mechanical appliances</td>
<td>1465.25</td>
</tr>
<tr>
<td>3.</td>
<td>Electrical machinery and parts sound recorders, television image</td>
<td>1170.84</td>
</tr>
<tr>
<td>4.</td>
<td>Organic Chemicals</td>
<td>419.31</td>
</tr>
<tr>
<td>5.</td>
<td>Iron and steel</td>
<td>330.93</td>
</tr>
<tr>
<td>6.</td>
<td>Mineral fuels, mineral oils etc</td>
<td>323.59</td>
</tr>
<tr>
<td>7.</td>
<td>Fertilizers</td>
<td>245.7</td>
</tr>
<tr>
<td>8.</td>
<td>Rubber and articles thereof</td>
<td>66.13</td>
</tr>
<tr>
<td>9.</td>
<td>Pharmaceutical products</td>
<td>60.91</td>
</tr>
<tr>
<td>10.</td>
<td>Paper and paper board etc</td>
<td>52.75</td>
</tr>
</tbody>
</table>

*Source: Ministry of commerce and Industry, Govt. of India*
### India’s Exports to the U.S - Some Items. (Values in US $ Million (2005-06 yr)

<table>
<thead>
<tr>
<th>SL No.</th>
<th>Name of commodity</th>
<th>(US $ Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Natural or cultured pearls, precious or semiprecious stones</td>
<td>4405.92</td>
</tr>
<tr>
<td>2.</td>
<td>Articles of apparel and clothing accessories</td>
<td>1928.32</td>
</tr>
<tr>
<td>3.</td>
<td>Textile articles, sets worn clothing</td>
<td>925.44</td>
</tr>
<tr>
<td>5.</td>
<td>Nuclear reactors, boilers, machinery</td>
<td>869.24</td>
</tr>
<tr>
<td>6.</td>
<td>Articles of iron or steel</td>
<td>666.72</td>
</tr>
<tr>
<td>7.</td>
<td>Organic Chemicals</td>
<td>55.49</td>
</tr>
<tr>
<td>8.</td>
<td>Vehicles other than railway or tramway rolling stock, and parts</td>
<td>410.26</td>
</tr>
<tr>
<td>9.</td>
<td>Plastic and articles thereof</td>
<td>282.51</td>
</tr>
<tr>
<td>10.</td>
<td>Pharmaceutical products</td>
<td>280.35</td>
</tr>
</tbody>
</table>

*Source: Ministry of commerce and Industry, Govt. of India, 2006.*

Looking over the horizon, some economists have floated the idea of an Indian U.S free trade agreement, arguing that this would be of benefit to both countries. Although it is unlikely to transpire in the short run, the growing ties between the two economies may make it easier to reach such an agreement in a few years, and the idea should be developed further. India must be aware of its national interest in the way to build up a good relations with U.S.A. Diplomatic bargaining is continuing process to maintain the bilateral relation successfully.

**Indo-U.S. Technological and Scientific ties in Post- Cold War Period**

Indo-US Science and technological relations are focus theme of this section. Before the end of cold war bilateral technological cooperation was started. In 1982 President Reagan and Prime Minister Indira Gandhi signed the Science and technology Initiative, which culminated in the 1984 memorandum of understanding (MoU) on sensitive technologies. These agreements provided
for a transfer of American technology that most significantly, would be used to develop India’s Light Combat Aircraft (LCAs). In government requested the Cray XMP-24 super computer in order to study the Indian monsoon. The XMP-24 was also capable of making computations useful in developing nuclear weapons and missiles and in deciphering cryptographic codes.

The US government decided to offer to India a smaller super computer instead, the XMP-14. It was capable of conducting the analysis of the monsoon. India was not happy about U.S.’s this type of attitude. New Delhi expressed the offer as a lack of US credibility in fulfilling the terms of MoU. Despite misunderstanding on both sides, technological co-operations were going on.

The post cold war scenario of Indo-US relations was more balance than previous era. In 1992 USA pressured Russia not to transfer cryogenic rocket engine technology to India. USA imposed meaningless sanctions over Russia. The sanctions had quite impact on the Indian space Research organization (ISRO). India was practically depended to Moscow for its technological assistance. In May, 1992 United states secretary of state Janus Barker had offered to Indian Prime Minister P.V. Narasimha Rao to transfer rocket technology to India, but under strict - safeguards.

But it was unbelievable to India when U.S.A. trying to use dollar power in space technology. One wonders whether the black listing of the Indian Space Research Organization (ISRO) and the Russian Space Agency Glavcosmds, with aim to pressurize Moscow to break its contact with New Delhi for the supply of cryogenic engines.

The US was certainly trying to kill two birds with one stone. While in the case of India, American objective seems to be to prevent it from achieving heavy - load satellite launch capability and a consequent entry into the protective world market. In case of Russia, Washington’s action
was like after the end of Cold War heralding a “trade war” but now to keep it out of the international market of high technologies. Under the garb of the Missile Technology Control Regime (MTCR), the US has put a two years ban on ISRO and Glavcosmos and its instigating the other countries signatories to it to impose sanctions against India and Russia. The Chairman of the Indian Space Research Organization (ISRO) Dr. U.R. Rao, criticized the two years ban imposed by the US On ISRO as “an unilateral decision” which was arbitrary, unfair, unjustified and one which would not stand up to technical security. According to Rao It was obvious that it was commercial interest. Alexander Dunayev, chairman of the Russian trading organization, had said that his country was determined to fulfill its obligation in the rocket technology contract. He insisted that Russia would not only withstand U.S Pressure, but would further expand cooperation with India in space matters. He viewed U.S Pressure in terms of a trade war that was designed bar Russia from high technology markets.

In May 1992 United States Secretary of States James Barker in a message to Indian Prime Minister Narashima Rao had offered to transfer Rocket technology to India, but under strict safeguards. The US Government indicated, if India signed the NPT then It could be possible for India to use Rocket Technology. Indo - US technological relations had also expanded in aeronautical field also. American Boeing Aircraft Company had offered two models of its plane B-777 which was at the final stage of development to Air India and Indian Airlines. In order to technological development and finance the acquisition of four 747-400 planes Air India signed a credit agreement with the Exim Bank US for $ 600.03 million. In addition to this, a commercial agreement for $ 74 million has also been signed with M/SANZ/Citi Bank combine for financing a particular portion of the project cost of $ 682.00 million.
The US President Mr. Bill Clinton said at Chicago on June 30, 1995, that Indo-US relations had improved considerably under his watch. He described the change as a tangible manifestation of the demise of the cold war. "I am very proud of strengthening relationship between the US and India since I have been President". Mr. Clinton said both country should maintain good relationship in the era of globalization and information technology. India’s IT development was highly appreciated by Clinton. During this period, the Indo-US IT co-operation was started.

India sought long access to American space technology, such access has science the 1980’s been limited by U.S and international “red lines” meant to prevent assistance that could benefit India’s military missile progress. India has obtained her space-vehicle technology hugely from foreign sources, specially from Washington. It forms the basis of its intermediate-range ballistic missile booster, as well as its suspected surya intercontinental ballistic missile programme. Indo-U.S space science and technology conference were held in Bangalore in both 2004 and 2005 to promote advance high technology. US President Junior Bush paid a visit to India. During the visit India has given priority and recognition in IT sector and satellites by US President, Washington and New Delhi were committed to move the launch of American satellites and satellites containing U.S Components by Indian space launch vehicles and they later agreed to include two U.S scientific instruments on India’s planned chandrayaan lunar mission.

Cooperation in Indo-American science and technology is now beginning to change rapidly. Joint Indo-American enterprises out side the government establishment now concentrate on the Indian IT landscape. Today IBM - India is a very important player in this privatized and commercialized partnership between the two countries. IBM, Microsoft India and other US
computer based companies along with large scale IT companies were increasingly attracted by the vast potential for commercialization of this technology and utilization of expertise that existed in India, especially by contracting out to an Indian service provider. Slowly but steadily IBM India operations are expanding. The company has established a ‘solutions partnership centre’ as a part of the Tata-IBM complex in Bangalore to provide technical facilities and assistance to any software professional for solutions development. IBM India is also moving into various non-private service sectors. In August 1997, the company established an India Solutions Research Centre in association with the Indian Institute of Technology.

Various IT companies of USA seem to be the favoured choice of Indian collaborations. For example, PAR computer science International and PAR computer science International and PAR computers (India) Ltd. is partnering with Oracle and Netscape Communications for software packaging and training internet solutions and a host of related services.

Through much of the Cold War period, the United States perceived technology controls as a tool to influence the foreign and domestic policies of other countries. Though such controls were adopted in multilateral framework, Washington sought to advanced technology. The USA preferred to pursue its own interests through the multilateral framework. On the other hand, India had been aware of unrestricted scientific technology for its legitimate experimental demand.

India is one of the principal democracies and it continues to make significant, if uneven, progress on economic growth and more inclusive social institutions. The United States is deeply involved in all these. India’s huge market and democratic well environment also led to increase American investment in Indian market. Indian IT experts are also frequently going to the USA. They have good demand in USA. About technology Americans are optimistic. Among the most energetic advocates of this view was Journalist Thomas Friedman, who announced that the world
had entered a period of unity (Unlike the devise forty five years cold war) that rewarded flexibility, high technology, and individualism.94

US commerce Department officials have sought to dispel “trade - deterring myths” about limits on dual use trade by noting that only about 1% of total U.S trade value with India is subject to licensing requirements and the great majority of dual-use licensing applications for India are approved.95 July 2003 saw the inaugural session of the U.S - India High Technology cooperation Group (HTCG). In 2005, the inaugural session of the U.S - India High technology Defense working Group was held under HTCG auspices. In September 2004, as part of NSSP implementation, the United States modified some export licensing of Indian Space Research Organization (ISRO) headquarters from the entity list.

After becoming the President of USA, Bill Clinton had relaxed controls computer to several countries including India, which is one of 50 nations on the Administrations Restricted Lists.96 Clinton wanted that if US computer companies are blocked from selling to markets like India Pakistan, Russia and China, it will give competitors like Toshiba Corp. and Siemens AG an unfair advantage. During his visit major sectors for tie ups were energy, environment and technology, the three areas where there seems to be the greatest complementarily of interests between the two countries. Energy is the area of infrastructure where India needs perhaps the biggest dose of investment from abroad. US power companies are eager to provide investments in Indian market. Similarly, there is complementarily in clean energy technologies with India seeking to up grade manufacturing facilities and US companies equally keen to provide technology.97 As for IT which remained the focus area during the entire Clinton visit. Various agreements were concluded during Clinton’s visit. One of the major agreements between India and USA was Knowledge Trade Initiative agreement. Discussions during a conference on trade and investment revealed that IT
companies are looking for more flexibility in the visa regime given the fact that technology makes it
easy to operate from any where in the world.\textsuperscript{98}

Through the 1990’s decade Indo-US technological relations had been gradually increased. Japan was one of the competitor countries of the USA, which also established a good technological collaboration with India, In India foreign collaborations generally take the form of pure technical collaboration or those involving equity participation with an unprecedented increase in the total number of collaborations, the relevant questions is what is the relative share of India of the technical collaboration with the U.S.

\begin{center}
\textit{Technical collaboration} \textsuperscript{99}
\end{center}

\begin{table}[h]
\begin{tabular}{|l|c|}
\hline
year & USA (%) \\
\hline
1991 & 16.08 \\
1992 & 21.17 \\
1993 & 44.54 \\
1994 & \\
1995 & 21.49 \\
1996 & 20.32 \\
1997 & 21.73 \\
1998 & 22.83 \\
1999 & 24.22 \\
\hline
\end{tabular}
\end{table}

Indian software exports are growing at a rate of 50 percent annually and could reach $40 billion by 2008, two - thirds of which would go to the US and Canada.\textsuperscript{100} U.S Government had been showing gradual interest about Indian technologies. Chinese exports had also demand in USA. An open competition had started between the Chinese software and technological exports and Indian exports to capture the US Market. China is not happy about Indian software development and India’s close relationship in technological field with USA. China was expected that their open

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door economic policy has been introduced in early 1980’s, one decade before India. So they wanted the USA should be more attracted to China looking its potentiality and big market. But in practice it was not occurring.

A huge number of students come to the USA to study and work in high technology fields. Many of these Indian - Americans have been high achievers in some important fields. There are approximately 300 Indian American entrepreneurs with a personal net worth of at least $ 5 million, many in the high - technology sectors.  

According to Secretary Burns, “For a long time the Indian government had not been as open to foreign international sales and the purchase of foreign technologies as they are now.”  

He also said, The Indian government has planned a very ambitions expansion and modernization of its military. That will require the Indian government to purchase foreign technologies, military technologies. Fighter air craft is one of the largest and most important competitions that will ensure and US firms are well positioned in that. Strategically American government had been impressed towards India. One reason had been keen Indian interest to get high military technology at any cost. Another reason is to make a closer relationship with the world’s most powerful nation. It was also a challenge to India, before Pakistan and China as she could get the technologies. However technological ties between India and the U.S are expanding even faster. A new era of bilateral technological frame work has been established for Joint experimental exercises for technological development.

Analysts of the U.S-Indian strategic relationship have also pointed to the structural challenges of such a partnership. For instance Amit Gupta has argued that the US’s reluctance to recognize India as a fully legitimate nuclear power serves as a major constraint to the congruence of Indian and American world views. In Gupta’s views, this lack of recognition has spillover effects
on India’s ability to transfer technology and to gain access to dual-use and space technologies. From economic viewpoint U.S interest towards India was normal. Because economically Pakistan, Bangladesh, Sri Lanka are weaker than India. The level of bilateral technological trade between the U.S and Pakistan or Bangladesh is small, so this relation is not of great strategic interest to the U.S. During the Cold War period Pakistan was only favoured nation in south Asia to USA. All of the American technological facilities were enjoyed by Pakistan, as it was blind supporter of NATO and anti USSR.

Today India is also seeking, to a great extent, the educational collaboration with the U.S. Riding on the excellence of its top-notch engineering institutes and holding out the prospect of flooding the world with qualified engineers, India has taken a great leap forward in bringing its next rung of engineering colleges up to speed. India’s candidature was proposed by the UK, Australia and Canada, with a generous recommendation by the American Society for Engineering Education (ASEE).

In fact, during a recent visit by ASE to India, The President of the American body went on record to say that engineering education “by and large in India does not meet global market requirements both in quantity and quality. US education currently generates 70000 engineers every year, down from 85000 in the 1980’s.” India’s engineers have great demand in USA.

The United States has agreements with India in three important areas nuclear energy, space exploration and high technology. It marked a substantial shift in Indo-American relations after the collapse of the Soviet Union. Generation of more nuclear energy alone cannot ensure energy security for India. Progress would have to be made in all the five areas of Indo-US energy dialogue. Science and technology has been the mainstay of a relationship. It is natural that if should now begin to flower, deriving strength from the economic underpinnings of the ties. In July 2005, it
was decided that Science and Technology Framework Agreement would be concluded to provide for joint research and training as well as the establishment of public-private partnerships. By March 2006, the two governments decided to further upscale their collaboration by creating a Bi-National Science and Technology Commission. The High-Technology Cooperation Group was established in 2003. It has emerged as an important role of activity. It has promoted various industries. Moreover it has working groups in defense, technology, bio-technology and nanotechnology.

India and U.S both countries have made a good understanding in bilateral economic relations. More or less it is balanced. Previous hostility and mistrust has been evaporated due to changing scenario. India’s emerging market and potentiality and US changing attitude both helped for making this situation. This growing closeness can be seen in what are generically known as reforms. While these have been slow, they have been more or less tended to be such that the US has gained. India has changed its laws more often than the US has and has done so more extensively. The US also has cooperated to India, because Indian skilled workers are getting a huge number of jobs in the USA.

Notes and References


2. The Indian economy is alleged to have been largely de-linked from the rest of the world economy during the initial stage of development. The Indian economy came to be linked, since the 1990’s more strongly with the global capitalist order framed by the Development Market Economics (DME). The declaration of New Economic policy (NEP) in June 1991 by the Government of India is testimony to the fact that it had started relying increasingly on the strategy of outward-oriented

3. Dilip H. Mohite and Amit Dholokia, *op.cit*, p. 182

4. Recent Development in India USA Trade Relations, *http://www.economy watch.com*


7. *http://www.economy watch*


12. *New priorities in South Asia*, p. 22


22. *Ibid*

23. V.P Dutt, *India’s foreign policy since independence*, National Book Trust India, New Delhi, 2007, p. 76.


25. V.P Dutt, *op.cit*, p. 76.


27. [http://www.tie.org](http://www.tie.org) (researched on February 20, 2010)


42. Pranab Kumar Banerjee, *op.cit*, p.170


46. *Ibid*, p. 335


70. *South Asia Politics*, April 2006, Vol.4, No.12, pp. 50-51


73. V.P. Dutt, *India’s foreign policy since independence*, National Book, Trust India, New Delhi, 2007, p. 201.

74. The Indian government’s official poverty line for 2004-2005 was an income of 356 rupees (about $9) per person per month. By this measure, the national poverty rate was about 28%. Yet estimates indicate that some 400 million Indians subsist on less than 40 rupees per day. See also Somini Sengupta, *economic Boom fails to generate optimism in India*, *New York Times*, August 16, 2007.


