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International Relations

Part 1

India and its Neighbourhood, Extended Neighbourhood and Bilateral Relations

Compiled by **Arvind KrS**

IN THIS BOOK

UNIT I	India and its Neighbourhood
UNIT II	India and its Extended Neighbourhood
UNIT III	Bilateral Relations with Important Countries

3	56	63	678
UNITS	CHAPTERS	PYQS · 2013–2026	PAGES

GS PAPER II | INTERNATIONAL RELATIONS · PART 1

International Relations — Part 1

India and its Neighbourhood, Extended Neighbourhood and Bilateral Relations

UPSC CSE 2027 Edition · Updated to October 2026 · 3 units · 56 chapters · Previous year questions in 26 chapters

IN THIS BOOK

01 India and its Neighbourhood
02 India and its Extended Neighbourhood
03 Bilateral Relations with Important Countries

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International Relations — Part 1

India and its Neighbourhood, Extended Neighbourhood and Bilateral Relations

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02

India and its Neighbourhood Relations

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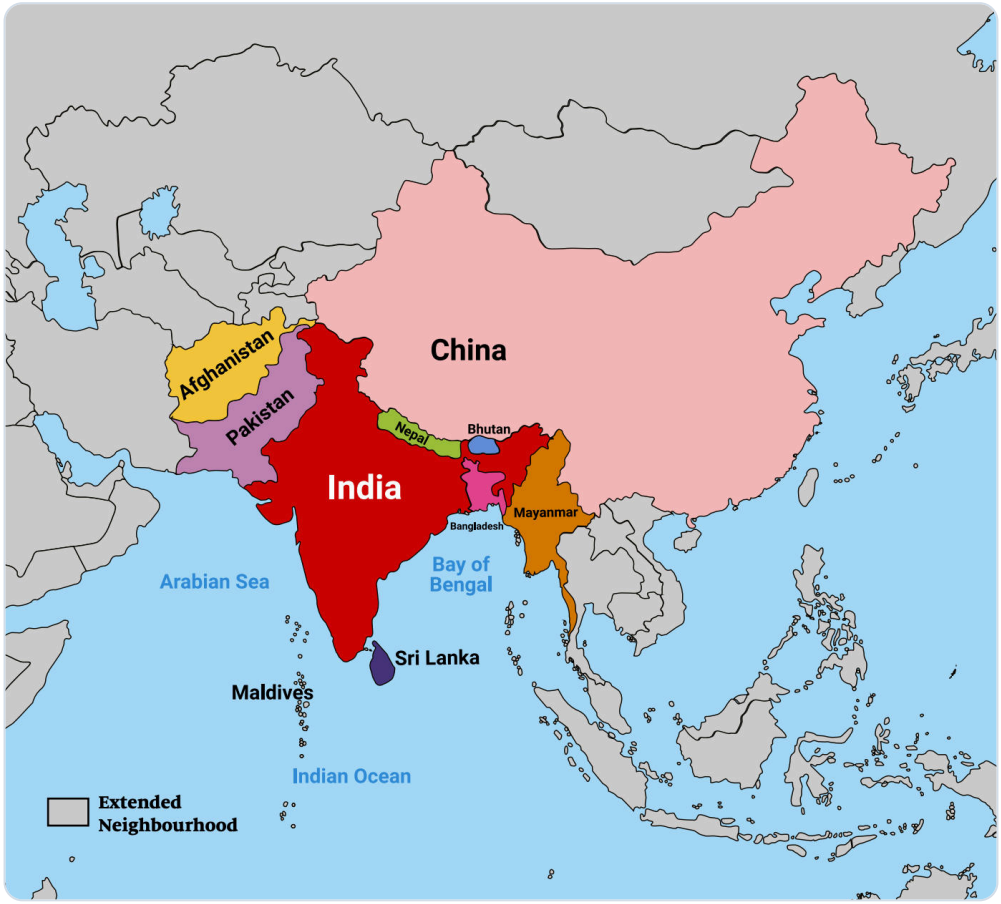
01 India and its Neighbourhood Relations

- **India, located in South Asia, is surrounded by Pakistan to the west, China, Nepal and Bhutan to the northeast, and Myanmar and Bangladesh to the east**.
- The region includes **South Asian neighbours (Pakistan, Afghanistan, Nepal, Bhutan, Bangladesh, Sri Lanka, Maldives) and extended neighbourhood (Myanmar, Central Asia, West Asia)**.
- India's neighbourhood policy is a **core pillar of its foreign policy**, shaped by geography, history, and security imperatives. India follows a mix of **bilateral engagement, regional cooperation, and strategic balancing**.
- The region is not only complex and volatile, but also one of the **most socially and politically divided regions** of the world. The South Asian countries, individually as well as collectively, represent a world of historical links, shared legacies, commonalities as well as diversities which are elaborately reflected in their ethnic, linguistic, religious and political fabric.
- The **South Asian region is also full of contradictions, disparities and paradoxes.** In the post-colonial period, the South Asia has been a **theatre of inter-state as well as civil wars**; it has witnessed **liberation movements, nuclear rivalry, military dictatorships and continues to suffer from insurgencies, religious fundamentalism and terrorism**, besides serious problems associated with **drugs and human trafficking**.
- The **South Asian Association for Regional Cooperation (SAARC)** has remained in existence for over 40 years (since 1985), though no summit has been held since 2014; yet South Asia is considered as the **least**

integrated of the global regions this is despite the stipulation in its Charter that "**bilateral and contentious issues shall be excluded**" from its deliberations.

02 India's neighbours

- Although **there isn't a single, universally accepted official definition of India's neighbourhood**, the concept of neighbourhood is often a matter of geopolitical interpretation and can vary based on historical, political, economic, and security considerations.
- **Largely, the term neighbourhood includes:**
  - **Immediate neighbours or countries in the South Asian Region with which India shares its geographical land/maritime boundaries**. These include countries like **Afghanistan, Bangladesh, Bhutan, China, the Maldives, Myanmar, Nepal, Pakistan, and Sri Lanka.**
    - With these countries, India enjoys civilizational relations characterised by shared history and culture and people-to-people contacts.
    - These immediate neighbours have been India's **"first circle of priority"** since Independence, provided they remain sensitive to India's core security concerns.
  - **Extended neighbours or countries geographically located further away from India (such as in the Indian Ocean Region, Southeast Asia region or West Asian region)** but still have significant political, economic, cultural and strategic interactions with India.



Characteristics of India's neighbourhood/South Asia:

- It is **home to 1.89 billion people, more than 20 percent of the world population**.
- It is a region that lies between the **sea routes of the Indian Ocean** (Persian Gulf and the Asia-Pacific) **and the land routes** of Central Asia connecting Europe to the East.
- It is a **large reservoir of natural and human resources**, making it a prime destination for financial capital, a **lucrative market for trade, and a source of cheap raw material.**
- It also sits at the confluence of the **richest sources of oil, gas, rubber, manganese, copper, gold, tea, cotton, rice and jute**, and is the transit point for most of the resources and manufactures that cris-cross the world.
- Moreover, it is the most **heavily militarized and bureaucratized zone** in the world and it has a variety of complex and violent primordial ethnic groups.
- The region has been **registering a healthy growth** (average of more than 6% per annum) during the past several years.
- **Democratic forms of governance** (howsoever flawed and feeble) are beginning to gain some ground in most parts of the region.
- The political, economic and social landscape in India's immediate neighbourhood has changed significantly **since the end of the Cold War.**
- The **centre of gravity of power is shifting towards the Asia-Pacific**. The **simultaneous rise of India and China is a development of great significance**.
- The traditional concept of national security is being broadened gradually to include **human non-military issues** like climate change, energy security, competition for scarce resources, food and water security, pandemics, migrations, etc.
- **India's position in South Asia is unique as it shares borders with all other South Asian nations**, whereas no other South Asian nation (except Afghanistan and Pakistan) shares borders with any other South Asian nation.
- **Democracy and rule of law** as instruments of political governance are well entrenched in India. **Transfer of power has been more or less peaceful and transparent.** In relative terms, India can be arguably considered as the **most stable country in the region**, moving ahead on the fast tracks of development.

03 India's approach towards Neighbours

- India has **consistently endeavoured for a stable and peaceful neighbourhood**. Basic approaches followed by India are:
  - India advocates the policy of **constructive engagement**, despite such serious provocations as have been in the past **(attack on Parliament, Mumbai terrorist attacks, etc)**. It believes that violent retaliation and confrontation can only complicate matters. This applies in **particular to Pakistan**, the origin of State-sponsored terrorism targeted at India.
  - India adheres to its benign and noble **policy of non-interference into the internal affairs** of other countries in the region.

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- India does not believe in **exporting democracy; rather, it helps in promoting democracy** wherever potential exists; this is done by proactively providing assistance in capacity building and strengthening the institutions of democracy. **Example: Nepal**
- India has skilfully used its policy of **non-prescriptive development assistance** as its soft power since early 1950s. In return, India has sought "**good will"** and "**friendship with India**".

