



Changing Economic and Strategic Relations with USA in Modi Regime

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ABSTRACT

Modi has a reputation as a pro-business leader, and top U.S. officials express eagerness to engage India's new government. The U.S. government considers strengthening of diplomatic, economic, and security ties with India and prosperous Asia in the 21st century.

Bilateral economic, trade and strategic relations as well as India's role in international trade bodies, represent major pillars of the still relatively new major power friendship. Many U.S. business leaders are seeking positive changes in India's business environment. While the United States welcomed the scrapping of the statist Planning Commission and moves toward establishing a new goods and services tax, Modi has yet to demonstrate that he will significantly scale back his predecessor's legacy of restrictive land-use regulations, food subsidies, and other investment-detering policies. India's new government has already sought to lift FDI limits in the defense production & LIC sector from the 26% to 49%.

Prime Minister Narendra Modi and President Barack Obama assessed the extensive bilateral strategic and global partnership between their two countries and pledged to continue to enhance cooperation across the spectrum of human endeavor to better their citizens' lives and that of the global community. Both the countries are making their relationship more stronger by beeping economical and strategic benefits in the their mind.

KEYWORDS

Eagerness, Nuclear Power, NITI Ayog, FDI, Sanitation, Hygiene, ISRO, NASA.

Overview –

Prime Minister Narendra Modi, made his inaugural visit to Washington, DC, on September 29-30, 2014. Modi has a reputation as a pro-business leader, and top U.S. officials express eagerness to engage India's new government and re-energize what some see as a flagging relationship. Today, the U.S. government considers strengthening of diplomatic, economic, and security ties with India a crucial aspect of efforts to foster a stable and prosperous Asia in the 21st century.

Bilateral economic and trade relations, as well as India's role in international trade bodies, represent major pillars of the still relatively new major power friendship. The U.S. government aspires to reach \$500 billion in annual bilateral goods and services trade with India by 2024, a more than five-fold increase from the \$97 billion total in 2013. The relationship also supports employment in both countries.

Although considerable optimism exists about the potential for Prime Minister Modi to substantively alter India's approach to trade and investment policies, many U.S. business leaders are seeking positive changes in India's business environment. While the United States welcomed the scrapping of the statist Planning Commission and moves toward establishing a new goods and services tax, Modi has yet to demonstrate that he will significantly scale back his predecessor's legacy of restrictive land-use regulations, food subsidies, and other investment-detering policies. After four months in office, some observers fear he will squander his strong mandate if major reforms are not initiated soon.

The United States is the 6th largest source of foreign direct investment (FDI) in India, contributing 5.4% of India's FDI inflows cumulatively between July 2000 and July 2014, according to India's Ministry of Commerce and Industry.

In June 2013, numerous Members of Congress sent the Administration several letters expressing concern over India's IPR regime. A letter from 169 Members of Congress stated that, "U.S. companies have suffered from a whole host of IP [intellectual property] issues in areas, including information technology, renewable energy, and biopharmaceuticals," and the "U.S. Government must send a strong signal to the Indian

Government that these actions are inconsistent with India's international obligations, set a bad precedent, and undermine the culture of innovation.....

Security cooperation between India and the United States is a major pillar of the decade-old partnership, and increased bilateral defense ties are perceived as a possible hedge against or counterbalance to growing Chinese influence in Asia. India's military is the world's third-largest, and New Delhi is seeking to transform it into one with advanced technology and global reach, reportedly planning up to \$100 billion on new procurements over the next decade to update its mostly Soviet-era arsenal. India has become the world's largest "open" defense market, accounting for about 10% of the \$63 billion in global sales in 2013. It imported nearly \$2 billion worth of U.S. military hardware in 2013, making it the largest U.S. export market.

New Delhi requests increased co-production and technology sharing in its defense procurements. Washington promises to find sales under this model while also urging reform in India's defense offsets policy. At present, Maryland-based Lockheed Martin and India's Tata Corporation are co-manufacturing C-130 aircraft components in a deal that the Obama Administration views as a model for further joint partnerships through "Make in India" vision.

India's new government has already sought to lift FDI limits in the defense production sector from the 26% to 49%, an effort that failed under the previous government. This proposed increase—welcomed by the U.S. government, although a disappointment for those hoping that majority share would be permitted—could lure more foreign investment by promising greater repatriated profits, and could also make it easier for investors to decline technology-sharing requests.

The President of the United States of America, Barack Obama, accompanied by First Lady Michelle Obama, is visiting India from 25-27 January 2015. The President of India and the Prime Minister of India welcomed the U.S. President as the Chief Guest at India's 66th Republic Day celebrations, the first U.S. President to grace this historic event first time in India or elsewhere.

Prime Minister Narendra Modi and President Barack Obama assessed the extensive bilateral strategic and global partnership between their two countries and pledged to continue to enhance cooperation across the spectrum of human endeavor to better their citizens' lives and that of the global community.