80. Engaging India, op.cit, p. 51.


82. The Hindustan Times, May 18, 1992.


86. The Hindustan Times, May 18, 1992, p. 18.

87. The Hindustan Times, June 1, 1993, p. 12.


89. CRS Report for Congress, op.cit, p. 31.


91. Ibid p. 66.

92. Engaging India, p. 267.

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95. CRS Report for Congress, 2007, op.cit, p. 32.


98. See in editorial, The Hindu, April 2, 2000, p. 15.


106. Ibid.


108. Bi-National Science and Technology Commission would not only generate more partnerships in Science and Technology but also actively promote Industrial Research and Development. The network between technology institutions of the two countries one of the most vibrant elements of the relationship, one that would play an even greater role as India emerges as a greater knowledge power. For details see: S. Jaishankar, ‘India and USA: New Direction’ in Atish Sinha and Madhup Mohta (eds.), Indian Foreign Policy: Challenges and opportunities, Academic Foundation New Delhi, 2007, p. 784.
This chapter will analyze the 9/11 incident and the US attitude towards global terrorism. It will further explore the comparative relations between the USA and Pakistan in the one hand and with India on the other. It will also focus on the US action in Afghanistan.

For the last few years, terrorism has become another great problem in international relations. Terrorism is not a new phenomenon in both domestic and international politics. Since the dawn of civilization it has been used as a tool to achieve political ends. However, it has emerged as a global concern and a cause of concern for international community only in the twentieth century. More especially it becomes an international problem since 1950s.

The process of globalization in the post Cold War period has also globalized terrorism. It is a threat to international peace and security.¹ Today terrorism is not confined within the territorial limit of a nation. Now its range is trans-national, its membership is world wide, its network is global. Its target can be anywhere anytime. International terrorist attack increased from about 342 a year between 1995 and 1999 to 387 between 2000 and 2001.² Terrorism is usually viewed as a weapon of the weak; so it is associated with such non state actors as clandestine terrorist groups and insurgencies. But in 1970’s and early 1980’s, for example, a number of military regimes in Latin America utilized security forces to kidnap and murder systematically thousands of actual or suspected political dissidents in the name of “national security”. It was the French Revolution of 1789, however, the popularized the term terrorism. During the period, terrorism was associated with the state. As dramatically depicted in Charles Dickens’s *A Tale of Two Cities*, the guillotine
was used to behead publicly those who were declared enemies of the state. In later years even more highly developed forms of state terrorism was practiced in Nazi Germany in 1940s.3

Terrorism conducted within a particular state by and against the citizens of the same country can be termed domestic terrorism. Of greater interest to us, given our focus on world politics, is international terrorism International terrorism is defined as terrorism involving the citizens or territory of more than one country.

The concept of terrorism dates back to the bloody assassinations of the ancient Greeks, Romans, Hindus and to barbaric customs such a suspending people over fires for not paying their taxes or hooping message of the rulers etc.4 In the beginning it was used as a tool to attack or stop barbaric governance within a state. Latest communication and transportation opportunities have enabled an international net work of terrorism to develop with a certain degree of centralized organizational structure. International terrorism has an international network of logistic links and operative structure at its disposal. Terrorist groups such as Osama Bin Laden’s Al-Qaida spread throughout the world operating as a net work. They have a global reach with presence in several countries.

The term terrorism has no agreed definition among governments or academic analysts, but almost invariably used in a pejorative sense, most frequently to describe life threatening actions perpetrated by politically motivated self-appointed sub-state groups.5 Though the concept of terrorism is older than the ancient civilizations of Greece and Rome, but public interest in these. Matters grew massively as result of the assault by hijacked airlines on the World Trade Centre in New York City and on the Pentagon in Washington D.C. on September 11, 2001. It was now widely acknowledged that the world was facing a so-called ‘new terrorism’ whose first clear manifestations came only in the early 1990’s.
It does not also constitute any new threat to India’s stability, integration and security. New Delhi had been experiencing such terrorist problems and trying to combat them with its limited resources for over five decades, since the inception of India’s independence. India’s early experiences of terrorism were the Mizo and the Naga rebels started in 1960’s and 1970’s. After the Khalistani movement in Punjab had started in the 1980’s for a separate state by the support of Pakistan. In Jammu and Kashmir (J and K) cross border terrorism started in 1980’s by some the Kashmiri rebels, who were later split into several groups, though having the common object, i.e., Jihad for free Kashmir or full autonomy.

Some terrorist groups in India are more powerful. Harkaat ul - Mujahideen is one of the powerful terrorist group which, formerly known as the Harkat ul - Ansar, is based in Pakistan, and operates, primarily in Kashmir. Faglur Rehman khalil, is the leader of this group who had made a relationship with Bin Laden. Rehman signed his fatwa in 1998 calling for attacks on the US and western interests those operated terrorist training camps in Afghanistan. This organization collects funds from various sources, mainly from Saudi Arabia and other Gulf and Islamic Countries. Pakistan is believed to be supporting this organization by giving money and advice. Lashkar-e-Taiba is one of the religion based fundamental terrorist group. It was formed in 1989 and trains its militants in ‘Pak Occupied Kashmir’ and Afghanistan. Jaish-e-Mohammed is another extremist group, which formed in February 2001. This group maintains training camps from Afghanistan and Pakistan especially from Peshawar and Muzaffarabad. Some argue that this organization has close link with Al Qaida and financed by Osama Bin Laden. Jaish-e-Mohammed was involved in the attack on the Parliament House in New Delhi on December 13, 2001.

No part of the world was more affected by the terrorist attacks of September 11, 2001 than South Asia. The unprecedented terrorist attacks in the United states and the India - took the
people of world by surprise. The incidents also stirred the American Government, making it at last conscious of the divesting consequences of international terrorism.

When 9/11 incident came, India responded rapidly and decisively. On hearing of the terrorist attacks on the United States, Prime Minister Atal Bihari Vajpayee convinced his key advisers and they quickly decided that India would offer its full support for the U.S war on terrorism. Terrorism has become an ulcer for both of USA and India, for the former was attacked by Al Qaida and later is continuously affected by terrorism. So Washington and New Delhi’s decision was driven in partly India’s own problems with terrorism. India and the USA is christened as the “age of Muslim wars” by Samuel P. Huntington. Current international terrorism draws, in fact, its ideological sustenance from radical Islamic fundamentalism.

Four days short of a month after the terrorist attacks on America, the U.S and its allies launched military operations against the Taliban regime of Afghanistan. President Bush in his speech announced the commencement of military operations, indicated that the campaign against terrorism would be a long term exercise against terrorist organizations, individuals and states and entities which give them support and sanctuary.

Cross Border Terrorism: Impact on Indo-U.S. Relations

India’s response to the terrorist attacks are marked by an attitude of self-restraint towards Pakistan, which has definitely impressed the united States and the West. Washington and its friends had taken tolerant and restrained policy towards Pak sponsored - Kashmiri terrorist. It was pleasure for India when Washington ordered Islamabad to withdraw its armed forces from Indian Territory during the Kargil war. There is no doubt; it helped to fostering Indo-U.S relations in the post- Cold War period. Some times in their speeches U.S Presidents’ have expressed their tension about cross border terrorism in India. But in Practice Washington did not taken any step
against terrorism in spite of India’s shouting. But after the 9/11 incident the U.S.A started to show its interest on India’s problem of cross-border terrorism.

Before discussing how India and the U.S. jointly started to work, it is needed to say India’s experience in terrorist attacks. Islamabad intensified its policy of cross-border terrorism in the 1990’s leading to a low - intensity conflict with India. Pakistan failed to impress to the world community about its stand on Kashmir. So Pakistan started shadow war against India. By some terrorist groups which are basically formed on the basis of fundamentalism. Pakistan had started terrorist activities across the India. Till now Islamabad had been supporting and financing the Kashmiri rebels which are moving against Indian govt. The activities of Lashkar-e-Toiba and Jaish-e-Mohammad, have been supplemented by the participation of the Mujahideens of Afghanistan and also Pakistani soldiers in some cases.¹⁴

Thousands of civilian lives and properly had been damaged by Kashmiri terrorists since more than fifteen years. Pakistan had planed to breakdown Indian domestic security and social stability. So Pakistan sponsored terrorists deserve special mention. In 1993 Bombay Stock Exchange was hugely damaged by terrorist attack. It was brainchild of Daud Ibrahim, a Pak-Sheltered terrorist, who had been formerly residing in India. This incident had taken 257 peoples life and seriously injured 1,100. By bombings on January 26, 1998 the terrorists brutally murdered 23 Kashmiri Pandits.

Then in the summer of 1999, while the Kargil war was on, bombs were hurled at Indian troops in the New Jalpaiguri station in West Bengal.¹⁵ Moreover Pakistani ISI and Taliban Terrorist had been trying to damage Indian political stability and communal harmony. Islamabad had attempted to undermine Indian security and move forward the Line of Control (L.O.C) in its own favour. Aftab Ansari, a Laskar-e-Taibaa member had attacked American Centre in Kolkata, December
2001. One of the important violent terrorist attacks was on the Srinagar Legislative Assembly on October 1, 2001. And another serious attack had been on the Indian Parliament on December 13, 2001. These attacks are operated by ISI through cross-border terrorism.

On August 25, 2005 two car blasts had taken place in South Mumbai Killing 46 people and injuring 160. On October 29, 2005 New Delhi’s Paharganj and Sarojini Nagar Markets was massively damaged by bomb blast when hundreds of people died. In December, 2005, Indian Institute of Science was attacked by grenades. It also operated by ISI that injured five people and killed a scientist. In March, 2006, three bombs stirred the city of Varanasi, killing at least 28 people in Sankat Mochan temple adjacent to Kashi Vishwanath. Minutes later, bombs went off in cantonment station, while the third blast took place in Shiv Ganga Express.16

According to the Indian Govt. Report, all of the above mentioned terrorist activities were the results of Pakistan. It at present supporting “cross-border terrorism” and for fueling a separatist rebellion in the Muslim-majority Kashmir valley with arms training, and financing militants. Islamabad for its part claims to provide only diplomatic and moral support to what it calls “freedom fighters” that resist Indian rule and suffer alleged human rights abuses in the region.

New Delhi insists that the dispute should not be ‘internationalized’ through involvement by third party mediators and India is widely believed to be content with the territorial status quo.17 During the early years of the Kashmir insurgency, thousands of indigenous Hindu “Pandits” were driven from the region which amounted to be a form of “ethnic cleaning”. Up to half a million Kashmiri Pandits, accounting for the vast majority of the Hindus then living in the area around Srinagar, had lost their homes after coming under threat from Muslim militants. More than 100,000 of who continue to live in camps with governments support. Different terrorist groups are directly responsible for bad condition of homeless Kashmiri Pandits.

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Actually Pakistan’s official support for fighting in Afghanistan and Kashmir inadvertently abetted international terrorism and inadvertently promoted internal sectarianism. Militant groups which are product of the Pakistan radical madrasas “regularly proclaim their plans to bring ‘jihad’ to India proper as well as to the west, which they believe is run by and Washington......... several militant groups boast pictures of burning American flags on their calendars and posters.” - Jessica Stern.18

After the Indian Independence numerous militant groups have fought for greater ethnic autonomy tribal rights, or independence in the country’s north-east region. Some of the tribal struggles in the small states known as the seven sisters, are centuries old. Manipur is a small state which alone has more than 20 separatists groups. In Nagaland there are different terrorist or separatist groups which are continuously demanding for separation from India. They hate mainland Indian peoples and culture and have always opposed the government. The same problem was faced by Tripura since India’s Independence. The National Liberation Front of Tripura is a strong agitations group which is jointly active with National Democratic Front of Bodoland (NDFB). The United Liberation Front of Assam (ULFA) is a powerful separatist group which regularly active to continue terrorism.

New Delhi has said Bangladesh, Burma and Nepal are giving shelter to these terrorist groups. India has launched joint counter insurgency operations with some of these neighbours. India also has accused Pakistan’s Intelligence Agency of training and equipping militants. Bhutan launched major military operations against suspected rebel camps on Bhutan’s territory in 2003 and appeared to have mounted the ULFA and NDFB there.19

The Maoist insurgency is one of the tension areas of India’s domestic security. To fulfill there ideological demands Maoists always take the path of violence. They demand that their struggle
on behalf of land less labour and tribal. Underdevelopment, uneven and unequal development issues are important to them. Their opponents and Government call them terrorist and extortionists. Maoist activities are increasing by day to day in West Bengal, Bihar and some parts of U.P., Andhra Pradesh and Jharkhand. After becoming the prime minister of Nepal, Prochanda, intentionally gave shelter and moral support to Indian Maoists. In 2006, Prime Minister M.Singh identified a worsening Maoist insurgency as “The single biggest internal security challenge” ever faced by India saying it threatened India’s democracy and “way of life”.

The U.S State Departments Country Reports on Terrorism in 2006 warned that attacks by Maoist Terrorists in India grew in sophistication and lethality in 2006 and might pose a long term threat. In Chattisgarh and West Bengal (especially at Bankura and Midnapore Districts) Maoist are often destroying police camps.

The general reaction to the attacks on America was of condemnation and acknowledgement that decisive action has to be taken against terrorism of all categories. There was a consensus that such action on the part of India should be based on our own experience as a victim. However India offered full support to the US in the war against the Taliban in Afghanistan. Due to geographical and other strategic reasons, US was forced to turn to Pakistan for support in its war efforts. It was Pakistan rather than India which appeared as a better choice for America for Islamabad’s contiguous location as well as its traditional links with the Taliban’s. New Delhi primarily hoped that USA would make positive statement in favour of India. Because India was fighting against terrorism especially with Pak sponsored terrorist group. Although America was fully victimized by terrorism, but looking to its own national interest did not make any strong comment against its old intimate ally in South Asia.
In this kind of a scenario in the wake of the ‘war on terror’ the Bush administration prevented a return to the ‘zero sum game’ of the Cold War era in its relations with the sub continental rivals and persisted with a solid engagement with New Delhi. The Bush administration was successful in reassuring the Indian officials that a closer relationship with Pakistan would not come at India’s expense. New Delhi’s hesitant year long efforts at negotiation with ULFA rebels and a six week-old cease-fire in Assam collapsed in October 2006, leading to a spike of lethal violence that included multiple bombings in the final months of 2006.

**Beginning of Indo-U.S. Ties: The Clinton Years**

However due to New Delhi’s own interests it gave prompt support to the war on terrorism. It marked a further step in the rapprochement with Washington that had began in the final years of Bill Clinton’s presidency. For rest of the last 50 years, the world’s two largest democracies have been far from friendly. American Ambassador to India Robert Black Will stated that the war on terrorism has “transformed US-India relations”. He also added “ties between America and India since 9/11 have become friendly and faithful than at any time since India’s Independence”. War against the terrorism has fostered political relationship between the two countries. Washington and India enhanced cooperation on sensitive issues such as Afghanistan and Pakistan. Indian Prime Minister Atal Bihari Vajpayee and Indian top most military officers have visited in Washington. On the other side American Secretary of State Colin Powell has also visited in New Delhi. Defense Secretary Donald Rumsfeld and other military officers of U.S.A have also visited in New Delhi to discuss how two countries would work jointly against the global terrorism. For this uncertain incident this is for the first time in many years started discussing a variety of possible arms sales from the U.S.A to India including P-3 naval surveillance aircrafts, sophisticated counter battery radars, and
general electric engines for India’s Light Combat Aircraft, a fighter plane that has been under development for more than a decade.25

The highlight during this period was “Strategic Partnership” that emerged as a principle between the United States and India as a threat on terrorism. The then Indian Prime Minister A.B. Vajpayee agreed that terrorism threatened not only the security of the United States and India, but also our efforts to build freedom, democracy and international security and stability around the world.26 In 2002 New Delhi and Washington launched Indo - U.S ‘Cyber Security Forum’ to safeguard critical infrastructures from cyber attack. After the 9/11 incident two countries have made strong strategic relations. Both countries were expanding military to military links have included company level joint counterinsurgency training of army units.27

For India, terrorism had been largely a home land security issue. This domestic focus is evident in the Prevention of Terrorism Act of 2002 (POTA), which identifies terrorists as persons intending to “threaten the unity, integrity, security or sovereignty of India or to strike terror in the people or any section of the People.” POTA’s definition of terrorists covers individuals belonging to banded organizations or involved in raising funds for terrorist groups, and terrorism includes virtually any type of attack on a wide variety of targets, including Indian government properly.28 State Departments Annual Patterns of Global Terrorism (PGT) also suggested that Pakistan was a terrorist threat to India.29 The Economic Times of India editorial, however, found the PGT of 2002 disappointing from the Indian perspective because it failed to make “even a veiled suggestion that the Pakistani establishment may in any way be abetting the terrorists,” yet lauded Islamabad’s counter terrorism efforts. The article faulted the United States for not letting the principle of opposition to all forms of terrorism override its immediate objectives.30
The immediate post 9/11 attacks initially diverted Washington from establishing the intended “strategic partnership” with India and ultimately spurred anti-terrorist relations. For a time, Washington’s drive to link up with Pakistan on counter terrorism seemed to be replacing nonproliferation as an obstacle to US - Indian cooperation. Most important from India’s advantage point, as a result of 9/11 Washington finally moved closer to India’s view of Kashmir militants as international terrorists - a diplomatic triumph for India.

With Pakistan joining the war against terrorism America got linked with Islamabad. New Delhi understood that the U.S needed the Pakistani help to struggle against the Taliban terrorist group and as well as Al Qaida. The U.S really used Pakistani soil for operation against Taliban. The US Air force occupied Pakistani air bases and Karachi Port. After 9/11 Bush administration assured India that Indian domestic security problems created by terrorism that will not be ignored.