04 Significance of South Asia to India

- This region sits above a **vital sea line of communication** along which **significant amounts of world trade**, **including energy**, travel from Southwest Asia, via the **Malacca Strait**, to industrial Northeast Asia.
- South Asia abuts **both China and Central Asia,** with both locations able to **access the Indian Ocean** via Afghanistan, Iran or Pakistan. China also seeks access to the Indian Ocean through its projects **like OBOR and the Irrawady Corridor.**
- **South Asia is developing economically**, hence, the developed nations want to reap the benefit of huge number of consumers and market.
- South Asia is considered by some to be a '**nuclear flashpoint'** where an incident could escalate militarily to the point of nuclear weapons being used in a conflict.
- Indian Ocean as a **major trade route** is lifeline not only to India, but also to other littoral countries. Hence, peace and stability of the region is vital.
- **String of Pearls (China) and Pivot to Asia (USA) have made Indian Ocean a theatre of conflict and differences.**
- The political and socio-economic development of India is largely dependent on a **stable, secure and peaceful neighbourhood.**
- **To achieve its objective of becoming one of the principal powers in Asia**, India needs to **maintain cordial relations with its neighbours.**
  - **India can reap huge economic gains from the neighbours** which are rich in variety of resources that are unearthed and unexplored till date.

> **In this context, it is necessary to have a brief look at the salient features of India's neighbourhood first policy.**

05 Neighbourhood First Policy

- The **policy of Neighbourhood First has been an integral component of Indian foreign policy since 1947.**
  - It aims to foster **stronger ties, enhance regional cooperation, and address mutual concerns** with immediate neighbouring countries.
  - The Policy is driven by **India's consultative, non-reciprocal and development-oriented approach.**
- Under its **'Neighbourhood First' policy**, India is committed to **developing friendly and mutually beneficial relations** with all its neighbours.

- It is aimed at pursuing **vigorous regional diplomacy by engaging with neighbouring Nations and building political connectivity through dialogue**.
- **Deepening and strengthening the bilateral relations** with the neighbours is an important feature of India's neighbourhood-first policy.
  - For example, an unprecedented diplomatic outreach was made by the Prime Minister of India in the swearing-in ceremony, when he invited the heads of government of the neighbours, including **Pakistan**.
  - The day after the swearing-in ceremony, the PM held bilateral meetings with the leaders of the neighbouring countries and vowed to work towards making a strong regional bloc.
- **India's neighbourhood first policy has four aspects:**
  1. Willingness to **give political and diplomatic priority** to its immediate neighbours and Indian ocean Island States.
  2. Providing them **assistance and support in any and every form** when required. This is evident when India became the first responder after the Nepal earthquake and provided considerable assistance both **in terms of monetary help and physical assistance** through the National Disaster Response Force (NDRF).
  3. **Develop greater connectivity and deepening integration** with neighbours.
  4. **Promote a model of India-led regionalism** with which its neighbours are comfortable.

Purpose:

- **Connectivity:**
  - India has entered into **MoU (Memorandum of Understanding)** with members of the **South Asian Association for Regional Cooperation (SAARC)**.
    - These agreements ensure a **free flow** of **resources**, **energy, goods, labour, and information across borders.**
- **Improving Relations with Neighbours:**
  - Priority is to **improve the relations** with immediate neighbours as **peace and tranquillity in South Asia** is essential for realising development agenda.
- **Dialogue:**
  - It focuses on **vigorous regional diplomacy** by engaging with neighbouring nations and building political connectivity through dialogue.
- **Economic Cooperation:**
  - It focuses on **enhancing trade ties** with neighbours.
    - India has participated and invested in SAARC as a vehicle for development in the region.
  - One such example is the **Bangladesh-Bhutan-India-Nepal (BBIN)** grouping for energy development i.e. motor vehicles, waterpower management and inter-grid connectivity.
- **Disaster Management:**
  - The policy also focuses on cooperating on **disaster response, resource management, weather forecasting and communication** and also capabilities and expertise in disaster management for all South Asian citizens.

- **Military and Defence Cooperation:**
  - India is also focusing on **deepening security** in the region through **military cooperation** by conducting as well as participating in various **defence exercises.**

Challenges to Neighbourhood First Policy

- **The biggest roadblock to India's neighbourhood policy has been Pakistan.** It is a major impediment for India, and its role in deepening Regional integration and connectivity. For example, **repeated cross-border terrorism from Pakistan led to the cancellation of the SAARC Summit.**
- **India's deeper engagement with US** becomes a matter of great concern for neighbours particularly Pakistan and they look for an alternative power in the region.
- There has also been criticism levied against India for **using hard muscular policy**, legitimizing certain political forces and ignoring others, and interfering in their internal affairs. This was witnessed in the relations with **Nepal (Madhesi issue)** and **Maldives** (cancellation of Prime Minister Modi's visit to Maldives in 2015).
- The **capacities of India towards its neighbours remain weak.** For example, the Ministry of External Affairs simply does not have enough people to look after the complex dimensions that define each of our neighbours. India has a limited understanding of the internal political dynamics of these countries.
- The **neighbourhood first strategy will continue to be buffeted by periodic derailment in the relationships if the capacity and infrastructure dynamics are not improved.**
  - For example, scholarships on these countries is sparse, and till date we do not have a dedicated think tank or centre of excellence to provide well-informed and well considered inputs to decision makers.
- **Growing Chinese Pressure:** It failed to take a meaningful direction, and growing Chinese pressure has prevented the country from winning allies in the region.
  - On the maritime front, China is extending its influence across the **Indo-Pacific region.**
- **Impact of India's Tilt towards West:** India draws closer to the West, particularly through the **Quad** and other **multilateral and mini-lateral initiatives.**
  - But Sri Lanka's connections with the West are **not moving in a good direction** as the country's current government **faces increasing criticism** from Western capitals on **human rights issues and freedoms.**

- However, **India has reached out to the countries in the region to overcome these challenges**.
- This was seen in **improving relations with Nepal, the absence of any public political statements that could be construed as interference in Bhutan and Bangladesh**, where elections have taken place, reviewing the posture of refusing **to engage with the Taliban (Afghanistan)**, the government's support for the **Kartarpur corridor (Pakistan) and the Wuhan summit (China).**

Evolution of India's Neighbourhood Policy

- India's neighbourhood policy has gradually evolved from **idealistic beginnings** to a more **pragmatic and strategic approach**, balancing security, economic integration, and regional leadership.
- **Colonial Phase (Pre-1947)** – *Anti-Colonialism, Anti-Imperialism, Anti-Racism*
  - India's engagement with neighbours emerged from shared struggles against **colonial domination.**

- The **Asian Relations Conference (March–April 1947)** in New Delhi, even before full independence, symbolised solidarity with Asian neighbours against colonialism and racism.
- This laid the foundation of **South-South cooperation** in **India's foreign policy**.

- **1950s–1960s: Idealism and Security-Oriented Bilateralism**
  - India's policy was driven by **Nehruvian idealism**, focusing on peace, coexistence, and regional stability.
  - Chose **bilateral treaties** over multilateral frameworks to engage neighbours.
  - Key Developments:
    - **Treaty of Friendship with Bhutan (1949)** and **Nepal (1950)**.
    - **Panchsheel Agreement (1954) with China** on peaceful coexistence.
    - **Liberation of Bangladesh (1971) with India's support**, followed by the **Shimla Agreement (1972)** with Pakistan.
  - However, challenges arose:
    - **Sino-Indian War (1962)** highlighted the limits of idealism.
    - India's focus increasingly shifted to **security-driven neighbourhood policy**.
- **1960s–1990s: Regional Assertion & Sub-Continental Hegemony**
  - Foreign policy inspired by a South Asian version of the **Monroe Doctrine—to prevent external powers from influencing India's neighbourhood.**
  - India asserted its position as the **regional leader**.
  - Key Developments:
    - **Integration of Sikkim (1975)** into India.
    - Formation of **SAARC (1985)** to institutionalise regional cooperation.
    - **Military intervention in Sri Lanka (1987)** under the India–Sri Lanka Accord.
  - Limitations:
    - **SAARC remained largely ineffective due to Indo-Pak tensions.**
    - India was often seen as a **dominant power**, leading to suspicions among smaller neighbours.
- **1990s–2000s: Responsible Big Brother Approach**
  - Post–Cold War era saw a shift towards **mutual trust and cooperation**.
  - **Gujral Doctrine (1996):** India provided **unilateral concessions** to neighbours without demanding reciprocity.
  - Emphasis on **regional economic integration**, particularly after India's **1991 economic reforms**.
  - Example: **Free trade agreements with Sri Lanka (1998) and Nepal; connectivity projects with Bangladesh.**
- **2008 onwards: Rise of China & Neighbourhood First Policy (NFP)**
  - Growing **Chinese influence in South Asia** (CPEC, BRI projects, Hambantota Port in Sri Lanka, Gwadar Port in Pakistan) compelled India to adopt a more **structured neighbourhood policy**.
  - **Neighbourhood First Policy (2008)** introduced, emphasising **5Ss of engagement**:
    - *Samman (Respect)*

        - *Samvad (Dialogue)*
        - *Shanti (Peace)*
        - *Samriddhi (Prosperity)*
        - *Sanskriti (Culture)*
    - This broadened India's vision of neighbourhood from **bilateral ties to regional cooperation**.
- **2014 onwards: Revamped Neighbourhood First Policy under Modi**
    - PM Modi made **NFP a central pillar of foreign policy**, inviting SAARC leaders at his 2014 swearing-in ceremony.
    - Focus Areas:
        - **Connectivity projects**:
            - *India-Bangladesh energy grid, Agartala-Akhaura rail link*.
            - *Kaladan Multimodal Transit Project (with Myanmar)*.
        - **Economic assistance**: India became the **largest development partner of Bhutan** and **major donor for Nepal post-2015 earthquake**.
        - **Security Cooperation**: maritime collaboration with the Maldives, Seychelles, and Mauritius.
        - **Regional forums revival**: pushing **BIMSTEC as an alternative to SAARC** (due to Pakistan's obstructionism).
    - Outcomes:
        - Boosted ties with **Bangladesh (land boundary agreement, 2015)**, **Nepal, Sri Lanka, Bhutan**.
        - However, relations with **Pakistan remain strained** due to cross-border terrorism.