The 30 September 2014 signing of an implementing agreement between the National Aeronautics and Space Administration (NASA) and Indian Space Research Organisation (ISRO) to conduct the joint NASA-ISRO Synthetic Aperture Radar (NISAR) mission.

The signing of the MoU on 18 November 2014 between Indian Renewable Energy Development Agency Ltd. and the Export-Import Bank of the United States, which would make available up to \$1 billion in financing to facilitate expanded cooperation and enhance U.S. private sector investment in Indian clean energy projects.

Convening of the High Technology Cooperation Group on 20-21 November 2014 to shape a cooperative agenda on high technology goods, including export control-related trade in homeland security technologies, high technology manufacturing equipment including machine tools, defence trade, and fostering collaboration in biotechnology, pharmaceuticals, medical devices, and health-related information technology.

Signing of three MoUs between the State Governments of Andhra Pradesh, Uttar Pradesh, and Rajasthan and the U.S. Trade and Development Agency on 25 January 2015 to develop Vishakhapatnam, Allahabad, and Ajmer as Smart Cities with the participation of U.S. industry, in furtherance of the commitment made by the Leaders in September 2014.

The convening of the Information and Communications Technology (ICT) Working Group in Washington on 14-15 January 2015 and the 23 January signing of the Joint Declaration of Intent to advance implementation of the Digital India programme and further bilateral commercial ICT cooperation.

India's recent introduction of visa-on-arrival for U.S. citizens and the convening of the first technical discussions to advance India's membership in the United States' Global Entry Program, initiatives aimed at easing travel between India and the United States to further strengthen people-to-people ties.

The conclusion of the first of two project annexes between the Indian Department of Atomic Energy–Department of Science and Technology and the U.S. Department of Energy, which will enable discovery science cooperation in particle accelerator and high energy physics.

The Leaders agreed to continue to develop cooperative efforts in many areas of science, technology, and innovation, including studying the impacts of water, air pollution, sanitation and hygiene on human health and well-being.

The Leaders took note of ongoing U.S.-India space cooperation, including the first face-to-face meeting of the ISRO-NASA Mars Working Group from 29-31 January 2015 in Bangalore, in which the two sides considered opportunities for enhanced cooperation in Mars exploration, including potential coordinated observations and analysis between ISRO's Mars Orbiter Mission and NASA's Mars Atmosphere and Volatile Evolution mission (MAVEN).

The Leaders welcomed further progress in promoting bilateral cooperation on cancer research, prevention, control, and management and agreed to continue to strengthen the engagement between the CDC and India's National Centre for Disease Control.

The President also welcomed the Prime Minister's initiatives to liberalize the Foreign Direct Investment Policy regime in the defence sector and the Leaders agreed to cooperate on India's efforts to establish a defence industrial base in India, including through initiatives like 'Make in India.'

Prime Minister Modi and President Obama expressed satisfaction over the efforts made by both countries to deepen cooperation in the field of maritime security, as reflected in the 2015 Framework for the U.S.-India Defense Relationship. To this end, they agreed that the navies of both sides would continue discussions to identify specific areas for expanding maritime cooperation. They also reiterated their commitment to upgrading their bilateral naval exercise MALABAR.

Noting that the Contact Group set up in September 2014 to advance implementation of bilateral civil nuclear cooperation has met three times in December and January, the Leaders welcomed the understandings reached on the issues of civil nuclear liability and administrative arrangements for civil nuclear cooperation, and looked forward to U.S.-built nuclear reactors contributing to India's energy security at the earliest.

In a further effort to strengthen global nonproliferation and export control regimes, the President and the Prime Minister committed to continue to work towards India's phased entry into the Nuclear Suppliers Group (NSG), the Missile Technology Control Regime (MTCR), the Wassenaar Arrangement, and the Australia Group. The President reaffirmed the United States' position that India meets MTCR requirements and is ready for NSG membership and that it supports India's early application and eventual membership in all four regimes.

President Obama reaffirmed his support for a reformed UN Security Council with India as a permanent member, and both leaders committed to ensuring that the Security Council continues to play an effective role in maintaining international peace and security as envisioned in the United Nations Charter. They also committed to accelerate their peacekeeping capacity-building efforts in third countries.

The Leaders reflected proudly on recent achievements and looked forward to continuing to work together to build a U.S.-India partnership that is transformative for their two peoples and for the world.

Conclusion –

After analysis of relationship between India and America, it is clear that an undeclared competition is going on between world's emerging strengths due to extensively wide spreading global benefits. India and US, both tempt to increase their strategic relationship in different field in world. There are elements of cooperation and stress in both nations relationship. Many pacts have signed between India and US presently. US President Mr. Barak Obama assured India after becoming a permanent member of UN security council. Both the countries are making their relationship more stronger by keeping economical and strategic benefits in their mind.

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