On December 13, 2001 Indian Parliament Building was attacked by terrorists who were supposedly linked to the ISI. Indian Prime Minister Vajpayee, security adviser Brajesh Mishra, Defense Minister George Fernandes quickly decided that India would not bother any Pakistani provocation. New Delhi asked the Islamabad why they were doing this type of activity. But Islamabad failed to respond to New Delhi’s question. Soon after this incident India had stopped all types of links with Pakistan like rail, air etc. Indian High commissioner in Islamabad was recalled by Vajpayee Government. India was also started increasing its force on Line of Control (LOC) in Kashmir.

After militants with ties to Pakistan attacked India’s Parliament in December 2001, Indian officials charged Washington with practicing a double standard on terrorism. In response, Washington began describing militant violence against Indian targets as part of global terrorism, to Pakistan’s chagrin.32
The United States had made it clear that it will not mediate between the two countries, something India had long opposed and Pakistan has long sought. Still, New Delhi no longer looked askance at diplomatic engagement by Washington, which worked in India’s favour in the crisis following the attack on the Parliament and during earlier Kargil conflict. Indeed, with its currently close relations with both countries, the USA should not shy away from lending a discreet hand to help India and Pakistan begin a process of serious and sustained dialogue. India has been advised not to take any strong action against Pakistan sponsored terrorist acts whatever the provocation so that President Musharraf does not change his mind about supporting the American anti-terrorist campaign against Afghanistan. After 9/11 incident the Students Islamic Movement of India (SIMI) was banned by the government of India, because terrorist activities had been done by this Organization.

However it is notable in this concern that Pakistan had given quick signal within a week after catastrophic violence in New York and Washington to fight against terrorism with USA. But Pakistan raised two pre-conditions for joining the efforts against terrorism. (1) India and ‘Israel should not have any say in the future political dispensation in the post-Taliban Afghanistan and (2) The USA should not include the violence in Jammu and Kashmir in its anti terrorist campaign. Pakistan’s advocacy being that the violence in Jammu and Kashmir is an indigenous freedom struggle to which Pakistan only extends political, moral and diplomatic support and nothing more. U.S.A. had made any policy pronouncements clearly against two Pakistani pre-conditions. But it was understood by New Delhi that USA has indirectly accepted the Pakistani pre-conditions. In response to India’s question in this regard USA gave general assurances to India. But Pakistan once again disregarded the advice of President Bush and Secretary of State Colin Powell by nonstop terrorist campaign in India. One of the important violent incidents was the terrorist attack.
on the Awantipur air base near Srinagar in India. Pakistan was confident that as it was doing support to the US military, navy and air force operations, it would be free from all types of US pressures to restrain itself against India.

The factual implications of Musharrap’s evolving India policy in post September 11 were:

- Pakistan will continue to sponsor terrorist violence in Jammu and Kashmir.

- Islamabad was sanguine that Washington will not take any action against itself in this matter.

- While repeatedly referring to the safety of his strategic assets, namely, his nuclear weapons and missile capacities and then going on to warn India that he would not hesitate to use weapons of mass destruction against India takes any effective action against the terrorist violence organized by his Government against Indian targets.35

However the pace of US-Indian counter terrorism meetings and the scope of bilateral cooperation have increased significantly since the 9/11. The initial focus on international terrorism expanded to include narcoterrorism, Afghanistan, and the Taliban.36 In a speech, July 2003, US Ambassador to India Robert Black Will said, The FBI and US Customs Service have intensified beyond recognition their cooperative activities with Indian colleagues to investigate terrorism, major crimes, money laundering and smuggling violations. He also added USA will regularly share information to protect both countries from terrorism.

In October 2001, USA and India has signed a Mutual Legal Assistance Treaty to counter terrorism. The slow but steady expansion of US-India security relations since 2001 has added other dimensions to the bilateral counterterrorism relationship. The US Army troops took part with Indian troops in jungle warfare exercises in India’s northeast and Guam in 2003, in summer 2004.37
US-India Cyber Security Forum, which held its first meeting at New Delhi in April, 2002, and the second at Washington DC November 2004. Indo-U.S. Defense Policy Group (DPG) was active in taking initiative in the post 9/11 period. DPG was setup during Bill Clinton Presidentship to cover military-to-military cooperation in counter terrorism. In December 2001, 3rd DPG meeting was held in New Delhi. Some Special outcomes of this meeting were:

1. A strong bilateral relationship will help both countries from mass destruction and threats of terrorism.

2. DPG will fight against narcotics and piracy.

3. New Delhi and Washington exchanged their views on global terrorism. Both sides will campaign on anti terrorism in world wide.

4. USA and India will be more aware of Taliban and Al-Qaida.

Both side expressed their satisfaction in the ongoing campaign in Afghanistan. An important outcome of this initiative is cooperation between navies of the two countries piracy and maritime terrorism and the Provision of Indian naval escorts for US ships transiting the Malacca Strait. The two countries have mutual concerns over the threat posed to their energy security and external trade by maritime terrorism and have been cooperating in this regard bilaterally as well as through the working Group on Maritime security of the Council on Security Cooperation Asia Pacific (CSCAP), of which both are members. A joint statement issued on November 9, 2001, following a visit by Prime Minister Vajpayee to Washington for talks with President Bush, said: Since September 11, the people of the United States and India have been United as never before in the fight against terrorism. The two leaders noted that both countries are targets of terrorism, as seen in the barbaric attacks on September 11, in the United States and on October 1, 2001, in Kashmir.
Terrorism has emerged as one of the most important political issues in the United States. Some U.S. officials and commentators have linked it to Islamic militancy, particularly to Iran. Secretary of State Warren Christopher said that “Iran is the foremost state sponsor of terrorism in the world,” representing “One of the greatest in not the greatest treats to peace and stability in the region.” The end of the Cold War has not changed the views of the USA about Islam. American Public’s generally hostile views of Islam and Muslims. On no issue is the US intellectual scene more polarized than on Political Islam. Most Opinion makes subscribe either to the confront nationalist or accommodations camp.

Many confrontationists, who often lump all activist Islamists under the monolith rubric of “Islamic fundamentalists” argue that, in practice, Islam and democracy are antithetical. Confrontation lists assert that like the communist totalitarians, “Islamic fundamentalists” are intrinsically anti-democratic and deeply anti-western, and invariably target the west. Bernard Lewis, for example, Summarizes Islamic fundamentalists’ attitude to the electoral process as one man, one vote, once. Gilles Kepel and Lewis contend further that liberal democracy is compatible with neither Islamic fundamentalism nor Islam itself. According to Samuel P Huntington, “Islam is intrinsically non democratic.” According to Amos Perlmutter, “the true nature of Islam is not merely resistant to democracy but wholly contemptuous of and hostile to the entire democratic political culture; it is “an aggressive revolutionary movement as militant and violent as the Bolshevik, Fascist and Nazi movements of the past”; it cannot be recognized with the Christian, secular west and as such, the United states should make sure the movement is “Stifled at birth.”

Islamic fundamentalism really made a dangerous situation in USA on September 11, 2001. American scholars and policy maker’s suspicion have become true at that time. In the days following the September 11, 2001 terrorist attacks on New York and Washington D.C. President
Bush announced the United States would execute a Global War on Terror (GWOT) with the aim of routing out terrorist entities. Our war on terror begins with Al Qaida, but it does not that operations against ‘Al Qaida’ have continued in Europe, North Africa and the Middle East. Al Qaida claimed that Islam is under attack and requires all Muslims to wage Jihad in defense of the faith, and that Muslims are engaged in the ultimate battle of good versus evil. Al Qaida and other militant Islamic movements around the globe today claim to take-up arms against threats-perceived or real to their faith. Although the U.S government has taken precautions to state that it is not at war with the Muslim world the adversary America faces still involves an interpretation of Islam.

From Al Qaida’s ideological perception Islam is in grave danger from both internal and external enemies and that this threat is both world by and cosmic. People have strayed from the true path of Islam poor Muslim leadership. West is responsible for this crisis — it is Al Qaida’s blame, so this extremist organization has made a target to destroy the western culture and civilization. To Al Qaida western culture is anti Sariyati, i.e. anti Islamic culture and rules.

The Terrorist perspective Project, for example, argues that the key thinkers in Al Qaida see themselves as movement: Al Qaida and its theological brethren believe that in order to realize a restored caliphate, they must unify the ummah under the banner of Salafi Jihadism.

US President George W. Bush’s out reach to the Islamic faith in the wake of September 11 came as result of an instinctive decision he made. Just as he did not need any ‘legal briefings’ to tell him that this was war, he needed no advice on how to deal with the fact that these terrorists had all been radical militant Muslim. On September 17, Bush visited the Islamic Center Washington and exclaimed that the terrorists had hijacked the Muslim religion. In his September 20, speech to the Congress, Bush underlined that this would not be a ‘war of civilizations’ and that Islam was one of the great religions of Peace. At the United Nations on November 10, he spokes of the ‘God
of Isaac and Ishmael. On September 26, Bush met with Muslim leaders from around the country at the White House. The President assured Muslims in America that his war was not against them.

However it is true that terrorism and America’s views on terrorism, Islamic terrorist activities, India’s role in anti terrorist activities, all of these had been well known by the World’s common people through media. The functions of media have been globalizing today which had spread how terrorism had made a tension on nation state security. The reality of globalization was made starkly clear on September 11, 2001. After 9/11 there could be no easy retreat into isolationism, no comfort in the illusion that the problems of the rest of the world need not trouble the fortunate few. Terrorism is a source of veritable tension of this “Global Village’. Along with the people of India, the Government had been aware that fundamentalism base terrorism could attack any part of India, So India did not hesitate to join with U.S.A in any anti terrorist move. And India had become a potential and reliable strategic partner of USA.

Actually for almost fifty years the United States of America considered India as a non-entity - a country of no - significance. It always talked of “Parity” with Pakistan, though it gave higher priority and more preference to it on matters of economic aid and military support. The situation drastically changed with the collapse of the Soviet System in 1991 and the 9/11 terrorist attack on the U.S in 2001. U.S interest in India is recent and based on a reassessment on their interests in the 21st Century. Pakistan had been the major US ally in South Asia and had the status of a major non - NATO (North Atlantic Treaty Organization) ally. In contrast, India’s Policies of non - alignment and domestic policies had been dismissed by the US through its history on various counts. They had strongly engaged in the war against terrorism and also shifted perceptions since 2002 because of some reasons -
(1) The U.S. wanted “freedom to operate in all domains” with a set of alliances with other strong partners against terrorism. India is seen as one such potential strategic partner.\textsuperscript{55}

(2) The US had decided to “dehyphenate” their relation and no longer did ‘balance’ India with Pakistan and in its anti-terrorism policy but was dissatisfied with the results on Al Qaida, its record on proliferation, its short comings as a democracy, etc.\textsuperscript{56}

(3) US see China and India as the new major emerging powers. The National Security Strategy of the U.S, both of 2002 and 2005, cautions China - “to mend its ways” and argued that China’s capabilities threatened the region.\textsuperscript{57}

In June 2004, Bush and Vajpayee signed the ‘Next Step for Strategic Partnership’ (NSSP) after a series of talks between the two countries that had been initiated by the National Democratic Alliance (NDA) government. The US government waived the nuclear related sanctions on India in 2001 and allowed exports to the Indian Space Research Organization (ISRO) in 2004 as the basis for the NSSP. A numbers of military links between India and the US had been approved. The New frame work for India - US defense relationship, June 2005, states that:

(1) The two countries shall conduct jointly exercises and exchanges,

(2) Strengthen capabilities to defeat terrorism,

(3) Build greater understanding between our defense establishment.\textsuperscript{58}

Since early 2002, India and the United states have conducted numerous joint military exercises involving all military branches.\textsuperscript{59} These have included exercises in maritime interdiction, maritime search - and - rescue, naval aviation, anti - submarine warfare, air combat, air lift support logistics transport, airborne assault, mountain warfare etc.
Counter terrorist activities are a second significant area of ongoing cooperation between New Delhi and Washington. Both Countries agreed that most important threat to their national security is global jihadism. The FBI and Customs Service have intensified beyond recognition their cooperative activities with Indian colleagues to investigate terrorism, major enemies, money laundering, smuggling and customs violations.\textsuperscript{60} Arms sales are a third area of cooperation between the USA and India. India’s most significant purchase to date has been $ 90 million deal for 12 AN-TPQ/37 “Fire finder” Counter-Battery Rader Sets. India is in the process of buying $ 29 million worth of counter terrorism equipment for its special forces.\textsuperscript{61} In addition, India has expressed an interest in the F-18 fighter-bomber, the C130J transport the P-3c Orion maritime patrol aircraft, electronic warfare systems, aircraft self-protection systems and the patriot PAC-3 missile defense system.\textsuperscript{62}

Available strategic partnership with India could bring military and political benefits for Washington. In the aftermath of the 9/11 attacks, Indian naval vessels helped patrol areas in the Indian Ocean littoral in concert with the U.S Navy. The two countries naval powers had developed prior habits of cooperation through a series of naval exercise. Like wise the US and Indian air forces have conducted mock hostile exercises, and Indian and American ground troops have held joint exercises in terrain ranging from the tropical Jungles of India’s northeast to the frozen wastes of Alaska.\textsuperscript{63} India - US joint working group slowly but strongly has made a strategic relationship.

To target Afghanistan as a safe haven for Al Qaida, the Bush administration also turned its attention towards Iraq. As early as September 11, Secretary of Defense Donald Rumsfeld named Saddam Hussein as an accomplice in the terrorist attacks and began calling for his removal.\textsuperscript{64} But India did not make any strong comment on the Saddam Hussein issue. Some politicians of India were opposing while the U.S troops were engaged to topple the Saddam regime. According to
them Saddam Hussein’s case was not the same as other terrorists. The U.S.A had keen interest in Iraq - especially to capture its oil fields. So it had needed to impose some blames to Saddam.

Negative sentiment over the U.S. foreign Policy is particularly acute in regard to U.S. military operations in Iraq. Prior to the war, in 2002, few surveyed countries throughout the world regarding support for armed conflict against Saddam Hussein and found that the overwhelming majority of countries surveyed did not support mile action against Iraq.65 If India has found the US approach to Pakistan unpalatable, New Delhi’s agnosticism on Iran’s and Iraq’s support for internationalism has rankled US officials. While Washington shunned both Iran and Saddam Hussein’s Iraq as state sponsors of terrorism, India maintained cordial relations with each as part of its complex multilaterals post - Cold War foreign policy.66 In 2004 and 2005, received tension between Washington and Tehran over Iran’s nuclear program showed signs of complicating U.S - Indian relations again. Washington opposed a proposed Iran - Pakistan - India gas line, viewed by some Indian and Pakistani officials as a confidence - building measure between their two countries, as well as solutions to their energy needs.67

India also faces terrorist threats from Jihadi and ethnic terrorist groups operating in its north-east sanctuaries in Bangladesh. Many of these groups operate with the support of the Bangladeshi authorities and with the cooperation of the Pakistani military intelligence establishment. Part of the pro Al Qaida Jihadi terrorist infrastructure, which was based in Pakistan and Afghanistan in the past, has since shifted to Bangladesh after U.S.A. started its operations in Afghanistan in October 2001.68 HUJI group are active in Bangladesh, which has linked with Talibani group. India had tried to draw attention of the U.S administration as it had taken action against this group. India previously had requested also to Washington persistently that Pakistan had strong support in
Bangladeshi fundamentalist terrorist group. It was needed, for greater attention, to counter terrorism and to cooperate with India at bilateral, regional and international levels is now widely accepted.

However the United States and others in the international community have repeatedly talked to Pakistan about ending cross border terrorism, but have not been satisfactory from India’s point of view, says Brajesh Mishra, National Security Adviser and Principal Secretary to the Prime Minister. A question has been raised about the role of U.S.A. for pro Pakistani biasness. Because in many case U.S.A. has been succeed to control over terrorist country like Taliban ruled Afghanistan, Iraq etc. The U.S.A. could not create pressure on Pakistan due to its own national interests. As the U.S.A. are using Pakistani soil for their operation in Afghanistan and watching over South Asia, so it was not possible to create over pressure on Islamabad by Washington. Another reason was that, Pakistan is the oldest ally of the U.S.A. in South Asia. Pakistan is responsible for terrorist activities in Nepal and Bangladesh also; ISI is the key controller of all Islamic terrorist groups in India. The U.S.A. does not clearly send its strict message to Pakistan that Pakistan should be responsible for terrorist activities in their territory and South Asia also. Some times Washington said to Islamabad that if it failed to stop terrorism, than it will be declared as ‘terrorist country’ and all of the foreign aids shall be reduced by the U.S.A.