Recent Developments (2020s–2026)

- **Pandemic & Post-Pandemic Diplomacy:**
    - **Vaccine Maitri (2021–22):**
        - Supplied COVID-19 vaccines to neighbours (Bangladesh, Nepal, Sri Lanka, Maldives, Bhutan)
        - Reinforced India's role as a **first responder and regional health partner**
    - **Post-pandemic cooperation (2023–26):**
        - Expansion into **digital public infrastructure (DPI)** sharing (UPI, Aadhaar stack) with neighbours
        - Health cooperation through **telemedicine, pharma supply chains**
- **Crisis Response & Humanitarian Assistance:**
    - **Sri Lanka Economic Crisis (2022–23):**
        - Over **$4 billion assistance** (fuel, food, currency support)
    - **Evacuation Operations:**
        - Afghanistan (2021), Ukraine – *Operation Ganga* (2022), Sudan – *Operation Kaveri* (2023), Iran and Israel – *Operation Sindhu* (June 2025)
    - **Recent Trend (2024–26):**
        - Continued **HADR leadership in Indian Ocean Region**
        - Rapid assistance to neighbours during natural disasters and economic distress

- **Geostrategic Balancing (China Factor):**
  - Countering China's **Belt and Road Initiative (BRI)** through alternative connectivity
    - **India–Middle East–Europe Economic Corridor (IMEC)** (G20, 2023)
  - Strengthening **Indo-Pacific partnerships:**
    - Active role in **Quad (India, USA, Japan, Australia)**
  - **Recent Developments (2024–26):**
    - Focus on **supply chain resilience, maritime domain awareness, and defence cooperation**
    - Increased engagement with **ASEAN and IOR countries**
- **Regional Leadership & Multilateral Outreach:**
  - **Voice of Global South Summit (2023 & follow-ups):**
    - Platform to amplify concerns of developing countries, especially neighbours
  - Strengthening **sub-regional cooperation:**
    - **BBIN (Bangladesh, Bhutan, India, Nepal)** initiatives for connectivity and energy
  - **Recent Push (2024–26):**
    - Revival of **SAARC-minus-Pakistan engagements (functional cooperation)**
    - Emphasis on **minilateralism (BBIN, BIMSTEC)**
- **Connectivity & Infrastructure Diplomacy:**
  - Expansion of cross-border connectivity:
    - **Rail, road, and inland waterways with Bangladesh**
    - **Kaladan Multimodal Project (Myanmar)** nearing operationalisation
  - **Digital Connectivity (New Dimension):**
    - UPI linkage with countries like **Nepal, UAE (extended neighbourhood)**
- **Energy & Economic Cooperation:**
  - **Power Grid Integration:**
    - Electricity trade with **Nepal, Bhutan, Bangladesh**
  - **Hydropower Projects:**
    - Continued investments in **Bhutan and Nepal**
  - **Recent Trends (2024–26):**
    - Focus on **regional energy market integration**
    - Cooperation in **renewable energy and green grids**
- **Neighbourhood Political Engagements (Recent Trends):**
  - Active diplomatic outreach amid **political shifts in Maldives, Nepal, Sri Lanka**
  - Managing **Taliban-led Afghanistan** through humanitarian and strategic engagement
  - Addressing growing **China footprint in South Asia** through development partnerships
- **Security Shock – Pahalgam and Operation Sindoor (2025):**
  - After the **Pahalgam terror attack (22 April 2025)**, India held the **Indus Waters Treaty in abeyance** and carried out **Operation Sindoor (7 May 2025)** against nine terror-linked sites in Pakistan and PoK; hostilities ended on 10 May 2025 through the DGMO hotline.

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  - India's stated doctrine: a fitting reply to any terror attack on its own terms, no tolerance of nuclear blackmail and no distinction between terrorists and their state sponsors – which hardens the "Pakistan exception" in India's neighbourhood policy.
- **Political Churn in the Neighbourhood (2024–26):**
  - **Bangladesh:** After the fall of Sheikh Hasina (August 2024), the **BNP won a landslide (209 of 300 seats) in the February 2026 election** and Tarique Rahman became Prime Minister; the Awami League was barred from contesting.
  - **Nepal:** The **Gen Z protests (September 2025)** forced PM K.P. Sharma Oli to resign; after an interim government under Sushila Karki, the **Rastriya Swatantra Party won 182 of 275 seats** in the March 2026 election.
  - **Myanmar:** The junta held a phased general election (December 2025–January 2026) in which the military-backed USDP won the most seats; the conflict continues to slow India's connectivity projects through Myanmar.
- **Re-engagement and Resets (2024–26):**
  - **Maldives:** Ties recovered after the 2024 low; PM Modi was Guest of Honour at the Maldives' 60th Independence Day (July 2025), when India extended a **US$ 565 million line of credit**.
  - **Sri Lanka:** During PM Modi's visit (April 2025), the two countries took up their first major **defence cooperation framework** since the IPKF years.
  - **Afghanistan:** Following the Taliban foreign minister's visit (October 2025), India **upgraded its technical mission in Kabul to an embassy**, without formally recognising the Taliban government; India–Afghanistan air cargo links were pursued as Pakistan closed its border with Afghanistan amid their 2025 clashes.
  - **Bhutan:** PM Modi visited Thimphu in November 2025, continuing the tradition of close high-level engagement with India's closest neighbourhood partner.
- **China Factor (2025–26):** India and China eased tensions after the October 2024 patrolling agreement and PM Modi's visit to Tianjin for the SCO summit (August–September 2025), but China's military support to Pakistan and its projects in Nepal, Sri Lanka, Bangladesh and the Maldives keep competition alive in the neighbourhood.

Extended Neighbourhood: A Gateway to India's Global Leadership

- As India aspires to become a **regional power and global leader**, it is pursuing robust relationships with its **extended neighbourhood** in addition to immediate neighbours.
- This approach reflects India's vision of **"Vasudhaiva Kutumbakam" (One Earth, One Family, One Future)** and strengthens its role as the **voice of the Global South**.
- It reinforces India's role as a **leading voice of the Global South** through inclusive diplomacy and development partnerships
- **These extended neighbours include countries in the following regions:**
  - **Asia-Pacific**
    - India's **Act East Policy** promotes **economic, strategic, and cultural ties** with ASEAN and beyond, guided by four themes: *Connectivity, Commerce, Culture, and Capacity-Building*.
    - Key platforms: **ASEAN, ASEAN Regional Forum (ARF), East Asia Summit (EAS)**.

- Example: India–ASEAN trade crossing **$131 billion (2022-23)**; enhanced maritime cooperation with Vietnam and Singapore.
- **Focus:**
  - Focus on **supply chain resilience and digital partnerships with ASEAN**
  - Expansion of **defence cooperation and maritime security ties**

- **Indo-Pacific**
  - Guided by principles of **inclusiveness, openness, and ASEAN centrality**.
  - India's **SAGAR (Security and Growth for All in the Region)** doctrine promotes geopolitical, strategic, and economic interests on the seas.
  - Example: Participation in **QUAD** with US, Japan, and Australia; naval exercises like **Malabar** to ensure a rules-based maritime order.
  - **Focus:**
    - Strengthening **maritime domain awareness and naval partnerships**
    - Focus on **critical technologies, resilient supply chains, and blue economy**
- **African Seaboard Countries**
  - Partnership based on the spirit of **"developing together as equals"**.
  - Island nations like **Seychelles and Mauritius** host a **large Indian diaspora** and are key for India's **blue economy and maritime security**.
  - Example: Credit lines under the **India–Africa Forum Summit (IAFS)**; cooperation in **counter-piracy missions** in the Indian Ocean.
  - **Focus:**
    - Increased cooperation in **capacity building, digital infrastructure, and defence training**
    - Focus on **Indian Ocean Region (IOR) security and anti-piracy efforts**
- **Central Asia**
  - Pursued through the **Connect Central Asia Policy (2012)** to establish **deeper economic, cultural, and energy ties**.
  - India emphasizes the 4Cs: **Commerce, Capacity Enhancement, Connectivity, and Contact**.
  - Example: **Chabahar Port (Iran)** and **International North-South Transport Corridor (INSTC)** for regional connectivity; hosting annual **India–Central Asia Summit**.
  - **Focus:**
    - Regular **India–Central Asia Summits (virtual and in-person)**
    - Emphasis on **energy security, counter-terrorism, and connectivity**
- **West Asia**
  - South Asian economies rely heavily on **oil and gas imports from West Asia**, making them vulnerable to supply disruptions.
  - India's policy evolved from **"Look West" to "Link and Act West"**.
  - Focus on the **GCC sub-region** along with Iran, Israel, and Arab countries.
  - Example:
    - **India–UAE CEPA (2022)** to boost bilateral trade.

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- Strategic partnerships with Israel in defence and technology.
- **India-Middle East-Europe Economic Corridor (IMEC)** launched in 2023 to strengthen connectivity and counter China's BRI.

- **Focus:**
  - Deepening **strategic partnerships (energy, defence, technology)**
  - Increasing cooperation in **fintech, food security, and infrastructure corridors**

IMPLICATIONS OF WEST ASIA CONFLICT ON INDIA'S NEIGHBOURHOOD DIPLOMACY

- **Context:** The US–Israeli strikes on Iran from **28 February 2026** and Iran's blocking of the **Strait of Hormuz** caused one of the largest disruptions ever seen in global oil supply, and the US–Iran ceasefire broke down again in July 2026.
- **Energy Disruptions:** South Asian nations depend heavily on West Asian oil, and instability raises fuel prices and shortages in **Sri Lanka, Bangladesh, and Nepal**.
- **Diaspora Risks:** Nearly **25 million South Asians** (**over 9 million Indians**) in West Asia face safety threats and potential remittance disruptions during conflict.
- **Trade Disruptions:** Tensions around the **Strait of Hormuz**, through which **~20% of global oil** passes, threaten South Asia's trade and supply chains.
- **Regional Expectations:** Neighbours increasingly expect India to provide **fuel, humanitarian aid, and economic assistance** during crises.
- **Maritime Security Pressure:** Naval tensions in the **Indian Ocean** challenge India's role as a **net security provider** in the region.

06 Relevance of India's Neighbourhood Policy in Today's Geopolitical Landscape

- Geographically, the neighbourhood is **India's first point of diplomacy and a key to its economic, social, and geopolitical growth.**
- **Geostrategic Interests**
  - **Regional leadership:** Cooperation with neighbours in the Indian Ocean Region (IOR) reinforces India's central position in South Asia.
  - **Countering China:** Stronger ties help India balance Chinese influence and aim to become a *net security provider* in the IOR.
  - **Support in multilateral forums:** Neighbourly cooperation boosts India's role as a representative of the Global South in forums like the UNSC, WTO, and IMF.
    - This introduces a regional/sub-regional dimension to bilateral ties and deepens understanding of the region.

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- **Security Interests**
  - **Territorial integrity:** India needs neighbours that respect its sovereignty and do not shelter insurgent groups.
    - Example: Myanmar is a key partner in fighting insurgency in India's North-East.
  - **Maritime security:** Cooperation with countries like Maldives, Sri Lanka, Bangladesh, and Myanmar helps India police its waters and respond to threats such as the 2008 Mumbai terrorist attack.
- **Economic Interests**
  - **Energy security:**
    - Nepal and Bhutan have vast hydropower potential.
    - Cooperation with IOR nations prevents disruption in oil and gas imports (over 80% of India's oil and 50% of its gas come via sea).
  - **Bridging the North-East deficit:**
    - Bangladesh allows use of *Chattogram* and *Mongla* ports for cargo transit and trans-shipment.
    - Connectivity through Myanmar can link India's North-East with Southeast Asia for trade and cooperation.
- **Soft Power Diplomacy**
  - India's cultural and historical ties promote shared values and extend its soft power in the region.
  - Example: The shared Buddhist heritage between India and Southeast Asia strengthens people-to-people ties and diplomatic goodwill.

07 Challenges India Faces in Pursuing its Neighbourhood First Policy

- **Lack of a comprehensive policy**
  - India has focused more on *managing* relations rather than *shaping* them, leading to a perception of weak neighbourhood strategy.
- **Strained bilateral relations**
  - At the last SAARC summit (Kathmandu, 2014), out of three proposed agreements (energy, motor vehicle movement, railway cooperation), only the energy pact was signed, as **Pakistan** refused the others.
- **Security risks**
  - *Cross-border terrorism:* Permeable borders, Pakistan's support, and extremism in neighbouring countries contribute to terrorism in India.
  - *Drug trafficking:* India's proximity to the **Golden Triangle** and **Golden Crescent** makes it vulnerable.
  - *Piracy:* Piracy off the coast of Somalia threatens maritime security and trade routes.
- **China's inroads in South Asia**
  - China's trade with SAARC countries has grown rapidly due to OBOR.
  - Neighbours like Sri Lanka, Maldives, and Nepal often play the **China card**.
    - Example: Nepal turned to China during the India–Nepal border blockade for essential supplies.

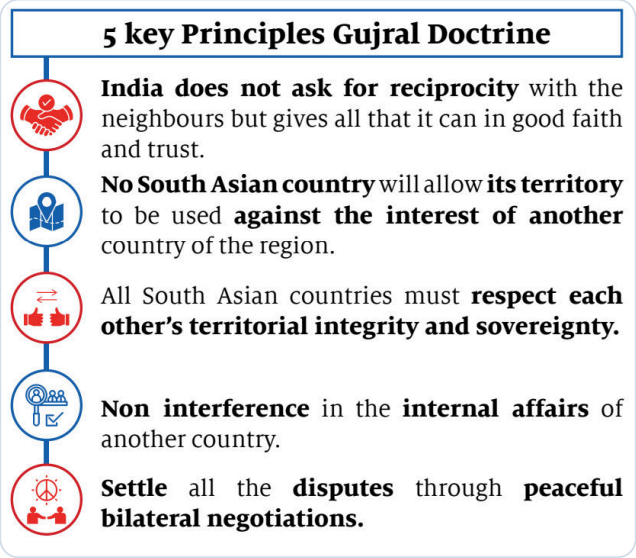
- **Suboptimal confidence building**
  - Neighbours feel India does not treat them as equals.
  - India's past military involvement in Bangladesh, Sri Lanka, and Maldives is still seen as interference.
- **Economic crisis in the neighbourhood**
  - For example, Sri Lanka's foreign exchange shortage has reduced India's export market.
- **Connectivity and border infrastructure gaps**
  - Border regions remain underdeveloped, limiting trade and investment.
  - India had more railway links with East Pakistan in the 1960s than it has with Bangladesh today.
  - The India–Nepal border is officially open, but poor infrastructure restricts smooth movement.
- **Domestic politics and ethnic considerations**
  - *Teesta Water Agreement* delayed due to opposition from West Bengal.
  - Support for Sri Lankan Tamils and Madhesis in Nepal influenced by India's domestic political and ethnic factors.
- **Delayed implementation of development projects**
  - **India's Line of Credit (LoC)** programme has expanded significantly over time.
    - It increased from about **$3.3 billion (2014)** to around **$14.7 billion (2020)**, and further to **over $27–32 billion by 2024–25** across multiple regions
  - More than **300 LoCs have been extended to 60+ countries**, especially in Africa, South Asia, and Latin America Despite expansion, **implementation challenges persist**, including:
    - Project delays
    - Cost overruns
    - Capacity constraints in partner countries
- **Climate change and natural disasters**
  - The region is highly vulnerable to environmental issues, which disrupt development and could trigger **climate migration**.

Way Forward

- India's involvement in the **internal affairs of its neighbours shall be avoided** to the extent it does not harm India's interest.
- The idea of the **neighbourhood first policy need not include any irritant like Pakistan**, which can be dealt with separately. There are other institutional mechanisms, such as **BIMSTEC**, **Mekong Ganga cooperation**, etc., where India can engage with its neighbours multilaterally. Even within SAARC, India must work on a **SAARC minus one approach.**
- Engage in **deeper investment** initiatives like the **Bangladesh Bhutan India Nepal (BBIN) initiative** to reap the benefits of **connectivity, energy, security and water management.**
  - **Energy Cooperation:** Develop **fuel-sharing arrangements**, **strategic reserves**, and **cross-border power grids** to ensure energy security. E.g., India–Bangladesh and India–Nepal electricity trade.
  - **Trade Integration:** Promote regional trade agreements, resilient supply chains, & connectivity projects **to reduce dependency on disrupted routes.**

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- India's neighbourhood policy should be **based on the principles of the "Gujral Doctrine".** This would ensure **India's stature and strength cannot be isolated** from the quality of its relations with its neighbours, and there can be **regional growth as well.**
- Integrating **India's regional economic and foreign policy** remains a major challenge. Therefore, India should **resist compromising bilateral relationships** with neighbours for **short-term economic interests.**
- **Regional connectivity must be pursued** with greater vigour while **security concerns** are addressed through **cost-effective, efficient and reliable technological measures** which are in use in other parts of the world.



Principles of Gujral Doctrine

Previous Year Questions

2026 PRELIMS

Consider the following statements about river bridges connecting India with neighbouring countries :
1. 'Maitri Setu', built over Feni river, connects Ramgarh in India with Sabroom in Bangladesh.
2. Jhulaghat suspension bridge connects India with Myanmar.
3. Mechi bridge and its approaches connect Panitanki Bypass in India with Kakarvitta in Nepal.
Which of the statements given above is/are correct ?

a 1 and 2 | b 2 and 3 | c 1 only | **d 3 only**

Answer: (d) (provisional key). Maitri Setu links Sabroom (Tripura, India) with Ramgarh (Bangladesh), not the reverse, and Jhulaghat bridge on the Mahakali links India with Nepal; the Mechi bridge links Panitanki (India) with Kakarvitta (Nepal).