**U.S.-India Partnership**

“The U.S. and other Governments have talked repeatedly to Islamabad to end infiltration of terrorists wind up camps and the infrastructure of the militants ...... we cannot complain on that score”, Mr. Mishra said and added the result of the efforts were not satisfactory from India’s perspective. On the other hand the United States Ambassador, Robert D. Black Will, said that India was a victim of terrorism which is entirely “external driven”. The *Indian Express* editorially observed that, India and U.S. working together to turn off the top of working financial resources of
the terrorists, Indian advocacies banding the *Jaish-e-Mohammad* and *Lashkar-e-Toiba* as international terrorist organization exemplify that this cooperation is not declaratory but substantive.\(^{72}\)

U.S.A. has launched its campaign against cross-border terrorism and the Al Qaida. U.S. defense policy group has been functionalized fully to discuss proposals of cooperation and for implementing them at the policy level in the early of 2002. The U.S.A. has strongly condemned the militant attack in Doda district of Jammu and Kashmir calling it the “most irresponsible” action especially in the context of the highly charged situation in the sub continent. Diego Garcia, the US naval base in the Indian Ocean may be an important staging point for exercise Malabar the cornerstone of Indo-US defense ties - after 9/11 incident. From this strategically important island U.S. - Indian joint force can start their joint exercise over terrorism in South and South East Asian Nations. Another important event of post 9/11 incident between the two countries is joint military and air exercise in Alaska (U.S.A.). Indian soldiers and airmen who landed in Alaska on September 30, have begun their Platoon level joint training exercise with their American counterparts at front - Richardson and Elmen Dorf Air force Base.

‘Geronimo Thrust 02’ was the first exercise of its kind involving Indian troops and airman on American soil. It was designed to familiarize the military personnel with some U.S. training techniques and equipment as well as give U.S. soldiers the opportunity to interact with soldiers and airmen of India. The Indian forces include a platoon of 32 soldiers plus 10 pathfinders and eight senior Army and Air force observers. IAF personnel and air craft include 35 personnel and on IL-76 aircraft were present in that exercise.\(^{73}\)

It is fact that, though Indo-U.S. joint working group was set up for fighting against terrorism, yet India was not agreed when U.S.A. asked the latter for sending 15000 combat troops in Iraq to act as part of the US led “Stabilization force”. The Government of India, however made it clear
that it was willing to ‘consider’ the deployment of Indian troops into the potentially incendiary situation prevailing in Iraq during an election year (Parliament election, Lok Sabha in 2004). The Indian and U.S. military establishments were understood to be holding a joint exercise in Kashmir near the border with China. Special Forces from both countries were participate in the exercise.

The war on terrorism and the campaign on behalf of freedom, liberty and democracy all over the world could “go a long way” to define what might be a common agenda between the U.S. and India, According to the former U.S. Deputy Secretary of State for South Asia, Strobe Talbott, President Bush and Secretary of State Mrs. Condoleezza Rice have developed an outline for a “broader Strategic partnership” with India and presented it to Dr. Manmohan Singh..... Its goal is to help India become a major power in the 21st century.

A dramatic moment has been held between the two countries, when Indian Prime Minister Manmohan Singh delivered his speech in a joint session of the U.S. Congress on July 19, 2005. He said, “India and the United States have much in common that is very important to both countries. You are the world oldest democracy, we are its largest. Our shared commitment to democratic values and process has been a bond that has helped us transcend differences. We admire the creativity and enterprise of the American people, the excellence of your institutions of learning, the openness of the economy, and your ready embrace of diversity.” Dr. Singh also said “the most important common concern is the threat of terrorism. Democracy can only thrive in open and free societies. But open societies like ours are today threatened more than ever before by the rise of terrorism. We know that those who resort to terror often clothe it in the garb of real or imaginary grievances. We must categorically affirm that no grievance can justify resort to terror.”
But Indo-U.S. joint Air and military activities to counter terrorism were not fully welcomed by all of Indian political parties. One of the major political party of India is CPI(M). Along with this party other left political parties have codenamed the Indo-U.S. friendship. There were two reasons for it. (1) India previously maintained a good relationship with USSR. CPI (M) and others political parties were happy until the broken-down of USSR in 1991. After the end of the Cold War India has been tilt towards its previous enemy - U.S.A. On the view of CPI (M) as U.S.A. is a capitalist and new colonialist country, so Indian government should avoid all of attachment with U.S.A. So CPI (M) was unhappy and protest about joint army and air exercise with U.S.A. and (2) U.S.A has no armament friend in international politics. At any time it can capture any country. So CPI (M) party was feared about U.S.A and Indian joint military and air exercise.

The two week long Indo-U.S Joint military and air exercises in was began on November 1, 2005, at the Kalikunda Air force station in West Midnapore (W.B.). The CPI (M) led Govt. of west Bengal protest against this joint exercise. Chief Minister Buddhadeb Bhattacharjee said his party was in favour of military alliance with China and Russia instead of the U.S.A. Asked to explain the dichotomy behind the logistical support to the US Army and the protests Mr. Bhattacharjee said “When the central government asks us to do something we will have to do it because that is our constitutional obligation. But I told the Prime Minister that while we extend logistical support, we will hold demonstrations because that is our democratic rights.”

Meanwhile F-16 Falcons of the U.S Air force, which took part for the first time in the joint exercise in the country, besides Sukhoi - MK30i, MIG 29, MIG 27 and MIG 21 BIS, roared past the Kalaikunda skies. KC-130 refueling air craft and AWACS also took part in the exercise.
Indo-U.S. Engagement: Not an Unqualified Sonnet

However, no one can deny that in south Asian politics military cooperation between the United States and Pakistan is of crucial importance. Rather Islamabad had undergone a tactical renaissance since the terrorist attacks of September 11, 2001. Bilateral military cooperation accelerated during the Bush and Musharraf administrations. In 2006 Washington’s arms sale to Islamabad topped $3.5 billion (PDF). Pakistan’s Tribal areas had been using for operations against Taliban and Al-Qaida. The U.S.A has been using the soil of Pakistan as a military base. It is notable point that New Delhi was aware about U.S previous motive about military base. As the U.S.A did not withdrawal its military base from Japan and other parts of the world, then how from Pakistan? New Delhi did not interested to give a chance for using its soil to Washington since 9/11 terror attacks, Pakistan has become the largest recipients of the U.S. It is also a tension event to India.

Former Pakistani President and Army Chief Pervez Musharraf failed to keep his Promised “unstinted Cooperation” with the United States to the fight against terrorism. Pakistani internal terrorist group had been so strong than ever before during his time. He was unable to preserve Pakistani internal terrorism as well as to stop Al Qaida and Taliban activities in Pakistan. So India took this opportunity succeed to declare Pakistan a ‘rogue state’. This is a diplomatic gain for India vis-à-vis Pakistan.

The U.S had responded to terrorist attacks in India. U.S reinforced the unprecedented cooperation that had taken place between the two countries on financing, law enforcement, training and the sharing of information with respect to the counter of terror. There is room for expanded defense cooperation between the U.S.A and India. As India’s economy grows, it has sought to
modernize its military, and US technology can and should be a part of that modernization. New Delhi and the USA are working hard to conclude bilateral agreements on military area. Washington also showing immense interest and trying to ensure defense sales and military to military cooperation.82

India is facing Chinese threat in its northern border areas. Due to feeling insecurity India has taken a strategy to make a strong military cooperative relationship with the U.S.A. If U.S.A openly declares India as its potential and reliable friend to fight against terrorism, China can be aware of the USA’s aggressive attitude. Some scholars argue that India is quest to modernize its military for using against of China. New Delhi had planned to purchase for a US $ 10billion for fighter jet (F-18 fighters). But New Delhi was taking time in this issue. American companies were waiting eagerly for getting the lucrative contract for 126 fighters. Already India had agreed to buy six of Lockheed’s C-130 J Hercules airlift aircraft, for roughly US $ 1billion.82a

Long considered a “strategic back water” from Washington’s perspective, South Asia has emerged in the 21st century as increasingly vital to core the U.S foreign policy interest. India in the region’s dominant actor with more than one billion citizens is now recognized as “Natural Partner” of the United States. Washington and New Delhi had, since 2004, been pursuing a “strategic Partnership” based on shared values such as democracy, pluralism and rule of law. India and the U.S.A had signed a ten years defense framework agreement for expending bilateral security cooperation.83

During his visit in U.S.A in 2005, Dr. Manmohan Singh gave an interview to the Washington Post. He asked for his views on the trilateral plan to construct a gas pipeline from Iran through Pakistan to India. The United States has been accusing Iran of supporting terrorist organizations operating in the Middle East.84 It suspects that Iran is secretly trying to make nuclear weapons in violation of the NPT that it has signed. It has plenty of oil and does not need nuclear energy for
civilian end use. The United States has strong reservation against the gas pipe line because it would place more financial resources at the disposal of extremists in Iran. Due to American pressure Iran - Pakistan - India gas pipe line project has not been implemented. Here raised a question, why did India stop this plan?

The U.S funding for military education and training of Indian officials in the financial year 2003-2004 were one million dollar, the highest annual ever. Thirty seven Indian officers were trained in the U.S. during this period. The American side had also given India $ 800000 to improve its peacekeeping skills. This amount would be utilized to provide training support for U.S sponsored peace keeping seminars and procure library sources and other material.

Indeed the post September 11, 2001, global configuration had illustrates, Indo- U.S strategic friendship. But the U.S engagement process lacked coordination and that few connections seemingly existed between the various components of military to military links, such as foreign military links, such as Foreign Military Sales (FMS) and counter visits on one side and security cooperation initiatives on the other. Though India has benefited becoming a part of coalition with the U.S.A and Russia - in “war against terrorism operation”, yet the U.S.A was not happy to India, for buying arms from Russia.

Even China seems to want to get closer to India economically in order to prevent a full blown U.S - India alliance relationship. However as the terrorist threat recedes there is likely to be the re-emerge of state - centric balancing of Power. With the U.S insistent on deploying NMD and China on increasing its offensive nuclear capability to counter it, the U.S- China competition is likely to occur. Conflicting security and military interests underpin the defense relations that the United States and India are attempting to forge.
Although the U.S had attempted to build strategic partnership with India - largely with the expectation of counter balancing the emergence of China, it has simultaneously undermined its own goal by enabling China to develop closer links with energy - rich countries such as Iran and Myanmar while indirectly preventing South Asia allies from effectively doing so. It may be time for the U.S to consider a policy of multilateralism in Asia, not out of weakness or inherent virtuousness but because it appears to be the most effective policy tool at achieving American long - term strategic objectives in the region.

There is no question about Indo - U.S defense and strategic relations have been established with a strong understanding. Since the demise of the Cold War the bilateral relations between the two countries has reached in a most significant point because several changes occurred in defense area. The growth of military cooperation between two countries is the most visible manifestation of the new partnership. In a complete reversal of their Cold War attitudes the two countries have conducted joint military exercises covering maritime interdiction search and rescue operations, anti - submarine warfare, air combat, airlift operations, mountain warfare, Jungle warfare disaster management and peace keeping operations.

Thus, both India and the USA changed their perceptions towards each other in the post Cold War period. The USA had opened its windows to the India for engaging in military weapons and strategic areas. After the 9/11 incident it was thought by the U.S.A that as India facing the problems of terrorism so it might be a friend for fighting against this problem. President G. Bush had paid a visit in India in March 2006 and made a greater scope for making a defense dependency between the two countries.

India is widely recognized today as a rising power with enormous potential. But these are hopeful only if Indian policy makers have the imagination and courage to seize the opportunities
that present themselves.\textsuperscript{92} India is extremely fortunate in recent years. The U.S.A declared it as a “Potential Big Power”. India is in the U.S. good book. This is the ideal time to India for creating pressure over Pakistan by the help of U.S.A. Similarly it is also true that U.S dual policy is also going on, due to its defense interests the U.S needs Pakistan.

There is a little question that the Bush (Jr.) administration’s quest to develop better security ties with India stemmed partly from concerns about China’s future role in Asia.\textsuperscript{93} There seems to exist strong misgivings in both countries about the strategic role of China in future. While it is too early to say that India and the US are trying to contain China, yet there is obvious convergence of interests in both countries regarding keeping a wary eye on China’s policies and actions. In a speech Indian Prime Minister said, “The global environment has never been argued that India should engage other great powers such as the United States and China, treating neither an adversary.”\textsuperscript{94} However, the future of Indo-U.S strategic relations depends on both nation’s geopolitical requirements and its values.

India’s quest to modernize its military against a backdrop of China’s burgeoning defense growth and an ongoing regional terrorism form focus of Indo-U.S. defense relations. Pakistan had been a close ally to the United States, particularly as the war across the border in Afghanistan drags on, fuelled, in part, by the Al Qaida insurgents and the Afghan Taliban fighters, hiding in the mountain areas. Closer military relationship with India will serve multiple purposes to U.S. policy makers. First, Washington regards India as a vital balancing force in Asia, where several emerging powers exist. Second, overstretched by two wars, the United States obviously hopes to find a new partner like India to share some of its burden across the globe. Third, the U.S. defense industry could benefit from growing the U.S. arms sale to India, which has been vigorously increasing defense procurement. Actually India is among the largest potential U.S. defense customers. However,
as a growing power, India is proud of its history and culture, and has its own aspirations and visions, which may not all fit with U.S. strategic calculations. India may benefit also, with respect to Indo-Pakistan relations, to have close ties with the USA, especially with regard to countering terrorism.

**Notes and References**

(1) Terrorism is the greatest national security threat our country’s today. Combating this threat presents unique and unprecedented challenge. The tactics adopted by terrorists, often with the assistance of State-Sponsors, require constant study and analysis. Vinay Kumar Malhotra, “*International Relations*”, Anmol Publications Pvt Ltd; New Delhi 2006, p.563.

(2) Ibid


(4) The term terrorism is not a new one. Earlier, it was used as a method or theory whereby an organized group or party sought to achieve its avowed aims chiefly through the systematic use of violence. It is multi-dimensional. But, political terrorism with which we are particularly concerned is entirely different. It imposes the punishment meted out by the organization upon those who are considered guilty or who are held to interfere with the revolutionary programme. With the change of time terrorism began to be recognized as a technique of weapon of their demands. Please see Rakesh Gupta, *Changing Conceptions of Terrorism*, *Strategic Analysis*, Vol. XXV, No.2, December 2001, pp. 1005-1010.


6(a) The movement had been triggered of by Mrs. Indira Gandhi’s operation in the Golden Temple in Amritsor which, practically, led to her brutal assassination by her own body guards. The Khalistani movement’s chief, presumably, Jagjit. S. Chauhan, believed to have been living in Canada, was directing the movement in India.


7(a) The major Kashmiri rebels in the context were the Laskari-Taiba, Jais-e-Mohamad, Huji the parallel movement in India is mobilized by the SIMI, now banned the Indian Mujahiddin and others.


(9) Dennis Kux, “India’s Fine Balance”, *Foreign Affairs*, May - June 2002, p.93


(12) J.N. Dixit, *India’s Foreign Policy: Challenge of Terrorism, fashioning New Inter state equations*, Gyan Publishing House, New Delhi, 2002, pp. 92-93

(13) Abhijit Ghosh, *op.cit*, p.66


(15) Abhijit Ghosh, *op.cit*, p.67
(16) These are holy places in the Hindu religion, having scenic beauty too. Mainly Indians and foreigners, who are religious, minded, frequent these places.


(18) Jessica Stern, “Pakistan’s Jihad culture”, Foreign Affairs, (USA), November-December, 2000, p.124


(20) See http://www.state.gov/s/ct/rls/erpt/2006/82734.htm

(21) J.N. Dixit, op.cit p.93.


(23) CRS report 2007, p.55.

(24) Dennis Kux, op.cit, p-94


(34) Military cooperation between the USA and Pakistan has undergone a tactical change since the terrorist attacks of September 11, 2001. In 2006, U.S. arms sales to Islamabad topped $3.5 billion nearly matching total purchases by Pakistan from U.S.A. during the fifty years prior to 2001. U.S. covert military operations inside Pakistan along the Afghan border, Pakistan’s political instability, and Islamabad’s questionable record, on terrorism have thrown one of America’s most important military alliances into disarray. For further details, please see Dennis Kux, op.cit. p. 100.


(36) In the 1990s as factional fighting kept Afghanistan in an almost state of warfare, which the Pakistani Government Supported the rise of a group known as the Taliban or “Students” who swept into power in Kabul in 1996. The Pakistan’s Intelligence Agency, known as Inter-Services Intelligence provided the Taliban’s with advisors and materials in their battles with rival warlords, ensuring a friendly government that controlled most of Afghanistan. But the Taliban hosted unsavory guests, including Al-Qaida, which by the late 1990s had been identified as a serious new threat by the United States. Following the 9/11 attacks and the U.S. led invasion of Afghanistan that followed, leaders of Al-Qaida and the Afghan Taliban. Ibid, p. 110.

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(38) Polly Nayak, *op.cit*, p. 142.


(44) Berneard Lewis, “*Islam and Liberal Democracy*”, *op.cit*


(165)


(50) Howard Fineman and Martha Brandt, *This is our Life Now*, December 3, 2001, p. 28.

(51) *Remarks by the President George W. Bush (Jr.) at the Islamic centre of Washington, D.C, September 17, 2001.*


(61) Blackwill, “Future of U.S. - India Relations”, op.cit.


(65) “What the world Thinks in 2002”, p. 3.


(67) Polly Nayak, Prospects for US - India counter Terrorism cooperation, an overview, op.cit, p. 137.


(70) Ibid.

(71) Rebert D. Blackwill, U.S. Ambassador in New Delhi, told in the FICCI meeting on Oct. 9, 2002.


(75) The Telegraph, Kolkata, Sept. 6, 2003, p-1.
(76) Monmohan Singh delivered a speech in a joint session of the U.S. Congress on July 19, 2005. Mr. Singh became the fifth Indian Prime Minister to give speech after Nehru, Rajiv Gandhi, Narashima Rao and A.V. Vajpayee.

(77) The Indian Express, editorial, July 20, 2005.

(78) CPI (M) and other left Parties were the allies of the congress led UPA Govt. (2004). Monmohan Singh was the Prime Minister of that term.

(79) The Indian Express, November 8, 2005.

(80) Ibid

(81) Ibid

(82) During Clinton’s visit, the U.S. and Indian governments set the tone for a Strategic Dialogue that will focus on five principal pillars. According to U.S. officials, the first and foremost pillar is the Strategic cooperation, which includes cooperation on military, non proliferation and terrorism. Online source: http://www.goola.com “Reflections on US-India Relations, Robert O. Blake, American Enterprise Institute, Washington, DC, June, 30, 2009.

(82a) U.S. President Bill Clinton paid a ‘historical visit’ to India. He announced the U.S. - India partnership. After his visit the bilateral military ties had not only recovered, but also flourished to higher level. Actually he was the founder of bilateral friendly relationship. More importantly in July 2005, the two countries decided to upgrade their relationship to “global partnership” and thus ushered in a new era of bilateral military cooperation.

(83) Military - to - military and particularly naval contacts are viewed as the most promising area of Indo-U.S. cooperation. Indo-U.S. joint exercises are vital to the building of relationship and they raise communities in future. For details please see CRS Report for Congress, “India-US Relations,2007.

(85) Ibid.


(87) Ibid.


(90) Ibid.

(91) Aninda Batabyal, *op.cit*.

(92) Harish V. Pant, “A Rising India’s Search for a Foreign Policy”, *Orbis*, vol.53, Number 2, Spring 2009, p. 264.

(93) For details see Ashley J. Tallies, n. 15, p. 150. Also see Paul Richter, “In Deal with India, Bush has an eye on China”, *Los Angeles Times*, March 4, 2006.

(94) The Prime Minister’s Speech at the India Today conclave delivered on February 25, 2005, (is also available online http://pmindia.nic.in/speeches.htm.) “India will be limited to take an increasingly important role in managing the challenge of global terror, as its relative power and extra-regional and global influence. That role, however, may not align closely with US policy preferences.” Also see: Timothy D. Hoyt, “India and the challenge of global Terrorism” in Harsh V. Pant, (ed.), *Indian Foreign Policy in a Unipolar World*, Routledge, New Delhi, 2009.
Chapter - 6

India’s Nuclear Links with the USA

Relations between the United States and India can be viewed through the twin lenses of the nuclear non-proliferation and civil nuke deal. The basic aims of India’s nuclear policy is peaceful use of nuclear power and as well as not the first use of nuclear weapons. Initially India has developed its nuclear power for showing national power vis-à-vis the non-nuclear states. India did not want to take sides during the Cold War, and by the mid 1950’s, it had developed a non alignment policy that was designed to allow it to remain independent of both the United States and the earst-while Soviet Union. Although India adopted a policy of non-alignment in mid 1950s, but India began to side with the former Soviet Union diplomatically. During that time, India felt to develop a nuclear-weapon option alongside. This led to the American imposition of restrictions over India. In this chapter I will discuss mainly the purposes of India’s nuclear engagement with the U.S.A.

Evaluation of India’s Nuclear Policy

The United States imposed specific non-proliferation sanctions and aid restrictions on India especially after India’s first test of nuclear device in 1974. The Indian Atomic Energy Commission (AEC) was created shortly after independence about the same time that India opted for a strategy of self-reliance in producing military equipment. With Bhabha as its first chairman, India embarked upon an extensive program of civilian nuclear research. Indian first Prime Minister Pandit Nehru expired in May 1964, six month before the Chinese test. After the Chinese test Indian’s orientation about nuclear power has changed. A debate started between Bhabha and V.K. Krishna Menon (opponent of the nuclear weapons program) me about the case of building an Indian bomb and the modest cost. After India’s humiliating defeat of 1962, the addition of nuclear weapons to the Chinese arsenal was seen as a grave strategic challenge for India. Four years later, a second debate focused on whether India should sign the NPT. This time pressure came from the U.S.A., Western Europe, Japan and even the U.S.S.R. but not from China.
In 1965, India and a few other non-aligned countries proposed an international non-proliferation pact whereby the nuclear weapon states would destroy their nuclear weapons, and the non-nuclear weapon states would decide not to manufacture these weapons. This proposal failed to influence the nuclear weapon states. India refrained from signing the Nuclear Non-Proliferation Treaty (NPT). The NPT grossly discriminated against the non-nuclear states, whereas it sanctified the privilege of the nuclear states to enrich, quantitatively as well as qualitatively, their own nuclear arsenals. The NPT was discriminatory. It produced a mixed reaction. While some considered it as a great landmark which could prove to be turning point in human history, while the others considered the treaty an attempt on the part of the U.S.A. and the U.S.S.R. to establish their nuclear hegemony over the entire world. For example, President Johnson described the treaty as the most important international agreement in the field of disarmament since the nuclear age began. He described it as the first step towards the ending of the peril of nuclear war. Soviet Foreign Minister, Gromyko said that the treaty constituted one of the most important steps ever undertaken to restrain the nuclear arms race in the name of the lasting interests of peace. On the other hand the Chinese Government strongly denounced the NPT, describing it as “a big plot and a big fraud” of the U.S. imperialists and Soviet revisionists.

India brought into focus several loopholes in the treaty, finding it to be discriminatory in so far it avoided equal and mutual obligations of the nuclear weapon and the non nuclear weapon states. The Indian attitude towards the treaty was best summed up by K. Subrahmanyam : “The Indian objection was mainly against the unequal nature of the treaty and the misuse of international public opinion to observe a policy of vertical proliferation by a few powers and obfuscation of the dangers of nuclear first use. In India’s view this was not a non-proliferation treaty but a measured design to disarm the unarmed. The U.S.A. was unhappy about India’s stand on NPT.

The Government of India has successfully resisted the pressure from various quarters to adopt the path of nuclear weaponisation, even though it has asserted that it would react suitably and revise its stand if Pakistan goes nuclear.
India has taken a keen interest in nuclear disarmament and has been actively working with leaders of Sweden, Greece, Mexico, Argentina and Tanzania to promote nuclear disarmament. The leaders of these six countries have been meeting at regular intervals and urging the nuclear power to work for nuclear disarmament. They held such meeting at Stockholm on January 21, 1988, coming in the wake of the INF treaty but asserted that it would reduce the nuclear weapons by only four per cent and called for expeditious efforts to achieve greater nuclear disarmament. They held such meeting at New Delhi Ixtapa and Stockholm.

However explaining India’s stand on NPT, the Prime Minister Narashima Rao said in June 1992, “India could not sign the NPT because of its being a discriminatory treaty ....... India is against any weapons of mass destruction in the world. But the fact remains that these weapons are today in the possession of some countries. There are some second countries which do possess the capacity to produce weapons but have not chosen to do so.’(The Times of India, June 30, 1992, p.1) In October 1992, India gave a call for an International convention on Non-Use of Nuclear weapons and freeze on the production of such weapons and missile materials for atomic arms. It pleaded that the problem of elimination of nuclear weapons could be resolved in the same manner in which the convention on chemical weapons had sought to eliminate the chemical weapons without any discrimination.

Again in 1996 when the question of approval of comprehensive Test Ban Treaty (CTBT) arose, India voted against it on the ground that it would sign the treaty only after the Nuclear Five had agreed on a time table for total removal of nuclear weapons. The treaty, according to India, was defective in so far as it did not have a fixed deadline for the elimination of all nuclear weapons. India’s chief negotiator, Mrs. Arundhati Ghose declared in the General assembly that ‘India would never sign this unequal treaty not now, not later until the major nuclear powers had formulated a time table for elimination of their nuclear arsenal.’ The Indian External Affairs Minister I.K. Gujral however made it clear that the decision not to sign the CTBT did not mean that we were going in for new weapons, particularly nuclear weapons. It can be inferred that the decision of the Government

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of India to oppose the CTBT\textsuperscript{3b} was based on open and intense national debate which reflected national consensus.

It is evident from the preceding discussion that India followed a two-fold nuclear policy. On the one hand, it tried to develop nuclear technology and capability for peaceful purposes, keeping the option open for its use for military purposes in the event of unforeseen eventuality. On the other hand India consistently pleaded for a universal nuclear disarmament.

However from India’s point of view, because total universal elimination of nuclear weapons must be the goal towards which all efforts must be directed, the CTBT must ban not only nuclear tests but also all weapon-related activities of the nuclear laboratories in all countries, primarily in the openly nuclear countries.\textsuperscript{4}

If for any reason India chooses not to join the CTBT - and it may find reasons for so doing - loss of political credibility, increased international pressures and withholding of crucial technologies needed by India will constitute disincentives for policy makers who must weight these factors against the benefits of proceeding with the nuclear programme. From the Indian point of view, it is extremely important that China joins the CTBT. Although India feels threatened by China’s existing stockpile of nuclear weapons, a China which is a party to both the CTBT and the NPT would at least marginally modify India’s perception of a threat from that source.\textsuperscript{4a}

The United States has offered incentives including, not just security guarantees but also political and economic benefits, to a number of specific states in exchange for non-proliferation commitments. These states include Taiwan, Ukraine, North Korea, Pakistan and also to India. The effectiveness of the incentives offered to all these states excepts India have been assessed elsewhere.\textsuperscript{5} India benefited from the Atom for Peace Programme to the extent that it may have discounted the benefits of guaranteed nuclear supply offered by the NPT, which it declined to sign. It later suffered the consequences when fuel shipments to one of its largest nuclear energy facilities.
However, China’s reaction was very sharp. It accused India of undermining the International effort in banning nuclear tests so as to obtain hegemony in South Asia in defiance of world opinion. It demanded that India should stop its nuclear development programme.

On the issue of C.T.B.T., Indo-U.S. relations had been hampered. In spite of the U.S. initiative India did not sign the treaty, as it thought the treaty was discriminatory. Owing to India’s rigid decision Pakistan also did not sign the treaty. Till now this treaty has not been implemented. Comprehensive Test Ban Treaty was concluded after protracted negotiations in September 1996. The treaty was approved by 158-3 votes, with five countries abstaining. India voted against this treaty on the ground that it was both flawed as well as discriminatory. Opposing the treaty the Chief Indian negotiator in General Assembly said that India would never sign this unequal treaty, not now, not later, until the major nuclear powers formulated a time-table for the elimination of their nuclear arsenals.

The treaty places a ban on all kinds of nuclear weapons test explosions. It envisages an international monitoring system to check treaty violations and any country would be able to request for inspection to see whether an explosion had been carried out. Declaring India’s resolve not to sign the CTBT, Salman Haider, the former Indian Foreign Secretary, said, “India cannot subscribe to it (draft CTBT) in its present form as it has several loopholes. National security consideration is a key factor in arriving at the decision that we have arrived.” Explaining the loopholes Mr. Haider pointed out that the treaty did not ban laboratory simulations of nuclear weapons, hydro nuclear explosions and advanced simulations using laser technology to provide useful data to improve nuclear weaponry. However publicly the Indian Government continued to deny its interest in nuclear weapons, and as late as 1996 official statements noted: “We do not believe that the acquisition of nuclear weapons is essential for national security.”

During 1984-87 India did make an attempt to “Wean” the United States away from Pakistan. This was mirrored by an American attempt to wean India away from the U.S.S.R. and led to a brief conjunction of Policies, if not of strategic objectives. India’s response to a worsening strategic position was not to build and deploy a nuclear weapon, but to meet the challenge through
political and conventional military instruments. Rajiv made a successful visit to Washington in 1985, but no progress took place on the nuclear front, while the Pakistani program was moving steadily ahead.\textsuperscript{11}

**India’s Nuclear Policy and Indo-U.S. Relations**

By this time, a national debate on nuclear weapons began. Some argued that nuclear bombs were dangerous to Indian environment. But late 1980’s saw a new enthusiasm for India’s strategic position in the world. So, Indian nuclear policy had been changed since then. From India’s official point of view the 1998 tests were a response to the failure to secure a commitment to the elimination of nuclear weapons within a specified time in the course of both bilateral and multilateral negotiations. Historically viewed, there was a persistent threat perception on the part of India vis-à-vis both China and Pakistan.\textsuperscript{12} During that time some Indian strategists thought that India had a chance for being a middle power in world politics. So nuclear power was essential for that.

Another argument had also been raised of that time that nuclear weapons were not essential to this world scenario. Logic was that Japan was not a recognized nuclear power country, the former U.S.S.R. was weakened. The U.S.A. was facing some economic crisis, so why should India go for further nuclear exercise? In fact, Pakistan and China are perennial sources of threat to India. India knows that Pakistan regularly receives nuclear technology and raw materials from the U.S.A. and also China.

During the debate on CTBT Indian community had been divided into two lobbies. The anti-west or anti-U.S. lobby started to oppose the treaty. They wanted to abolish all nuclear weapons. There was another lobby which used this issue as a chance to the pressure in the western powers. A few numbers of political elite is implicitly supported the arguments of USA but most Indians who opposed the CTBT were not in favour of either a declaration of nuclear weapons status or nuclear testing.

On May 11 and 13, 1998, India tested five nuclear weapons. By the end of the month, Pakistan had followed suit. The Governments in Islamabad and New Delhi loudly announced to
the world and to each other, that they had the capability to retaliate nuclear weapons in response to major attack.\textsuperscript{13}

However, in May 1998, it was estimated that the cost of sanctions to India would be approximately $20 billion in loans, guarantees, and other economic aid. The estimate, however, did not include indirect costs associated with losses in consumer confidence capital flight, or foreign investment in the Indian stock market.\textsuperscript{14} Many Indian journalists predicted that the impact of the sanctions would be minimal and emphasized instead the costs to American companies.\textsuperscript{15} In the meantime, the Prime Minister advocated stoicism and “not buckling” under the pressure.\textsuperscript{16}

In June 1998, one report described how an Indian investment banker watched a foreign client pull billion out of India’s main stock market in Bombay.\textsuperscript{17} During the summer months, seven Indian scientists working at the National Institute of Standards and Technology (NIST) in Maryland were asked to leave the United States. This was only the lip of the iceberg as the Department of Energy then identified 62 Indian Institutions that could no longer work on cooperative projects with the US government.\textsuperscript{18} Senior U.S. government officials stated that the action was taken to reward India and Pakistan for “restraint” by refraining from “weaponizing” by not installing nuclear warheads on missiles or bombers and for promising to sign the CTBT.\textsuperscript{19} Soon after, however, the US Department of Commerce released the list of 300 Indian and Pakistan government agencies and private companies that would be prohibited from doing business with the US without a license.\textsuperscript{20}

Whatever the outcome, a few things became clear. \textit{First}, the sanctions imposed by the USA did not undermine either the engagement policy or the incentives it offered India to reduce tensions in the region and ward off a nuclear arms race in the region. In fact, the incentives themselves appeared more valuable because of the effect of the sanctions.\textsuperscript{21} \textit{Second}, the incentives did not undermine the sanctions, for there was significant evidence that the sanctions would still cause hardship to India, its people, and its government. \textit{Finally}, the Indian government was under pressure due to coalitional pressure to strike a strong bargain with the nuclear powers - a bargain that would turn the decision to test into greater status for India.\textsuperscript{22}
India and the United States had begun talks on the safety of nuclear powers plants, but are still far away from exchanging equipments. The Atomic Energy Commission’s (AEC) chairman, Anil Kakodhar, visited Washington in February 2002 for discussing these issues with the chairman of the U.S. Nuclear Regulatory Commission (NRC), Richard Mesarve. Discussions revolved around emergency procedures, issues of - fire safety and safety of ageing plants. Analysts here point out that the U.S.A. signaled to India that it was inclined to advise the authorities here on running the nuclear power plants safely. Still not, however, it was ready for transferring technology or equipment to India.23

The USA had declined to help India set up nuclear power plants, highly placed sources told23a. It was also not keen on civilian space cooperation with India at this stage. The issue of positive cooperation in the civilian nuclear and space areas was raised by India sometimes ago. The Prime Minister, Atal Bihari Vajpayee, during his visit to New York in September 2002, had referred to the scope in high technology cooperation. He had also called for the implementation of decisions that had been taken between the two countries in this area.24 Though the momentum in engagement between India and the U.S. remained solid, India and the US signed an agreement not to handover each other’s nationals to a third country, New Delhi had hoped for some positive movement in civilian nuclear and space cooperation.

As Brajesh Mishra, the former National Security Advisor, heads for Washington on May 4, 2003, for an intensive round of consultations with the Bush Administration the new excitements in India-Pakistan relations could easily mask a more important item on his agenda - the nuclear question. Mr. Mishra’s visit aimed at an important American debate on the future of the global nuclear order. The U.S. President George W. Bush was likely to make a major speech on the changing U.S. approach to the proliferation of weapons of mass destruction and arms control in the coming days. The conceptual level, the views of India and America on non-proliferation have converged as never before. Both agreed that the biggest future challenge to international security is rooted in the deadly combination of WMD and terrorism. They also agreed that there was an urgent need to explore innovative ways of dealing with this problem.25
Ending decades of distrust in key high technology areas, the Indian Prime Minister and the U.S. President announced that the two countries have endorsed their strategic partnership with enhanced cooperation in vital civilian nuclear activities, like civilian space programmes and high technology trade. In a statement released simultaneously on the margins of the summit of the Americas in Monterrey, and in New Delhi, Mr. George W. Bush (Jr.) and Mr. Atal Bihari Vajpayee agreed “to expand” their dialogue on “missile defense” and concluding an agreement on the contentious, so called ‘quartel of issues.’