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2026 PRELIMS

Match List I with List II and select the answer using the code given below the Lists :
List I (Project Supported by India)
A. Mangdechhu Hydroelectric Project
B. Restoration of Stor Palace
C. District Hospital at Dickoya
D. Institute of Security and Law Enforcement Studies
List II (Country)
1. Maldives
2. Afghanistan
3. Bhutan
4. Sri Lanka

a A-1, B-4, C-2, D-3
b A-3, B-2, C-4, D-1
c A-3, B-4, C-2, D-1
d A-1, B-2, C-4, D-3

Answer: (b) (provisional key). Mangdechhu (720 MW) is in Bhutan, Stor Palace in Kabul (Afghanistan), Dickoya hospital in Sri Lanka's hill country, and the ISLES training institute in the Maldives.

2020 PRELIMS

Consider the following statements :
1. The value of Indo-Sri Lanka trade has consistently increased in the last decade.
2. "Textile and textile articles" constitute an important item of trade between India and Bangladesh.
3. In the last five years, Nepal has been the largest trading partner of India in South Asia.
Which of the statements given above is/are correct ?

a 1 and 2 only
b 2 only
c 3 only
d 1, 2 and 3

Answer: (b). India–Sri Lanka trade fluctuated rather than rising consistently, and Bangladesh (not Nepal) was India's largest South Asian trade partner at the time of the exam; textiles are a major item of India–Bangladesh trade.

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2016

PRELIMS

Consider the following pairs :
Community sometimes mentioned in the news — In the affairs of
1. Kurd : Bangladesh
2. Madhesi : Nepal
3. Rohingya : Myanmar
Which of the pairs given above is/are correctly matched?

a 1 and 2 | b 2 only | **c 2 and 3** | d 3 only

Answer: (c). Madhesis live in Nepal's Terai and Rohingyas in Myanmar's Rakhine State; the Kurds live in Turkey, Iraq, Iran and Syria, not Bangladesh.

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UNIT 03 | 16 CHAPTERS

Bilateral Relations with Important Countries

Effect of policies and politics of developed and developing countries on India's interests, Indian diaspora.

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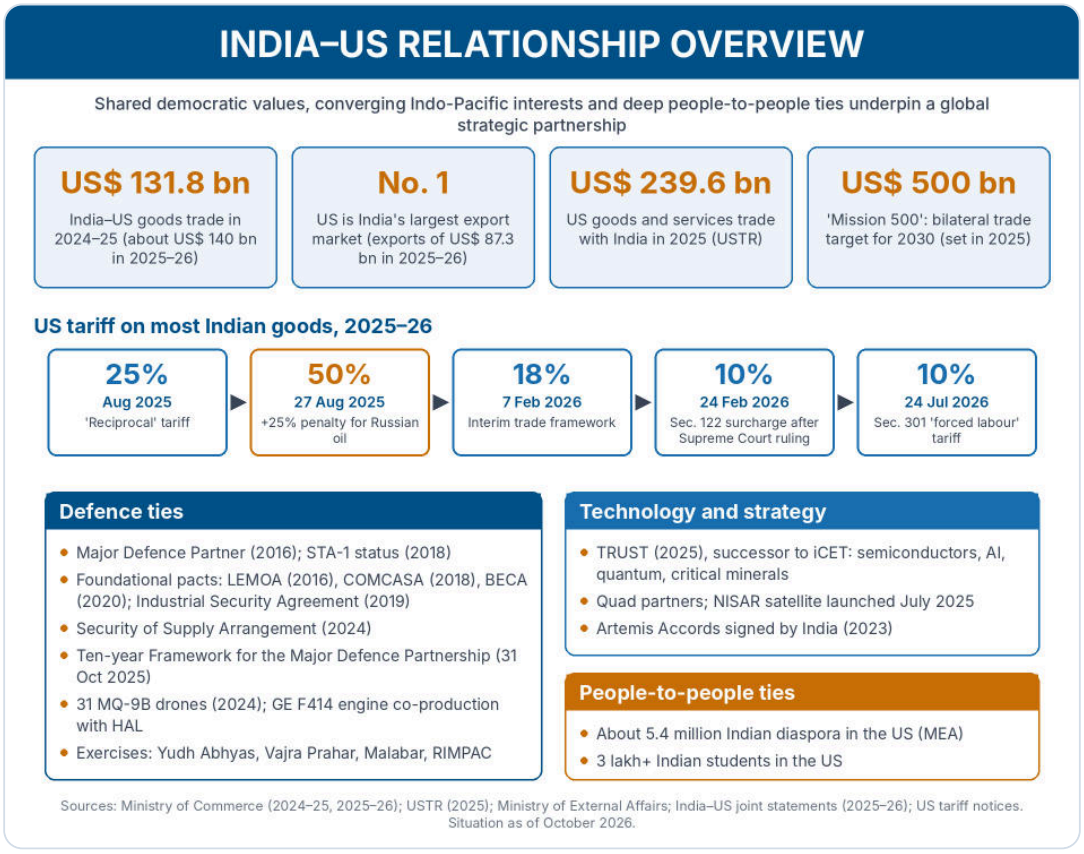
India–US Relations

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03	Improvement in Relationship	04	Vision for 21st Century
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07	India on USA 'Asia Pivot'	08	Challenges in Relations
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- India-US bilateral relations have developed into a **"global strategic partnership"**, based on shared democratic values and increasing convergence of interests on bilateral, regional and global issues.
- The emphasis placed by the Government of India on development and good governance has created opportunity to reinvigorate bilateral ties and enhance cooperation under the motto – '**Chalein Saath Saath: Forward Together We Go', and 'Sanjha Prayas, Sab ka Vikas ' (Shared Effort, Progress for All)** adopted during the summits of our leaders in September 2014 and January 2015 respectively.
- Regular exchange of high level political visits has provided sustained momentum to bilateral cooperation, while the wide-ranging and ever-expanding dialogue architecture has established a long-term framework for India-U.S. engagement.
- Today, the **India-U.S. bilateral cooperation** is broad-based and multi-sectoral, covering trade and investment, defence and security, education, science and technology, cyber security, high technology, civil nuclear energy, space technology and applications, clean energy, environment, agriculture and health. Vibrant people-to-people interaction and support across the political spectrum in both countries nurture our bilateral relationship.

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01 Historical Background

- India and the United States are widely recognised as the **world's largest and the most powerful democracies respectively.** The relationship between these two countries is thus one of the most fascinating interactions witnessed in the relations among nations. The added significant features are marked by the fact that **India is one of the oldest civilisations in the world, whereas the United States is relatively a younger civilisation.**
- Factors related to civilisation, statehood and governance have made the relations between India and the US one of the most complex bilateral relations in world history.
- **Soon after independence, India chose not to join any of the two power blocs, and adopted the policy of nonalignment (Non Alignment Movement "NAM").** As and when the US promoted the formation of military blocs and security alliances, India vehemently opposed them.
- India was particularly critical about the formations of **South East Asia Treaty Organisation (SEATO) and Central Treaty Organisation (CENTO)**. These two organisations brought Cold War to India's door-steps with Pakistan becoming an active member in them.
- The Cold War-related political divergences between India and the US were particularly visible and pronounced on issues related to decolonisation of colonial territories, the **Korean War, Vietnam War, Suez crisis, Hungarian Crisis, Czechoslovakia Crisis, and the People's Republic of China's membership** in the United Nations.

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02 Evolution: Cold War to Present

- India's entry into the international community of nations as an **independent political entity** almost coincided with the spread of the Cold War between the two erstwhile superpowers – the United States and the Soviet Union.
- As the two superpowers clashed and competed for spreading their influence around the world, India was faced with a Hobson's choice to take sides in the Cold War. Prime Minister Jawaharlal Nehru decided against making a choice and announced a **policy of Non Alignment**. This policy challenged the ethical basis of the Cold War and aimed at preventing the Cold War and sought to adopt a policy that would facilitate India's friendly relations with both the US and the USSR .
- **Nevertheless, at times, the Indian position was disliked by the U.S.A and it went out of the way to support Pakistan and adopted anti-India posture**. US supported India during China war but conditionally, and also with no offer of long term aid, whereas its support to Pakistan was unconditional. Also, it helped India during food crisis by **PL-480 program**, which was a politically convenient way of disposing its food surplus. Relations improved further when Indira Gandhi came back to power in 1980. The Soviet Union had invaded Afghanistan, and this tilted India towards the United States. India placed orders for F-5 aircraft, super computers, etc, and the US, in 1984, agreed to share technology to help India build naval frigates and an indigenous light combat aircraft.
- However, the same year witnessed the **assassination of Indira Gandhi and the Bhopal toxic gas leak** that killed thousands. **US-based Union Carbide's pesticide plant in Bhopal** was involved and India's effort to seek extradition of the firm's Chief Executive proved futile.
- With the advent of the **Missile Technology Control Regime (MTCR) in 1987**, India also faced embargoes on missile related technology. **In 1992-94, the United States allowed India to buy a cryogenic rocket engine from Russia, but blocked the transfer of related technology.**

03 Improvement in Relationship

- India's relations with the US had considerably improved during the relaxation of Cold War, but the collapse of the Soviet Union brought in unprecedented uncertainties to international relations, including Indo-US relations.
- The American position on the Kargil War between India and Pakistan in mid-1999 had removed yet another irritant in Indo-US relations, and President Bill Clinton was heartily welcomed in India. New Delhi had appreciated Clinton's pressure on Pakistan to stop its misadventure in the Kargil Sector of Kashmir in 1999, and Washington had praised India's restraint in not crossing the Line of Control (LoC) and responsible conduct of the Kargil war.
- **After the end of the cold war, India US relations in the first half of the 1990s have been described as one of 'missed opportunities and contradictory policies'. India and the US continued to have differences on various issues, including the extension of the Non-Proliferation Treaty (NPT) and the Comprehensive Test Ban Treaty (CTBT).** The situation was further complicated when it was revealed that China had supplied M11 missiles to Pakistan and the US did not apply sanctions on China for violating the MTCR. In May, 1998, the decision of Prime Minister Atal Bihari Vajpayee's government to conduct nuclear tests at Pokhran saw the ties with the US return to a new low.

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04 Vision for 21st Century

- The **warmth in the relationship can be seen post President Clinton visit to India in 2000.** Indian Prime Minister Shri Vajpayee and Mr. Clinton signed a joint statement on bilateral relations entitled "USA-India Relations: A Vision for the 21st Century". **Post September 11, 2001 attacks in the US and December 13 terror strike on the Indian Parliament in the same year, the two countries decided to collaborate closely in the global war against terror.**
- In 2004, India and USA signed strategic partnership under the name of **'Next Steps Strategic Partnership'** highlighting 4 areas of co-operation viz., civil nuclear cooperation, Civil Space Cooperation, High technology cooperation group, Missile Defence cooperation. The landmark moment came on July 18, 2005, when India and the US signed the **Civil Nuclear Cooperation Initiative**. As part of the landmark deal, India agreed to separate its civil and military nuclear facilities, while allowing IAEA inspection of the power-generation facilities. President Bush visited India in March 2006 to hold further talks on the civil nuclear deal and also give a push to defence and economic ties. The improved relationship between the two countries was highlighted once again when US agencies cooperated very closely with their Indian counterparts in the aftermath of 26/11 Mumbai terror attacks. With the visit of Barack Obama in 2010, the relations again took to new heights. He supported India's bid for a seat on the UN Security Council and signed trade deals worth US $15 billion.
- In 2013, USA accepted India's proposal to develop **Defence Hardware** jointly. Till 2013, only UK's and Australia's proposals have been accepted for **Joint Development Defence Technology** and India is the third country in this row. In the same year, US offered to codevelop an anti-tank missile named as 'Javelin'.
- In 2014, Indian Prime Minister made his first visit to the United States, aiming to attract investment and firm up the **U.S.-India strategic partnership.** India-USA reached agreement on a memorandum of understanding between the Export-Import Bank and an Indian energy agency, which provides up to $1 billion to help India develop low-carbon energy alternatives and aid U.S. renewable energy exports to India.
- During his 2nd visit to India, former US President Obama heralded the relationship between the world 's two largest democracies, saying, "America can be India's best partner". India-USA announced a 'breakthrough' on nuclear-related issues that could help implement the U.S.-India civil nuclear deal. Later **in 2015, India-USA signed documents to renew the ten-year U.S.-India Defence Framework Agreement.**
- The New Security Strategy of USA released in December 2017 marked out India's emergence as a "leading global power", which is a significant upgrade in Washington's assessment of India in the last 15 years. The strategy also places special emphasizes on the term 'Indo-Pacific region', which was defined as region "which stretches from the west coast of India to the western shores of the United States".

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05 Areas of Cooperation



A strong, vibrant, ever-deepening U.S.-India relationship furthers the vital national interests of both nations. In this respect, India and the United States seek to

- Slow the spread of weapons of mass destruction and ensure the safe and responsible stewardship of nuclear weapons and fissile material;
- Reduce threats from international terrorism;
- Maintain a balance of power in Asia and in Europe that promotes peace and stability;
- Promote the security of the global energy supply;
- Cooperate in the management of the global economy; and
- Effectively address climate change

Political

- The frequency of high-level visits and exchanges between India and the U.S. has gone up significantly of late. **Prime Minister Modi visited the U.S. on 26-30 September 2014**; he held meetings with President Obama, members of the U.S. Congress and political leaders, including from various States and cities in the U.S. , and interacted with members of President Obama's Cabinet. He also reached out to the captains of the U.S. commerce and industry, the American civil society and think-tanks, and the Indian American community. A Vision Statement and a Joint Statement were issued during the visit.
- The **visit was followed by President Obama's visit to India on 25-27 January 2015 as the Chief Guest at India's Republic Day.** During the visit, the two sides issued a **Delhi Declaration of Friendship and adopted a 'Joint Strategic Vision for Asia-Pacific and the Indian Ocean Region'**. Both sides elevated the Strategic Dialogue between their Foreign Ministers to Strategic and Commercial Dialogue of Foreign and Commerce Ministers. The first meeting of the Strategic and Commercial Dialogue at the level of EAM and MOs

(Commerce and Industry) was held in Washington DC on 22 September 2015; it has added a commercial component to the five traditional pillars of bilateral relations on which the erstwhile Strategic Dialogue has focussed, namely:

  - (i) Strategic Cooperation;
  - (ii) Energy and Climate Change, Education and Development;
  - (iii) Economy, Trade and Agriculture;
  - (iv) Science and Technology; and
  - (v) Health and Innovation.

- In **June 2017, Prime Minister Narendra Modi visited United States** and a Joint Statement was released. The leaders resolved to expand and deepen the strategic partnership between the countries and advance common objectives.
- During Prime Minister Modi's **state visit to the US in June 2023**, GE Aerospace and Hindustan Aeronautics Limited (HAL) agreed to co-produce F414 jet engines in India, India decided to buy MQ-9B drones and India signed the **Artemis Accords** (22 June 2023).
- In the **second Trump administration**, Prime Minister Modi visited Washington on **13 February 2025**. The joint statement launched:
  - the **U.S.-India COMPACT** (Catalyzing Opportunities for Military Partnership, Accelerated Commerce & Technology) for the 21st Century;
  - **'Mission 500'** – to more than double total bilateral trade to US$ 500 billion by 2030, with negotiations on the first tranche of a **Bilateral Trade Agreement (BTA)** targeted for fall 2025;
  - the **TRUST** initiative on critical technologies, and a commitment to sign a new ten-year defence framework.
- Ties came under strain in the second half of 2025 over tariffs, India's purchases of Russian oil, H-1B visa curbs and Washington's claims of having mediated the India–Pakistan ceasefire of May 2025, before a trade framework in February 2026 eased the pressure (see 'Tariff Tensions and Trade Negotiations' below).
- **Sergio Gor**, who is also US Special Envoy for South and Central Asian Affairs, presented his credentials as US Ambassador to India on 14 January 2026.
- US Secretary of State **Marco Rubio made his first visit to India on 23–26 May 2026**, meeting PM Modi and EAM S. Jaishankar and attending the Quad Foreign Ministers' Meeting in New Delhi; talks covered trade, technology, energy, defence and Indo-Pacific security.

Forums for Political Cooperation

Instituted Dialogue Mechanism

- There are **more than 50 bilateral dialogue mechanisms** between the two governments. In addition, there are **Ministerial-level dialogues** involving finance, commerce, HRD , Science and Technology and energy. A new High-level Consultation between Foreign Secretary of India and the U.S. Deputy Secretary of State, and a Policy Planning Dialogue were launched in September 2015.
- **India and the US also held the first edition of the 2+2 dialogue in New Delhi in September 2018**, indicating a new maturity in the relationship.

Strategic Consultations

- India and U.S. have in recent years, instituted structured dialogues covering East Asia, Central Asia, West Asia, Africa and the Indian Ocean Region. India and the U.S. also have trilateral with Japan and with Afghanistan. Matters relating to international security and disarmament, and multilateral export control regimes are reviewed under the **Strategic Security Dialogue**. Issues relating to high-technology trade are discussed in the **India-U.S. High Technology Cooperation Group (HTCG).**
- The two sides have agreed to work closely for India's phased entry into the global export control regimes to strengthen global non-proliferation, arms control, as well as nuclear security.
- Along these lines, US support was crucial for India's entry into **Missile Technology Control Regime (MTCR)** in June 2016, **Wassenaar Agreement** in December 2017 and **Australia group** in January 2018.

Diplomatic

- US President Barack Obama in 2010 affirmed that "**the United States looks forward to a reformed UN Security Council that includes India as a permanent member".**
- India is backed by US on the membership of NSG and says it will continue to work on it carrying India to the elite club. America supports greater Indian role in securing the subcontinent and the Indian Ocean Region.
- India and the US call for freedom of navigation and resolving of territorial and maritime disputes peacefully in accordance with international law. Peace, stability and prosperity of the Indo-Pacific region, is an objective of strategic cooperation between India and the US.
- India and the US strongly condemn continued provocations by the Democratic People's Republic of Korea (DPRK), emphasizing that its destabilizing pursuit of nuclear and ballistic missile programmes pose a grave threat to regional security and global peace.

Economic

- From a **modest $ 5.6 billion in 1990, the bilateral trade in merchandise goods increased to $ 66.9 billion in 2014.** During Prime Minister's visit to the U.S. in September 2014, the two sides set a target to increase bilateral trade in goods & services to $500 billion.
- As per the Ministry of Commerce, India–US merchandise trade stood at **US$ 131.84 billion in 2024–25** (exports US$ 86.51 billion, imports US$ 45.33 billion), making the US India's largest trading partner for the fourth year in a row.
    - In **2025–26**, India's exports to the US rose to about US$ 87.3 billion and imports to about US$ 52.9 billion (total about US$ 140 billion). The US remained India's **largest export destination**, though China overtook it as India's largest overall trading partner that year.
    - The 'Mission 500' goal (February 2025) aims to take total bilateral trade to **US$ 500 billion by 2030**.