This will probably raise eyebrows here but the Clinton administration’s point-man for India, following the 1998 nuclear test, believes New Delhi’s failure to follow US advice on export controls robbed Washington of “leve rage” it needed to crack down on Pakistan’s nuclear proliferation activities.

Against the background of Abdul Qader Khan’s confession on February 4, 2004, Strobe Talbott, former Deputy Secretary of state, told The Times of India that “the US had all along been very aware that Pakistan was a major problem on proliferation of the supply and demand side.”

The Hindustan Times editorially observed that Talbott continued to maintain that India should not be allowed to get into the nuclear club as a legitimate member since that would wreck the present NPT. At the same time he could not imagine a solution to the challenge posed by Indian and Pakistani tests beyond asking these two countries to exercise restraint and sign the CTBT. There is a logical solution to declare the first use of nuclear weapon a crime against humanity punishable by all nuclear weapons power under UN authority. It is because the U.S. and other western nuclear weapon powers want to retain their right to use of nuclear weapons first that other nations find them a currency power.

US permissiveness in respect of Pakistani proliferation with Chinese help in the Nineteen Eighties and the west European and Chinese black-marketing in nuclear weapon technology with the help of A.Q. Khan and Pakistani military compelled India to have a minimum credible deterrent with the pledge of non-first use.
The 2001 census noted that India had just 14 nuclear reactors that were operational, one was planned and eight others were at various stages of construction. India’s target was to produce 10,000 MWC of nuclear energy by 2020. It was nearly ten percent of its total energy production. But by 2005 India could generate no more than approximately 300 MWC. Now the time to achieve the same target has been extended to 2012. The reason for the slow growth is that India was not able to obtain natural or low enriched uranium from international market, as it was not a signatory to the NPT. It also could not purchase reactors or acquire technologies to safeguard its nuclear reactors. The US had entered into an agreement to supply low enriched uranium for the two reactors at Tarapur in Maharastra.\(^{31}\)

**Indo-U.S. Nuclear Links under Manmohan Singh**

During his four-day visit to the United States in the third week of July 2005, Prime Minister Man Mohan Singh ended India’s isolation by entering into an agreement with the United States on civilian nuclear energy cooperation. The US did not recognize India as a nuclear power but referred to it in the joint statement issued after the talks between the President and the Prime Minister as a responsible state with advanced nuclear technology.\(^{32}\) The doctrine of Partnership, signed in January 2004, between the United States and India expanded bilateral civilian nuclear energy cooperation along with dual use technology. U.S. intention was to strengthen India regarding energy security. India agreed to separate its civilian and military nuclear projects and as well as activities under IAEA safeguards. But Indian left political parties had vehemently condemned India’s nuclear link with U.S.A. They argued that if India made strategic relations with U.S.A. about nuclear power programme then she would face a crisis of sovereignty. The Washington had shown its interest for trading in fuel for Tarapur nuclear reactor in West India. U.S. President said to the Indian government that he should get the agreement passed by both of the Houses of Congress for adjusting US laws and policies. USA also mentioned that suppliers Group that strictly controls the supply of nuclear materials and technology also. The US President also gave a ray of hope that he would try his best that, the internationally recognized nuclear powers would start their cooperation and trade with
New Delhi. President Bush promised to help India to get access to future generations of nuclear reactors and technologies.

India has taken three-stage nuclear energy development programme. It would not be affected by the agreement with the United States. According to some experts, Indo-US civil nuclear cooperation programme had given a signal towards India that bilateral relations reached a new heights. The U.S.A. also signaled to the world community that time has changed because India has become a emerging world Power.

However under U.S. and international law, civil nuclear cooperation with India cannot commence until Washington and New Delhi finalize a peaceful nuclear cooperation agreement, until New Delhi concludes its own safeguards agreement with the International Atomic Energy Agency, and until the NSG allows for such cooperation. At present nuclear power accounts for less than 3% of India’s total electricity generation and an Indian government official has estimated that, even under optimistic scenarios, this percentage would likely no more than double over the next 25 years.

Limiting the range of its own nuclear forces and cooperating with the United States in preventing the further spread of nuclear weapons will shape the way in which Washington views India - as a “responsible” nuclear power or as a potential rogue - and will affect the degree to which the United States would engage in strategic cooperation with India and even sell it advanced military equipment or dual - use technology.

The civilian nuclear cooperation deal between India and the United States, struck in July 2005 by President George W. Bush and Indian Prime Minister Manmohan Singh, constitutes a major initiative for both nations. India decided that it would place 14 of its 22 thermal power reactors in operation or under construction representing 65 percent of its nuclear power capacity, under permanent international safeguards. As India has shown its interest to import nuclear technology and its fuel from U.S.A. So both countries had made attempt to move forward with a nuclear cooperation agreement.
Separately, India successfully tested the nuclear-capable Agni III missile. This marked the first successful test after a failed attempt in 2006. The intermediate-range ballistic missile flew for about 15 minutes on April 12. The missile’s makers say it has maximum payload of 1.5 metric tons and can travel more than 3,000 kilometers. Prior to 2006’s test, chairman of the Joint Chiefs of Staff General Peter Pace signaled the U.S. approval of such tests. Speaking on June 5 in India, he said, “India will decide what India wants to do about testing missiles”.38

Secretary of State Rice appeared before key Senate and House committees in April 2006 to press the Bush Administration’s case for civil nuclear cooperation with India. The Administration offered five main justifications for making changes in the US law to allow for such cooperation, contending that doing so would

• benefit U.S. security by bringing India “into the nonproliferation mainstream”;

• benefit U.S. consumers by reducing pressures on global energy markets, especially carbon-based fuels.

• benefit the environment by reducing carbon emissions / greenhouse gases;

• benefit U.S. business interests through sales to India of nuclear reactors, fuel and support services; and

• benefit progress of the broader U.S.-India “global partnership”.39

A number of leading American experts on South Asian affairs joined the Administration in urging the Congress to support the new policy, placing particular emphasis on the “necessary” role it would play in promoting a U.S.-India global partnership.40

America’s nuclear agreement with India raises two sets of proliferation concerns. The first concern is that granting India an exemption from an important nonproliferation rule would undermine the nonproliferation regime. In particular, India would be exempted from a 30 year-old policy - implemented under US law and international Nuclear supplier Group guidelines - that forbids the transfer of civilian nuclear technology to any country that has not acceded to the Nuclear
Non-Proliferation Treaty (NPT) and accepted full-scope international safeguards. In trying to give India a special exemption, Mr. Bush is threatening a carrot - and - stick approach that has been effective more than 35 years. The treaty has persuaded countries like South Korea, Japan and Brazil to forgo nuclear weapons.

One of the highlights of the treaty is that the nuclear agreement would enable India to expand its nuclear program and this would cause an arms race with Pakistan and China. There is concern that foreign - supplied uranium fuel for India’s civilian reactors would free up India’s limited uranium supplies for use in military reactors, and this could allow a large nuclear buildup by India. Yet in short term India has only one main reactor which is Dhrua reactor, able to produce five nuclear weapons per year. This reactor can produce plutonium. India has another reactor which is basically military reactor namely ‘Circus Reactor’, which can produce a quantity of plutonium that makes two nuclear weapons yearly.

President George W. Bush and Prime Minister Manmohan Singh concluded a land mark agreement on March 2, 2006, that would place India’s civilian nuclear program under international safeguards and enable full civilian nuclear cooperation with the United States. A group of experts argued that it would benefit Indians economically by enabling India to purchase nuclear fuel and technology from the United States and other countries, to help meet growing energy needs. And Indo-U.S. nuke deal is very significant from another perception that is diplomacy. India got more importance from U.S.A. It implied that India has become a powerful country. Another group of experts argued that the U.S. - India civil nuclear cooperation deal will accelerate the nuclear arms race in South Asia.

President Bush has promised to ask the U.S. congress to change a U.S. law, the Atomic Energy Act of 1954, in order to implement the agreement. Such a modification requires a majority vote in the U.S. Senate and in the House of Representatives. However this is a historic agreement that brings India into the nonproliferation mainstream and addresses its growing energy needs through increased use of nuclear energy cooperation with the international community. The United States has no intention of aiding India’s nuclear weapons programme. India’s plan to separate its
civilian and military nuclear facilities and programmes will allow other nations to cooperate with India’s civilian facilities to expand energy production. Those facilities will be under International Atomic Energy Agency (IAEA) safeguards to prevent diversion of technology and materials to India’s military programme.45

A question has been raised about the Indo-U.S. nuclear treaty: doesn’t this initiative effectively recognize India as a nuclear weapons state? Counterpoint against this question is no. The U.S.A. has not recognized India as a nuclear weapons state. The 1968 NPT defines a nuclear weapons state as “one which has manufactured and exploded a nuclear weapon or other nuclear explosive device prior to January 1, 1967.” India does not meet this definition, and the United States does not seek to amend the treaty.

Indo-U.S. civil nuclear deal is good for American security because it will bring India’s civilian nuclear program into the international nonproliferation mainstream. The agreement also is good for the American economy because it will help meet India’s surging energy needs and that will lessen India’s growing demand for other energy supplies and help restrain energy prices for American consumers.46

Another question that has also been raised about this treaty is: doesn’t this initiative create a double standard and won’t it encourage rogue nations like North Korea and Iran to continue to pursue nuclear weapons programmes? Against this question it can be said, as it is not credible to compare the rogue regimes of North Korea and Iran with India. Unlike Iran and North Korea, India has been a peaceful and vibrant democracy with a strong nuclear nonproliferation record. Under this initiative, India—which has never been a party to the NPT - has agreed to take a series of steps that would bring India into the international nonproliferation mainstream.

India, on the other hand, has agreed to take steps that will bring it into the nonproliferation mainstream, including:

1. Placing its Civilian nuclear facilities under IAEA safeguards and monitoring.
2. Ensuring that its nuclear materials and technologies are secured and prevented from being diverted, including recent passage of a law to create a robust national export control system.

3. Adhering to the Missile Technology Control Regime (MTCR) and the Nuclear Supplies Group (NSG) guidelines.

**Indo-U.S. Civil Nuclear Deal**

In this research Indo-US Civil nuclear deal has given priority. When India had been trying to establish a nuclear reactor, Prime Minister Jawaharlal Nehru wrote a letter to Dr. H.J. Bhabha. He wrote, “My dear Homi, Monhanlal Sukhadia, Chief Minister of Rajasthan, came to see me today and again stressed the great need in Rajasthan for power. He hoped very much that one of our atomic power stations would be placed somewhere in Rajasthan, perhaps near the U.P. border.” Actually from the very beginning the Indian decision maker along with nuclear scientist wanted to use nuclear power for mankind. Indo-U.S. civil nuclear deal was apparently done for this. But beyond this fact some other reasons were present in this treaty, which were discussed earlier.

After months of consideration, the House of International Relations Committee and Senate Foreign Affairs Committee both took action on relevant legislation in June 2006, passing modified versions of the G.W. Bush (Jr.) administration’s proposals by wide margins. Actually in U.S.A. all sections of decision makers were not in favour of Indo-U.S. civil nuclear deal. In case of India it was same. Left political parties and B.J.P. vehemently opposed this deal from different point of view.

Here it can be mentioned that after Pokhran-I (1974), India faced considerable western / American opposition. India did not become a nuclear power in a military sense, but had to face series of denial regimes. Earlier, New Delhi’s refusal to sign NPT in 1968 and Nixon Kissinger tilt in 1971 came around the same time. The Peaceful Nuclear Explosion conducted by Mrs. Gandhi in 1974 was exactly at a time the dust of Bangladesh episode had not settled. During the Post - Pokhran - I, the nuclear issue had become more relevant in obstructing Indo - US cooperation
than any other factor,48 Between India and other major powers (including Japan and Canada), India’s nuclear ambitions remained a key roadblock to the expansion of ties. The 1978 US NNPA and the creation of the NSG further widened gap between New Delhi and Washington.49 Tarapur also had been a sore point for many years. India argued that U.S.A. did not comply with the original arrangement promising the supply of uranium to Tarapur. In subsequent years by trilateral agreement involving France, IAEA arrangements were made for supply of uranium.

According to former Indian Foreign Minister, Jaswant Singh, “India was the only country which debated nuclear options for 35 years.” Indeed, to him, no country had deliberated so much between its. Sovereign needs and global disarmament interests.50 Finally, in May, 1998, India tested nuclear devices and argued it had not violated international treaty obligations. Yet U.S.A. took anti Indian stand-point. After occupying his office, in January 2001, George Bush had tried to improve relations with India. Due to strategic reasons India’s previous nuclear activities became a less important issue to U.S.A. Then India was seen as the only country, which had the potentials to counter China. Bush declared India as “natural allies”. During Vajpayee’s regime he wanted to redefine Indo-U.S. ties in the global strategic context. Ultimately, the new transformation in ties had finally brought out the deal. By bargaining both sides, Bamganie agreed to finalize the deal. But India’s scientific community was wary of separation between civilian nuclear technology and military areas.

According to Dennis Kux, “I don’t know where we will come out on the nuclear issue. The CTBT is off the table, so that problem is not there. The sanctions are probably going to go. I think the relationship is much broader. And I think Republicans see India as an emerging great power.”51 According to Kux it is clear that when U.S.A. started to considering India as a emerging power then India would also start to change its view towards U.S.A. and looking towards national interest leant towards civil nuclear deal, specially for fuel crisis.

According to S. Jaishakar, an Indo-U.S. relations expert, “It is the nuclear understanding reached in July 2005 that really symbolizes this new phase of partnership. If successfully implemented, it would put an end to the era of technology denials and help address India’s energy security needs.
By expanding considerable domestic and international political capital to make an exception for India the deal also sends a political message about the transformation that this understanding portends for Indo-U.S. relations.\(^{52}\)

Indo-U.S. nuclear deal did not happen in isolation from global energy developments. They took place at the very time when key governments not limited to the United States, where pushing for a revival of their nuclear industry. On India’s part too, even from the narrow energy perspective the nuclear deal happened at a time when India aggressively pursued hydrocarbon interests abroad, invested in clean coal projects explored gas hydrates and coal bed methane, participated in the Asia pacific clean Development partnership and established Energy Dialogues with the U.S., EU and other interlocutors.\(^{53}\)

Among the 123 Agreement texts’ more salient provision are granting to India of a right to reprocess spent fuel at a national processing facility that New Delhi plans to establish under IAEA safeguards; assurances to India that supplies of fuel for its civilian reactors will not be interrupted - even if the United States terminates the 123 agreement - through U.S. commitments to “work with friends and allies .... to create the necessary conditions for India to obtain full access to the international fuel market and to “support an Indian effort to develop a strategic reserve of nuclear fuel.”\(^{54}\) Press reports suggested that U.S. negotiators had made considerable concessions to Indian demands on these points and that the agreement could face resistance from same in congress if its legal stipulations are seen to deviate from those found in enabling legislation (P.L. 109-401, the “Hyde Act”).\(^{55}\) After signing 23 House Members a letter was sent to the President George W Bush. The Members emphasized the need for any civil nuclear cooperation agreement with India to confirm to the legal boundaries set by congress.\(^{56}\)

Many independent Indian commentators approving of the pact, saw in it an end to “nuclear apartheid” that is likely to go down as one of the finest achievements of Indian diplomacy.\(^{57}\) Some argued that a large portion of Indian business community was supportive of the deal. They put the argument that, by this deal India can secure its energy and be a powerful country.
Some Indian military chiefs, former influential bureaucrats, scientists were supportive of Indo-US civil nuke deal. After collective sign an open letter was sent to the parliament for approval of the deal. Congress Party dominated cabinet discuss on the text of the agreement. Prime Minister Manmohan Singh did not consider the left wing’s opinion. Sing may have underestimated the degree of anti-Americanism and anti imperialism held by his communist Left Front allies, who provide his ruling coalition with the necessary parliamentary support. Yet India’s communist parties went much further in their criticisms, issuing a joint statement which called the 123 Agreement “flawed”, claiming that it “must be seen as a crucial setup to lock India into the U.S. global strategic designs.” One former Indian urban middle class firmly favours closer India-U.S. ties, but it “will not tolerate a subservient relationship” and retains significant differences in approaches to third parties such as Iran and Pakistan. Some have asserted that the text of the 123 Agreement disregards the legislative intent of the Hyde Act, especially in the area of continued supplies of nuclear fuel to India even if that country tests a nuclear weapons and the agreement is terminated. Others warned that NSG endorsement of an exception for India will “virtually ensure the demise of global nuclear export restraints.” Edward J. Markey identified the issues of nuclear testing, assurances of fuel supply, and the reprocessing of U.S.-origin nuclear material three core concerns.

Further hearing in the Senate (April 26, 2006) and the House (May 11, 2006) saw a total of fifteen independent analysts weigh in on the potential benefits and/or problems that might accrue from such cooperation. Numerous nonproliferation experts, scientists and former governmental officials warned that the Bush Administration’s initiative was ill-considered arguing that it would facilitate an increase in the size of India’s nuclear arsenal, potentially leading to a nuclear arms race in Asia, and would undermine the global nonproliferation regime and cause significant damage to key U.S. security interests. Some expert opined that the Administration’s optimism, perhaps especially as related to the potential effects on global energy markets and carbon emissions, could not be supported through realistic projections.