Trade and Investment

- As per Indian official statistics, the **cumulative FDI inflows from the US from April 2000 to December 2015**
  amounted to about $ 17.94 billion constituting nearly 6 % of the total FDI into India, making the U.S. the fifth largest source of foreign direct investments into India.
- India's FDI in the United States (stock) was $ 9.8 billion in 2017, up 11.5% from 2016.

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- As per Office of the United States Trade Representative statistics, U.S. goods and services trade with India totaled an estimated $239.6 billion in 2025 (up from $126.2 billion in 2017). US exports to India were about $ 88.3 billion; imports were about $ 151.4 billion.
- The U.S. goods and services trade deficit with India was about $63.1 billion in 2025 (goods $58.4 billion, services $4.7 billion), up from $27.3 billion in 2017.

Tax Evasion

- **India and USA have signed an Inter Governmental Agreement (IGA) to implement the Foreign Account Tax Compliance Act (FATCA)** to promote transparency between the two nations on tax matters. The agreement underscores growing international co-operation to end tax evasion everywhere.

Dialogue Mechanism for Economic Cooperation

- There are several dialogue mechanisms to strengthen bilateral engagement on economic and trade issues including:
  - Ministerial level Economic and Financial Partnership and a Ministerial Trade Policy Forum.
  - For greater involvement of private sector in discussion on issues involving trade and investment, there is a bilateral India US CEO 's Forum.
  - Smart Cities and Urban Rejuvenation: US firms will be lead partners in developing Allahabad, Ajmer and Vishakhapatnam as Smart Cities. USAID will serve as knowledge partner for the Urban India Water, Sanitation and Hygiene (WASH) alliance with to help leverage business and civil society (Gates Foundation) to facilitate access to clean water, hygiene and sanitation in 500 Indian cities.

Tariff Tensions and Trade Negotiations (2025–2026)

- **BTA talks:** Negotiations on a Bilateral Trade Agreement were launched on 13 February 2025, but the first tranche could not be concluded by the fall 2025 target.
- **The 50% tariff episode (2025):** Under its 'reciprocal tariff' policy (Executive Order 14257 of April 2025), the US imposed a 25% tariff on most Indian goods from August 2025.
  - An **additional 25% penalty for buying Russian oil** (Executive Order 14329, signed 6 August 2025) took effect on 27 August 2025, raising the duty on most Indian goods to **50%**.
  - India rejected the argument that its oil purchases fund Russia's war in Ukraine as a double standard and maintained that its energy policy is a sovereign decision; Indian refiners nonetheless diversified towards West Asian, African, Latin American and US crude.
  - The burden fell mainly on labour-intensive sectors such as textiles and apparel, leather and footwear, home décor and artisanal products.
- **Interim trade framework (February 2026):** After the two leaders spoke in early February 2026, a joint statement (6 February 2026) set out a framework for an **Interim Agreement**:
  - the US reciprocal tariff on Indian goods was cut to **18%**, and the 25% Russian-oil penalty was removed with effect from **7 February 2026**;
  - tariffs on generic pharmaceuticals, gems and diamonds and aircraft parts were to be removed once the Interim Agreement is concluded;
  - India agreed to eliminate or reduce tariffs on all US industrial goods and many farm products (such as tree nuts, fruit, soybean oil, wine and spirits, and dried distillers' grains), and to address non-tariff barriers on medical devices, ICT and agriculture;

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  - India stated its intention to purchase **US$ 500 billion** of US energy products, aircraft and parts, precious metals, technology products and coking coal over five years.
- **US court ruling and new tariff regime:**
  - On **20 February 2026** the US Supreme Court held that the International Emergency Economic Powers Act (IEEPA) does not authorise the President to impose tariffs, striking down the 'reciprocal' and related tariffs.
  - A temporary 10% global surcharge under **Section 122** of the Trade Act, 1974 applied from 24 February 2026 for the maximum 150 days.
  - When it lapsed on 24 July 2026, the US imposed **Section 301 'forced labour' tariffs**; India was placed in the lower **10%** bracket because it has a ban on imports made with forced labour. Separate Section 232 duties on steel, aluminium and auto parts continue.
- **Russia sanctions law:** On 18 September 2026 President Trump signed the **Sanctioning Russia and Iran Act of 2026**, which authorises tariffs of up to 100% on the largest buyers of Russian oil and gas, with wide presidential discretion on targets and rates. India responded that it remains committed to energy security for its 1.4 billion people.
- **Status (October 2026):** After meeting Commerce Minister Piyush Goyal in late September 2026, US Trade Representative Jamieson Greer said a deal was not imminent. On 5 October 2026 Finance Minister Nirmala Sitharaman said the talks had reached a "plateau" and further concessions would be "very, very difficult". India's exports to the US still rose to US$ 42.79 billion in April–August 2026 from US$ 40.39 billion a year earlier.

Defence

- **Defence relationship has emerged as a major pillar of India-U.S. strategic partnership with the signing of 'New Framework for India-U.S. Defence Relations' in 2005** and the resulting intensification in defence trade, joint exercises , personnel exchanges, collaboration and cooperation in maritime security and counter-piracy, and exchanges between each of the three services.
- The Defence Framework Agreement was updated and renewed for another 10 years in June 2015.
- The US designated India a **'Major Defence Partner'** in 2016 and moved India to **Strategic Trade Authorisation Tier-1 (STA-1)** in 2018, giving licence-free access to many military and dual-use technologies.
- In 2024 the two sides signed a **Security of Supply Arrangement (SOSA)** and an MoU to post Indian liaison officers in US commands, starting with US Special Operations Command.
- On **31 October 2025**, in Kuala Lumpur, Defence Minister Rajnath Singh and US Secretary of War Pete Hegseth signed a new **ten-year Framework for the U.S.-India Major Defence Partnership**, which sets policy direction for the entire defence relationship.

Military Exercises

- The two countries now conduct more bilateral exercises with each other than they do with any other country.
  An **Indian Navy ship took part in Rim of the Pacific (RIMPAC) exercise in 2014 for the first time**. **Exercise Malabar, tri-nation marine exercise** is aimed for secure and prosperous Indian Ocean in specific and maritime partnership and cooperation among participants in general.

- **Exercise 'Yudh Abhyas'** strengthens and broadens interoperability and cooperation between the Indian and US armies. The exercise provided an ideal platform for the personnel of the two countries to share their experiences on counter terrorist operations, especially in mountainous terrain. 14th such exercise was conducted in September 2018; the 21st edition was held at Fort Wainwright, Alaska, in September 2025. **Exercise 'Vajra Prahar'** is a Indo-US Special Forces joint training exercise conducted alternately in India and the US.

Defence Acquisition

- **Aggregate worth of defence acquisition from U.S. Defence has crossed over US$ 13 billion**. The countries are also holding talks on the supply of F-16 and F/A- 18 fighter jets for the Indian Air Force. These defence deals would give a significant boost to the 'Make in India' program.
- Major recent deals and projects:
  - contract for **31 MQ-9B drones** signed on 15 October 2024 (about 28,350 crore; 15 for the Navy, 8 each for the Army and Air Force);
  - co-production of **GE F414 engines** with HAL (agreed in June 2023) for India's light combat aircraft programme;
  - new procurement and co-production plans for **Javelin** anti-tank missiles and **Stryker** infantry combat vehicles, and six more **P-8I** maritime patrol aircraft, announced in February 2025.

Defence Initiatives and Agreements

- **Defence Technology and Trade Initiative (DTTI):** India and the United States have launched a Defence Technology and Trade Initiative (DTTI) aimed at simplifying technology transfer policies and exploring possibilities of co-development and co-production to invest the defence relationship with strategic value. The DTTI Working Group and its Task Force will expeditiously evaluate and decide on unique projects and technologies which would have a transformative impact on bilateral defence relations and enhance India's defence industry and military capabilities. The two countries have already finalised four 'pathfinder projects' and two pathfinder initiatives for joint development and production under the DTTI.
- The two sides have not only agreed in principle to transform from mere buyer-seller defence relationship to joint research, co-development and production of high end defence equipment, but have also signed a "Joint Strategic Vision for the Asia-Pacific and Indian Ocean Region".
- **Three Foundational Defence Agreements:** Recently, the Indian government has also pursued three crucial bilateral agreements – the Logistic Exchange Memorandum of Agreement (LEMA), the Communication and Information Security Memorandum (CISMOA) and the Basic Exchange and Cooperation Agreement (BECA). The previous UPA government opposed these three agreements as they argued that they would undermine India's strategic autonomy and its policy of nonalignment. But in light of emerging security threats, the government has agreed 'in principle' to all the three. The agreements clearly puts emphasis on building interoperability and capacity of the emerging partners through joint military exercises, training, and defence equipment sales. The change in government policy led to India signing LEMOA (India-specific LEMA) in August 2016, and COMCASA (India-specific CISMOA) in Sep. 2018. The third, **BECA, was signed in October 2020**, completing the set of foundational agreements (an Industrial Security Agreement was also signed in 2019).