The U.S. Chamber of Commerce which, along with U.S.-India Business Council, supported the initiate of President Bush. It was also expected that Indo-U.S. civil nuclear cooperation
could help to get contracts for American major businesses worth up to $100 billion, as well as generate up to 27000 new American jobs each year for a decade. The Indo-U.S. nuke deal can generate $40 billion in new investment into India. U.S. Govt. thought that if it could not implement civil nuclear deal with India then Russia, France and other countries MNC’s will take advantages in this big market. To counter the Chinese hegemony in South Asia, the U.S.A. has tried concluding such an agreement with India to give a signal to China that India is a faithful partner than Beijing.

U.S.A. has a geo-political motive behind the civil nuclear deal. In the realm of geopolitics much of the Administration appears rooted in an anticipation / expectation that New Delhi will in coming years and decades make policy choices that are more favourable to U.S. regional and global interest. As U.S. administration strongly tried to implement the treaty, all Indian political parties were not the unanimous in their decisions about the bilateral civil nuke deal. On the other word Indian leaders require such a gesture in order to feel confident in the United States as a reliable partner on the world stage.

In U.S.A. there was also a great debate over the Indo-US civil nuclear deal. After a few months of consideration, International Relations committee of the House of Representative and Foreign Affairs committee of the senate both took action on relevant legislation in June 2006, passing modified versions of the Administration’s proposals, by wide margins. Some proposals were given by both of Houses of Congress for few procedural changes of civil nuclear deal. Changes that sought to retain congressional approval of completed peaceful nuclear cooperation agreement with India.

On December 18, President Bush signed the Henry J. Hyde United States - India Peaceful Atomic Energy cooperation Act of 2006 into Law (P.L. 109-401 or the Hyde Act”), calling it a “historic agreement” that would help the United States and India meet the energy challenges of the 21st century. India imports fuel from various countries. India mainly import crude oil and natural gas primarily from Middle East.
The final administrative aspect of the deal was completed after Secretary of State Condoleezza Rice and External Affairs Minister Pranab Mukherjee signed the bilateral instruments of the 123 Agreement in Washington on October 10 paving the way for operationalization of the deal between the two countries. The U.S. Senate passes the United States India peaceful Atomic Energy Cooperation and U.S. Additional Protocol implementation Act to “Exempt from certain requirements of the Atomic Energy Act of 1954 United States exports of nuclear materials, equipments and technology to India.

In 2005-06, for example, India imported 99.4 million metric tons of crude oil for $38.7 billion. During the same period Indian government has continuously tried to manage the alternative sources of energy. As conventional fuel is limited, India has to think of alternatives like wind power, solar power, bio-diesel, nuclear power etc. As the first three alternatives are not able to generate sufficient energy, so Government of India had to select the nuclear power option. Nuclear energy is able to generate a huge quantity of power. But question was about the cost of production of nuclear power. Another question was raised regarding how India would get sufficient uranium for nuclear energy. Against these questions Indian acting govt. has taken a decision to import the uranium from the foreign country. As this is a controversial issue so a debate has been raised inside and outside the country.

In this context, analysts of the U.S.-India strategic relationship have also pointed to the structural challengers of such a partnership. Indo-U.S. relations expert, Amit Gupta has argued that the US reluctance to recognize India as a fully legitimate nuclear power serves as a major constraint to the congruence of Indian and American world views.

However a successful conclusion of the Indo-US nuclear deal was necessary for the sale of Indian congress party were resisting the deal. The Indian population is expected to exceed that of China by 2030 and eventually have about 1.6 billion people. The economy is now growing between 7-9 percent. India is generically poor given this enormous population but consumes only 4 percent of its energy. The chairman of Indian Atomic Energy Commission estimates that if India
cannot import fuel or reactors under the Indo-US nuclear deal, it would have to import 1.6 billion
tones of imported coal per year by 2050.  

India has substantial supplies of coal but the quality is poor with high sulphur content. The
location is also distant from the major demand centers and troubled by a Maoist insurgency, which
limits investment potential. The industry - dominated by the govt. owned coal-India is outmoded.  

It is a notable point that if India is able to meet its huge quantity of demanded coal, then it would be
harmful to the environment. Due to the burn of huge quantity of coal produce sufficient green house
gasses. So logic was given to from the government of India that nuclear energy is one of a mix of
solutions through which India may be able to generate a huge amount of energy.  

The India-U.S. dialogue on civil nuclear energy is emerging as a vital area of focus for
India’s energy security and will test how for the United States is willing to go in this sensitive area in
the context of new strategic partnership. Indian officials have been emphasized that nuke engagement
with USA would be the start a new process of bilateral friendship. Both the Governments have to
get used to moving away from their old mind sets. Looking towards a realistic foreign policy India
decided to be a friend of U.S.A. At present India is dependent on Middle East-based oil exporting
country. As already first world countries have condemned that India and other developing nations
are responsible for the global warming and producing green house gas, India has decided to open
the alternative window, that is nuclear energy. Through nuclear energy programme it will be able to
produce 2400 MW to 40,000 MW in the medium term.  

The USA recognized India as a nuclear weapons power and agreed to provide fuel for
the Tarapur Atomic power plant. This emerged after discussions between Dr. Manmohan Singh
and Mr. George W. Bush at the White House. Indian Prime Minister had assured the US congress
that India’s track record in nuclear non proliferation was “impeccable” and it would never be “a
source of proliferation of sensitive technologies. Addressing the joint session of the congress Dr.
Manmohan Singh said, “We have adhered scrupulously to every rule and canon in this area. We
have done so even though we have witnessed unchecked nuclear proliferation in our own
neighbourhood which has directly affected our security interests. Indo-US civil nuclear deal can
also be attributed to the fact that was slowly being acknowledged as a full-fledged nuclear power and an important player in the shaping of a new proliferation order. The agreement is also a testament to what India can achieve, when it pursues policies with the weight of political consensus behind it.74

After two days of assessment, left parties of India have strongly criticized the Indo-US joint statement. The CPI has been strident in its criticism taking pot shots at Manmohan Singh for yielding too much in return for too little. The CPI (M), a little guarded but nevertheless caustic. According to the CPIM, the prime minister agreed on nuclear cooperation with the US without consulting supporting parties, especially the left.

Referring to the nuclear cooperation deal, the CPI (M) has questioned “the manner in which such a vital issue has been decided with the U.S. by the UPA government.” It added “It was incumbent on the Government to place their views and proposals for discussion with all the parties concerned before deciding on the course of action.”75

Unlike the CPI, which had questioned the prudence of opening nuclear facilities for inspection without any acknowledgement of India’s status as a nuclear power, the CPI (M) had gone back to its stated position on nuclear weapons. The party said: “It does not subscribe to the views emanating from those who advocate nuclear weaponization as a path for India’s great power’s status. In fact, the party has insisted that the current agreement marks an end to India’s nuclear disarmament.”76

When Indian officials first began talks with new US Secretary of State Condoleezza Rice about pushing the Indo-US relationship to a new level, a lot of the talk quickly focused on energy. The Indian argument roughly, was as follows: if the US wants India to become a great power in the 21 century. Then the Indian economy needs to grow and, as Rice was told, “Energy the primary constraint to such rates of growth.”

From their discussions easily flowed towards what is, perhaps, New Delhi’s greatest geo-political bugbear: the global ban on nuclear technology transfer to India. This had been a
But, in the three times US President George W. Bush met Prime Minister Manmohan Singh before the July summit, he cheerfully told Singh, “I want to talk nuclear energy with you.”

But India wasn’t going to beg to end nuclear apartheid. Indian officials stressed that two basic principles would underpin the nuclear energy dialogue. The first was no discrimination. India would not do anything that was not required of other recognized nuclear weapons states. The second was reciprocity. India should not be required to earn good will or brownie points. The US what give as good as it got.77

The Bush Administration proved agreeable. The US even urged Indian officials to go beyond, for example, merely asking for nuclear fuel supplies for the Tarapore reactors. Their argument: If we are going to change our laws for you, India might, as well, go the whole hog.78

The nuclear deal has two clear sections. One half is the obligations that India has to carry out. The other is what the US will do in return. Indian P.M. Manmohan Singh made it clear in Parliament that, India will not allow the international community access to Indian reactors if India doesn’t get entry into the nuclear club. If Bush fails, the status quo remains.

Nuke deal to help India emerge as a positive force. The full nuclear cooperation agreement negotiated between President George W Bush and Prime Minister Manmohan Singh will encourage India’s emergence as “a positive force in the world scene,” the US has said.79 I think the agreement strengthens energy security and promotes the development of stable and efficient energy markets in India to ensure adequate affordable energy supplies. These actions firmly aligned the US with the world’s largest democracy,

The US Arguments:

- Seek agreement from Congress to adjust US laws and policies;
- Work with friends and allies to adjust international regimes to enable full civil nuclear energy cooperation and trade with India.
• Consult with partners on India’s participation in the fusion energy consortium ITER and support India’s part in work to develop advanced nuclear reactors.

**The Indian Arguments:**

• Identify and separate civilian and military nuclear facilities and programmes and file and IAEA declaration regarding its civilian facilities;

• Place voluntarily its civilian nuclear facilities under IAEA safeguards;

• Sign and adhere to an Additional protocol with respect to civilian nuclear facilities.

• Continue its unilateral moratorium on nuclear testing;

• Work with the US for the conclusion of a multilateral fissile material cut-off treaty.

• Refrain from the transfer of enrichment and reprocessing technologies to states that do not have them and support efforts to limit their spread; and

• Secure nuclear material and technology through comprehensive export control legislation and adherence to the missile technology control regime.

Some criticism has been raised against the Congressmen, when they opposed the nuclear tests in 1998. The strong criticism by the NDA government for having allegedly sold the country’s interests under US pressure by declaring a moratorium on nuclear tests. It has become an integral part of our political culture for the opposition to accuse the ruling party of selling the country to the US irrespective of facts.  

India had started a new partnership with USA under the era of Atal Bihari Vajpayee, especially in 2003 when he visited the USA on behalf of NDA govt. But now BJP leaders along with A.B. Vajpayee have started criticism on Indo-US civil nuclear deal. It is a feature of low political culture. Here national interests are secondary but party interests are primary. However during the NDA government, too, there were experts, including some from the atomic energy establishment, who were critical of the government’s policy.
It is no doubt that Vajpayee, Jaswant Singh and Brajesh Mishra have played significant roles in the evolution of the Indo-US relationship. Prime Minister Manmohan Singh had needed to discuss with Vajpayee and Mishra about USA govt.’s proposed strategy on NSSP. NDA govt. offered to put civilian reactors under International Atomic Energy Agency (IAEA) safeguards if the US resembled supplies of fuel for the Tarapur plant. Nevertheless it was the ‘Next Steps in strategic Partnership’ (NSSP) with the US.  

American perception on nuclear policy is very much realistic. US President Bush, delivering his state of Union message in January 2006, warned countrymen to beware of India and China, which are emerging as ‘new competitors in a dynamic world economy. This was the first time ever that a reference to India in the state of Union was made by a US President. This message has two meaning - First, US has started to give more strategic importance to India and thinking and also considered it as a competitors from various aspects. Secondly, as India is becoming emerging power like China, then why the US attachment with these two as Asian powers is not clear? 

The US President made it clear that under his Global Nuclear Energy Partnership the US would work with nations that have advanced civilian nuclear programmes, such as Russia, Britain, France and Japan. He also added that USA will supply uranium or for developing the nuclear project to India. This strategy would be taken to produce more electricity. American vested interests were so deep through which it could be able to determinate its next step policy in South Asia.

American Administration warned India that, it should separate its civilian nuclear energy programme from military nuclear programmes. It also expected India to produce a credible, transparent and defensible plan about nuclear energy. India’s scientific community received Washington’s message suspiciously. Bush Administration has demanded for opening India’s nuclear programme and facilities to the International inspector’s team. So naturally it was an offensive and insulting to the nation’s prestige.
Another argument was that India has come a long way from punishing technology denial regimes imposed by the US following the Pokhran II (1998) nuclear test. The most vociferous objection was against exposing India’s very own fast breeder reactors to international inspectors.\(^{83}\)

The nuclear deal meant that India would place 14 of its 22 nuclear facilities under the IAEA safeguards in a phased manner between 2006 and 2014. India also agreed to place the future civilian reactors before international safeguards. In return, India was guaranteed unabated supplies of uranium.\(^{84}\)

The Indo-US nuke deal finally separated the civilian from military reactors. Eight nuclear reactors involved in the weapons programme were excluded the N-deal did not mention or carry any reference to the sources from where India would secure nuclear fuels for its weapons programme. President Bush had openly promised to the Indian Prime Minister Manmohan Singh that, he would take approval of the Indo-US civilian nuclear deal from both house of the US Congress before it becomes law.

The issue of Pakistan, Indian nuclear weapons capability also poses a dilemma for the future of Indo-US relations. Many in US non proliferation and arms control bureaucracy are yet to come to terms with India’s nuclear weapons.\(^ {85}\) India’s active participation is crucial for the success of any non-proliferation regime and its implementation. Given India’s long-standing behaviour as a responsible nuclear power, it would be counterproductive if non proliferation “ayatollahs” are given a veto over the broader direction of Indo-US relations.

Manmohan Singh, in a lecture at the Lok Sabha on July 22, 2008, had given some points on behalf of civil nuclear deal. He discussed why India wanted to conclude the deal? He put some reasons for it. He said, “The Indo-US civil nuclear deal is actually an alternative way of energy security, which will not hamper our valuable environment. It will not play a role for global warming.”\(^ {86}\) He also added “to develop our agriculture and industry electricity is essential. The expected annual growth of electricity production is 8% to 10%. Now Hydro-carbon is the most important source of electricity. But oil and gas - these types of hydrocarbon are limited. So by
nuclear energy based electricity can be a strong alternative of our future electricity crisis. We concluded a treaty with U.S.A., for our own interest, to get uranium. It has done without any control on our strategic programme. It is totally civil nuclear deal.\(^7\)

But Singh’s Government was receiving pressure from the opposite direction from its domestic critics who assert the initiative will make India subservient to the United States or impinge on India’s nuclear weapon program. Leftist parties that align themselves with Singh’s Governing coalition have threatened to withdraw their support from the government if they are unsatisfied with the final IAEA safeguards agreement.\(^8\)

The main opposition party, the Bhartiya Janata Party (BJP), also has stepped up its attacks on the initiative after Secretary of State Condoleezza Rice said, to the House Foreign Affairs Committee that the United States will seek an exemption for India at the NSG “consistent” with the Hyde Act. Indian politicians of all stripes dislike the Hyde Act because it conditions future trade on India’s behaviour, including continuation of a nuclear test moratorium.\(^9\) The act also effectively bars, except in special circumstances, transfers to India of uranium enrichment, plutonium reprocessing, and heavy-water production technologies, which can be used to produce essential nuclear raw materials. BJP spokesperson Prakash Javadekar asserted, “Primary objective of the Hyde Act is to cap, the roll back, and ultimately eliminate India’s nuclear weapons capability.”

In 2006 legislation specifically prohibits U.S. transfer of sensitive nuclear technology to India, including uranium enrichment and plutonium separation equipment. It also preserves a requirement for U.S. consent for the enrichment or reprocessing of U.S. origin material. Indian officials were strenuously objecting. But India can gain access to the global nuclear technology market if it can overcome the urge to build up and improve its nuclear arsenal.\(^9\) According to R. Nicholas Burns, “I think Indo-U.S. partnership rests on a very solid foundation, not just of democratic values, but of converging geo strategic interests between the two countries. I believe that this partnership will be for the twenty-first century one of the most important partnerships that our country, the United States, has with any country around the world. I would wager that in 20 or 30 years time most Americans will say that India is one of our two or three most important partner’s
worldwide. However, the nuclear pact which got Congressional approval in late 2006 constitutes a milestone in Indo-US strategic relations.

Notes and References


1a. India’s nuclear policy built on the lines laid down by Homi Bhabha, the founding Chairman of the Atomic Energy Commission and Prime Minister Jawaharlal Nehru in the late 1940s. Atomic Energy Commission was formed for peaceful scientific using of atomic energy and its military potential.


2a. Bhabha also provided an early public analysis of the importance of nuclear weapons to China with its huge population. He suggested that with the help of nuclear weapons a state can acquire a position of absolute deterrence even against another having many times greater destructive power under its control.

2b. The term non-proliferation weapons came into general use around in 1965. Initially it was used to cover the dissemination and acquisition of nuclear weapons. The treaty on non-proliferation of nuclear weapons was simultaneously signed at London, Moscow and Washington on July 1, 1968 and actually came into force on March 5, 1970. In all 136 states had signed this treaty by January 1987. But India did not sign it, as to India the NPT was discriminatory.


3a. The term ‘Nuclear Five’ implies Russia (Erstwhile former Soviet Union), the U.S.A., France, Britain and China.
3b. The UN General Assembly, adopted in 1996 the Comprehensive Test Ban Treaty (CTBT) with the U.S. President September 24, 1996 described as the “longest-Sought hardest-fought prize in Arms control history”. In April 7, 2000, out of 188 members status 150 have signed the treaty and only 14 have ratified it. Three of five nuclear powers - USA, Russia and China - are yet to ratify it. India, North Korea and Pakistan have neither signed nor ratified it. The chances of CTBT coming into force are considered remote because India described it a flawed treaty and refused to sign until the five nuclear powers had disarmed. Pakistan reacted by saying that it would not sign until India agreed to do so.


4a. The Chinese, on the other hand, has reportedly said that India is justified in developing nuclear weapons if it feels threatened by China. In 1994 a highly placed Chinese official said that India had never raised the issue of a Chinese nuclear threat with China in bilateral talks.


7. Salman Haider (Former Foreign Secretary of India) in a Press conference as reported by the Statesman, Calcutta, June 21, 1996.


11. Ibid.
12. Threat perception was going on at that time because successive Governments had failed to cope. Indian Political mainstream has perpetually suffered from what may be referred to as the China and Pakistan Syndromes. As India was neither a signatory of the NPT nor the CTBT, the explosions did not involve a violation of either of them. For further information please see: Debi Chatterjee, “Some Social Dimensions of Pokhran II”, in Arunava Ghosh (ed.), India’s Nuclear Policy: Pokhran II and its Aftermath, Progressive Publishers, Kolkata, 2002, p. 128.


22. Ibid.


30. *Ibid*.
32. *Ibid*.
37. *Ibid*.


47. This letter had been sent by Prime Minister Jawaharlal Nehru from his house, New Delhi, June 29, 1960, to Dr. H.J. Bhabha, Chairman, Atomic Energy Commission, Bombay.


50. For details see *Foreign Affairs*, September / October, 1998.

51. In an interview with *SPAN* editor Lea Terhune. Dennis Kux has made this remark. He made this in March, 2001, when he was in India as a Fullbright Fellow at the Institute for Defense Studies and Analysis, New Delhi.


54. See the 123 Agreement texts and also see U.S. President George W. Bush’s message to the Congress of the United States, 10 Sept. 2008, from White House.

55. The Henry J. Hyde United States India Peaceful Atomic Energy Cooperation Act of 2008, also known as the Hyde Act, is the U.S. domestic law that modifies the requirements of section 123 of the U.S. Atomic Energy Act to permit nuclear to negotiate a 123 Agreement to operationalize that 2005 joint statement. As a domestic U.S. law the Hyde Act in binding on the United States. The Hyde Act cannot bind on Indians sovereign decisions, although it can be constructed as prescriptive for future U.S. reactions. As per Vienna Convention, an international treaty such as the 123 agreement cannot be superseded by an international law such as the Hyde Act. The 123
agreement defines the terms and conditions for bilateral civilian nuclear cooperation and requires separate approvals by the U.S. Congress and by Indian cabinet ministers. According to the Nuclear Power Cooperation of India, the agreement will help India meet its goal of adding 25,000 MW of nuclear power capacity through imports of nuclear reactors and fuel by 2020.


63. See for example open letters to Congress at [http://fas.org/intt2006/x3e_FDCo1218. pdf];

64. CRS, 2007, p. 27.

65. This is often referred to as “123 Agreement” as it is negotiated under the conditions set forth in section 123 of the Atomic Energy (Act).


75. *The Indian Express*, July 22, 2005, p.3.


84. *Ibid*, p. 211.


86. Manmohan Singh’s speech at Lok Sobha, in July 22, 2008, For more information see *Ministry of Information and Broadcasting*, Govt. of India’s Book, pp.5-6


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Chapter - 7

Conclusion

In my research I have tried to focus on the different aspects of Indo-U.S. relations. In chapter two I have discussed an overall bilateral relation between the USA and India in the Cold War period. During the Cold War period the relationship between the two countries had been estranged and unfriendly.

It was expected that India and the United States, the world’s two largest democracies, would get on well with each other right from beginning of India’s independence. But in practice it was not to be, as India held different views of the world. India had perceptual differences with the U.S.A. on the following: Korean Crises, Non-Alignment, attitude towards Communism etc. Although the democratic ideals of America greatly fascinated the Indian leaders, especially Jawaharlal Nehru and they tried to develop intimate bilateral relations. But the refusal of India to join the military alliance, sponsored by the U.S.A., was quite annoying to the American leaders. Various other international issues also like the grant of independence to Indonesia and the recognition of the communist China were quite vexing problems for the U.S.A.

Besides the American support to Pakistan on the Kashmir issue and on the Bangladesh war of 1971 and the grant of military aid to Pakistan were rather the irritants to the India-U.S. relations. India did not approve of the American policy of containing the Communist Soviet Union and China through system of military alliance and sought to promote a climate of peaceful co-existence and co-operation. India’s policy towards China specially offended the Americans. However, despite the political differences, the relations between India and the U.S.A. continued to grow in early 1950s in the economic, cultural and educational spheres. Indian Ocean was another area where differences existed between two countries. On the issue of the Soviet intervention in
Afghanistan the U.S.A. was unhappy about India’s role. In 1982, Mrs. Indira Gandhi had attempted to improve India’s relations with the U.S.A. by visiting Washington before Moscow. She wanted to by this, perhaps, signal to the USA that India had revised its position vis-à-vis the U.S.A. Rajiv Gandhi had also tried to make a rapprochement with the U.S.A., especially in the economic and technological sectors. Indo-U.S. relations during the Cold War period had been marked by peculiar duality. The U.S.A. gave economic assistance and support to India to prevent the later from becoming a communist country. Yet it always felt uncomfortable with New Delhi’s policy of Non-Alignment which led to the to find an ally in Pakistan.¹

In third chapter of my thesis I have discussed Indo-U.S. diplomatic relations in the post Cold War period. Why did India make close relationship with the U.S.A. and why did the U.S.A. recognize India as a reliable potential power? Here I have tried to explore the developments within the U.S.R.-Pakistani-Chinese triangle. The changing perceptions of the U.S.A. towards Pakistan have been really a tension area of the Indian policy towards the U.S.A. In a supposedly unipolar world, the U.S.A. has been showing its power and influences throughout the world. In the wake of the Cold War and the disintegration of USSR, India tilted towards the U.S.A, realizing the actual scenario of the world politics. Economically crippled Indian Government was aware of the uncertainty of foreign aid from a weak Russia. So New Delhi showed interest to build up a close ties with the U.S.A.

On the other hand, the U.S.A. was attracted by India’s huge and promising market. The U.S.A. is well informed about Chinese influence in South Asia and it sided with India to maintained balance of power and to reduce the Chinese domination in South Asia. The CTBT and Pokhran II issues had made some irritations between the two, but on the Kargil War issue (1999) the U.S.A.

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strongly supported India. After the 9/11 incident, bilateral relations has been stronger than ever before. India’s potentiality was appreciated by the USA, declaring India as an ‘emerging power’.

President Bill Clinton’s visit in South Asia in March, 2000, was a turning point in bilateral diplomatic relations. He had spent 5 days in India and only a few hours in Pakistan. It was a signal from Washington that New Delhi was gaining importance than Islamabad due to the USA’s changing its perception. George W. Bush’s (Jr.) visit (2006) to India was another important event for India. On the other hand Indian Prime Minister Atal Bihari Vajpayee’s visit in 2000 and Prime Minister Manmohan Singh’s visit in 2004 to the USA also made diplomatic rapprochement between the two. In the context of post Cold War scenario, India has been seeking to increase diplomatic cooperation with the U.S. particularly in respect of some factors. First, to get substantial low-interest loans from the IMF and World Bank, Second, to get dual use of technology from the U.S. Third, to get support the new economic policy of India, Fourth, to get diplomatic support on Kashmir question. Fifth, to get the American diplomatic help to stop Pak sponsored terrorism, particularly Jammu and Kashmir. Sixth, to get the U.S.’s support on permanent membership issue in UNO’s Security Council.

On the other hand, the U.S. had to change its perception about India in the post Cold War period. There were some reasons for this. First, ensuring the free flow of commerce through the vital sea lanes of the Indian Ocean such as the straits of Malacca; Second, to counter the Chinese influences in South Asian region; Third, to fighting against terrorism; Fourth, to create a strategically Stable Asia.$^2$

In my research it has been shown that China may have some fears about a perceived American tilt towards India in its confrontation with Pakistan. But it is not likely that Beijing would intensify its cooperation with Islamabad to a point, where the Sino-Indian and Sino-U.S. relations
lose all prospects for a reasonable relationship with India. Although China is unlikely to abandon its special relationship with Pakistan, the change in Indo-U.S. relations could help Beijing recognize the importance of pursuing a more balanced policy in the Sub-Continent. A new chapter of Indo-U.S. diplomatic relations started after the Cold War. A new era of economic liberalization began with Narasima Rao becoming the Prime Minister in 1991. The new process of marketization, so close to the heart of the United States, opened new horizon in the realm of economic and corporate diplomacy. The market pointed of India made the American business interested in the country. Narashima Rao visited the U.S. in May 1994 and was welcomed by the President Clinton.

A new regime of the BJP led coalition Government, with Atal Bihari Vajpayee as the Prime Minister came into existence in 1998. After Pokhran II, the USA imposed sanctions over India. The Indo-U.S. relations were back to square one to the Nixon days. Jaswant Singh (Foreign Minister) and Atal Bihari Vajpayee (P.M.) had made great efforts to improve the relations. Just after few months of Pokhran II incident the USA had also showed its interest towards India due to some calculus of interests. When President Clinton visited India in March 2000, the leaders of two countries showed developed an unprecedented friendship. The same warmth and friendship was not shown by Clinton’s successor, George W. Bush (Jr.) in November next year when Vajpayee met him. Next Manmohan Singh paid a visit to the United States in July 2004. He was received with a 21 round gun salute and a Guard of Honour by the five services. During this time the USA reassessed its ‘South Asia Policy’ and accorded more importance to India than Pakistan. The USA shifted to perceptions in favour of India, especially since 2002, because “dehyphenate” their relations and no longer “balance” India with Pakistan. The U.S. still needs Pakistan in Afghanistan mission (anti-terrorist action). But the U.S. is dissatisfied with the results of Al-Qaida, its record on proliferation of arms and its short comings as a democracy etc;(2) India’s economic growth, the large middle class and opening markets, where India and the U.S. have significant trade; The U.S.
however wants greater market access; (3) India’s increasing military imports of which U.S. expects a great share.

In this chapter I have also discussed how individual leadership has played a major role in facilitating enhanced Indo-U.S. rapprochement. Both countries dedicated $10 million a year to promote democracy globally.⁶

In the fourth chapter I have highlighted the ‘Economic and Scientific and Technological Cooperation’ between New Delhi and Washington. Why have both countries shown their interests to each other? How has market economy played a major role in bilateral relations? These questions have been explored in this chapter. In 1991 Indian government had adopted a liberal economic policy and opened its market. Since then Indian market has been started to be dominated by the U.S.

Though, the trade between the USA and India was relatively small before 1991, it has been risen sharply over the years. “Indo-U.S. Economic Dialogue” was signed between the then Indian PM Atal Bihari Vajpayee and the U.S. President Bill Clinton in 2003, aimed at deepening the Indo-U.S. partnership through regular dialogue and engagement.

India’s sizable population and growing middle and higher income class makes India a potentially large market for U.S. goods and services. Investment by U.S. companies rose to $500 million a year by the mid 1990s⁷. According to the figure from Government Sources, U.S. exports to and imports from India in 2003, totaled U.S. $ 5.0 billion and U.S. $ 13.1 billion, respectively.⁸

In chapter four, I have also discussed Indo-U.S. technological relations. Various IT companies of USA seen to be the favoured choice of Indian collaborators. India’s large pool of well-educated, English-speaking and computer specialists whose wages although high by Indian
standards yet remain well below those in the United States makes it an attractive source of IT
development.

In the fifth chapter I have focused the 9/11 incident and its causes. How did the two
countries were engaged closely after the 9/11 incident? What was the U.S. interest about India and
how did the USA consider India and Pakistan ally of anti-terrorist mission? These questions have
been raised and analyzed in this chapter. India and the U.S.A. have been facing the threat of
terrorism. After 9/11 incident Prime Minister Atal Bihari Vajpayee convened his key advisers and
they quickly decided that India would offer its full support for the U.S. war on terrorism. Their
decision was driven in part by India’s own problems of terrorism.

In October 2001, USA and India had signed a ‘Mutual Legal Assistance Treaty’ to
counter terrorism. The slow but steady expansion of US-India security links since 2001 had added
other dimension to the bilateral counter terrorism relationship. U.S. army troops took part with
Indian troops in jungle warfare exercises in Manipur, in 2003. Indo-U.S. joint air and naval exercises
had also been held in India in 2006. Not only that ‘U.S.-India Cyber Security Forum (CSF) has
also been established. Indo-U.S. Defense Policy Group (DPG) has been actively taken some
initiatives in post 9/11 period. The U.S. Government has declared India as a reliable strategic
partner.

The Sixth Chapter dealt with India’s nuclear link with the USA. In this chapter I have
discussed on India’s nuclear policy. I have searched reasons for why did India not sign NPT and
CTBT? How did USA behave with India after Pokhran II? And lastly why India had shown its
interest for concluding civil nuclear deal with the USA?
The main focus had been given on Indo-US civil nuclear deal. The civilian nuclear cooperation deal between India and the United states, struck in July 2005 by President George W. Bush and Indian Prime Minister Manmohan Singh, constitutes a major initiative for both nations. President Bush had tried path breaking exemptions in Indo-US law and international nuclear regime guidelines to allow for nuclear energy transfers to India. In return, India has agreed to separate its civilian and military nuclear facilities and put the civilian component under international safeguards.9

In March 2005 the US Secretary of State Ms. Condoleezza Rice visited India and met with Prime Minister Manmohan Singh and talked about the Indo-US Civil Nuclear Deal. However this initiative got maturity when finally in 2008 this treaty was finally approved by the two countries.

There were some aspects of Indo-U.S. civil nuclear deal, which are as follows:

1. **Strategic aspect:** The impact of the deal on Indian nuclear weapons programme is more complicated than its civilian counterpart. There were two aspects of this question that have agitated the minds of critics of the deal in India. One is the possible infringement of India’s freedom to conduct nuclear tests in future. The second is the deals impact on the size of India’s arsenal of nuclear weapons.

2. **Political aspects:** This aspect of acquiring nuclear weapons adds a new dimension to the already complex non-proliferation debate. It has been argued that the Bush Administration gave India concession to prepare a regional counterweight to China and Asia.

3. **International status related aspect:** India-U.S. nuclear deal has contributed a large measure to the enhanced international status that India is currently enjoying. There is stronger support now than before for India being elected as a Permanent Member in an enlarged Security Council.10
4. Gain and loss aspect: Due to conclusion of Indo-US civil nuclear deal two countries have overcome their estrangement of five decades to pursue common global interests. These include the guarding the sea lances, fighting international terrorism, stopping the proliferation of weapons of mass destruction and meeting new global challenges like energy shortage and climate change. But civil nuclear deal has made some negative effects. This deal has generated mistrust for India in Russia, China and Pakistan and perhaps in other region of the world. Due to this civil nuclear deal China’s proliferation of nuclear and missile technology to Pakistan was aimed at trying down and containing India.

I have searched five hypotheses in my research work. The first hypothesis which has been applied in the third chapter and found verified, i.e., ‘after the Cold War India is not getting utility hardware and diplomatic support from Russia and other Republics of the former Soviet Union. So India has started a new chapter of relationship with the USA to suit its national interests.’

The second hypothesis is, ‘In the post Cold War period, India has adopted a new liberal economic policy to get Foreign Direct Investment (FDI)’. It has been applied in chapter four and found verified.

In fifth chapter there were two hypotheses, (I) ‘In the immediate post Cold War period India has lost its strategic importance, once attached by Moscow during the Cold War era. Rather, in the post - Cold War years, this has been replaced by improved Indo-U.S. ties as evidenced by the joint naval and air exercises by the two countries.’

and (II) ‘The USA being a victim of global terrorism, wants India to support its fight against terrorism.’

These two hypotheses have been applied in chapter five and found verified.
The fifth hypothesis, i.e., ‘Both Washington and New Delhi have separate interests in concluding the Civil Nuclear Deal’, has been tested in chapter six and found verified.

Presently, Indo-U.S. relations have become consolidated and stronger under the Obama Administration. The USA, due to Indian pressures, has declared Pakistan a ‘Rogue’ and ‘Terrorist’ state and recently in 2012 has launched ‘Drone Attack’ on Pakistan, the later having close friendship with the USA since 1954, when the ‘US-Pakistani Mutual Defense Assistance Agreement’ was signed between the two. America now requires India’s help and assistance to combat ‘international terrorism’ in various parts of the world. Moreover, the two countries are concentrating on developing the economic, scientific and technological cooperation. Apart from the strategic or tactical, the nuclear areas of the relations between India and the United States are very important.

What we see today is multi-dimensional or multi-faceted Indo-U.S. cooperation- the strategic or tactical aspect and the developing nuclear links between the two countries - although China and Pakistan may have differences on the growing Indo-U.S. engagement in recent years.

In the recent world scenario India needs to have a greater all-round cooperation with the United States. India should utilize the slightest American opposition to the Pakistani postures, especially on terrorism. Secondly, India needs American global support on the question of India’s over - all status in the world politics and the U.N.O. That does not necessarily mean that India should succumb to the US pressure on Indian issue which might lead to a crisis of identity on the part of India. China, today, has numerous differences with India become so close with the USA. India should reasonably consider its relations with the USA and China. However, in the face of the present world reality, India should build all-round cooperation with the USA in order to counterbalance China and Pakistan.
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