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AGREEMENT	OBJECTIVE	BENEFITS TO INDIA	POSSIBLE DISADVANTAGES
Logistic Exchange Memorandum of Agreement (LEMoA) or Logistics Support Agreement (LSA)	Will allow both countries to access fuel and supplies from each other's bases Indian Defence Minister has made it clear that LEMA does not mention the stationing of American troops on Indian soil	Makes it easier to coordinate military activities Would help India in carrying out operations in the Indian Ocean and expanding its maritime reach in the Asia Pacific. Will help in correcting logistic deficiencies in tackling security challenges	There are also fears that under LEMA, the United States would pressure India into allotting portions of its land bases for exclusive military use
Communication and Information Security Memorandum of Agreement (CISMOA)	Will enable the countries to share confidential intelligence in both peacetime and war using advanced encryption technology	Indian military will get critical and encrypted defence technologies from the U.S.	Would give the U.S. access to India's encrypted systems. Indian armed forces have expressed their reservations regarding this.
Basic Exchange and Cooperation Agreement (BECA)	Would provide India with topographical and aeronautical data as well as products aiding navigation and targeting	Would enable technology transfer and seamless communication between the military systems of the two countries.	Would enable the United States to listen to highly confidential defence conversations within India

Civil Nuclear Cooperation

- The **bilateral civil nuclear cooperation agreement was finalized in July 2007 and signed in October 2008**.
  The 2008 deal **exempted India from an international sanctions regime that disallowed India from importing fuel or civilian nuclear technology unless it gave up its nuclear weapons.**
- The US persuaded the international community to end this policy. During Indian Prime Minister visit to the US in September 2014, the two sides set up a Contact Group for advancing the full and timely implementation of the India-US Civil Nuclear Cooperation Agreement, and to resolve pending issues.
- The Group reached agreement on the compatibility of India's nuclear liability law with relevant international conventions and creation of an insurance pool drawing experience of best practices to take care of nuclear liability risk. The two sides have started the preparatory work on site in India for six nuclear reactors to be set up in Andhra Pradesh.
- In February 2025 the two leaders agreed to work towards building **US-designed reactors in India** with localisation and possible technology transfer, and the US welcomed India's Budget announcement to amend the **Atomic Energy Act and the Civil Liability for Nuclear Damage Act (CLNDA)** so that liability concerns of foreign suppliers can be addressed.

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India-US Civil Nuclear Deal

- India and the United States had signed the civilian nuclear deal in 2008 but differences remained over an Indian nuclear liability law that makes equipment suppliers ultimately responsible for an accident. **Countries like France and the US had been asking India to follow global norms under which the primary liability lies with the operator.**
- The issue of nuclear liability had been a bone of contention on reaching an agreement. As per the international norms, in case of any accident, the Indian government would have to pay heavy damages because all the nuclear plants in the country are run by the state-owned **Nuclear Power Corporation of India (NPCIL).**
- India had ruled out changes in its 2010 liability legislation (Civil Liability for Nuclear Damage Act, 2010) but offered to set up an insurance pool to indemnify companies that build reactors in the country against liability in case of a nuclear accident.
- Breakthrough was achieved during President Obama visit to India in 2015. The deadlock over the nuclear deal has been done away with during a one-on-one talk between the two countries head.

New Plan

- As per a new plan, those companies engaged in building nuclear reactors in India would buy insurance from the state-run reinsurer GIC Re. The companies would then recoup the cost by charging more for their services.
- Alternatively, the NPCIL would take out insurance on behalf of these companies.

Prospects of New Plan

- Section 17b of CLNDA (Civil Liability for Nuclear Damage Act, 2010) says the plant operators – in India's case, the public sector NPCIL-can claim compensation from their equipment suppliers if the accident is a result of 'equipment or material with patent or latent defects'.
- And Section 46 makes both suppliers and operators liable to be sued by accident victims, over and above the Rs. 1,500-crore cap.
- The suppliers say, these laws leave them vulnerable to open-ended criminal action and tort-law compensation claims for any damages. This is unfair, they say, because after a contractually-agreed time-frame, it is the operator – not the supplier – who ought to spot and rectify defects and therefore be liable. Prior to CLNDA , NPCIL contracts with Indian vendors did absolve them of civil liability except where specified in the contract, which was limited in terms of value and time frame.
- In the US, the law allows victims to file damage claims against operators, suppliers and designers. However, when US firms started selling abroad, they pushed for the concept of legal channeling, which left only operators liable. The Paris Convention, 1960, and the Vienna Convention, 1963, say no one other than operators can be held responsible. In 1997, the CSC (Convention on Supplementary Compensation for Nuclear Damage) came with some reforms, setting up an international liability fund. The major suppliers of equipment to India are all signatories to these conventions. CLiNDA is in violation of these.
- The government says setting up an insurance pool will fix things, but most experts don't agree. CLiNDA already has a provision for a pool; Section 7 states where the liability exceeds the Rs 1,500 crore cap, the central government "may establish a fund to be called the Nuclear Liability Fund". This is the fund the government has been saying it will establish. This will protect suppliers against claims by the operator. However, it won't do much to reassure suppliers, since they will continue to be liable to tort action by accident victims.

- The Department of Atomic Energy and NPCIL think international vendors will fall in line if rules and definitions in CLiNDA are tweaked. For example, NPCIL could be defined to be both operator and supplier, since it provides design specifications for reactors it operates and the vendors would then be called "fabricators" or "contractors". Another suggestion is for the government to explain that Section 46 applies only to criminal liability, not civil liability, i.e. intent vs accident, and not involving any money. However , it is far from clear if ideas like these would stand legal scrutiny. Firms may see the government's offer as 'a postdated cheque' that can be cancelled by courts or a future government.

Energy and Climate Change

- The **U.S. India Energy Dialogue was launched in May 2005** to promote trade and investment in the energy sector, and held its last meeting in September 2015 in Washington DC. There are six working groups in oil & gas, coal, power and energy efficiency, new technologies & renewable energy, civil nuclear co-operation and sustainable development under the Energy Dialogue.
- Investment by Indian companies like Reliance, Essar and GAIL in the U.S. natural gas market is ushering in a new era of India U.S. energy partnership. The US Department of Energy has so far given its approval for export of LNG from seven liquefaction terminals in the US, to countries with which the US does not have a free trade agreement (FTA) – with two of these five terminals, the Indian public sector entity, Gas Authority of India Limited (GAIL) has off-take agreements.
- As a priority initiative under the PACE (Partnership to Advance Clean Energy), the U.S. Department of Energy (DOE) and the Government of India have established the Joint Clean Energy Research and Development Center (JCERDC) designed to promote clean energy innovations by teams of scientists from India and the United States, with a total joint committed funding from both Governments of US$ 50 million.
- **India and the US are advancing cooperation and dialogue on climate change through a high-level Climate Change Working Group and a Joint Working Group on Hydroflurocarbon**. India has also become the latest Asian country to buy U.S. crude after South Korea, Japan, China, Thailand, Australia and Taiwan, as the countries seek to diversify oil imports from other regions after the OPEC cuts drove up prices of Middle East heavy-sour crude, or grades with a high sulfur content.
- Energy trade has become part of trade diplomacy: the February 2025 joint statement committed India to buy more US crude, petroleum products and LNG, and US crude deliveries to India reached about 5.7 lakh barrels per day in October 2025 as Indian refiners cut Russian intake. Energy products are also central to India's stated intention (February 2026) to buy US$ 500 billion of US goods over five years.

Counter-terrorism and Internal Security

- **Cooperation in counter-terrorism has seen considerable progress with intelligence sharing, information exchange, operational cooperation, counter-terrorism technology and equipment.**
- **India-US Counter-Terrorism Cooperation Initiative was signed in 2010** to expand collaboration on counter-terrorism, information sharing and capacity building.
- India and USA have also signed an agreement to join the global terror database maintained by the Terrorist Screening Center (TSC) of the U.S. The U.S. has already finalised such agreements with 30 countries and the Terrorist Screening Center has details of 11 ,000 terror suspects on its database, including nationality, date of birth, photos, finger prints (if any) and passport numbers.
- Under this arrangement, both sides will give each other access to terrorism screening information through designated contact points, subject to domestic laws and regulations, said the statement.

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- **Tahawwur Rana**, accused in the 26/11 Mumbai attacks, was **extradited from the US to India in April 2025**.
- The US condemned the **Pahalgam terror attack (22 April 2025)**, in which 26 people were killed, and on 17 July 2025 designated **The Resistance Front (TRF)**, a proxy of Lashkar-e-Taiba, as a Foreign Terrorist Organisation and Specially Designated Global Terrorist.

Science and Technology

- Science and technology cooperation between the United States and India strengthens bilateral relationship, promotes economic growth, and allows developing new and innovative technologies and products to address shared challenges. The **United States and India believe that science, technology, and**
  innovation are key tools that will help us address global challenges such as climate change, health, education, food, water, and energy security.
- The framework of **U.S.-India Science and Technology Cooperation Agreement was signed in October 2005.**
  In 2000, both the governments endowed the India-U.S. Science & Technology Forum (IUSSTF) to facilitate mutually beneficial bilateral cooperation in science, engineering, and health. The U.S.-India Science & Technology Endowment Fund was established in 2009.
- **Collaboration between the Ministry of Earth Sciences and US National Oceanographic and Atmospheric Administration has been strengthened under the 2008 MOU on Earth Observations and Earth Sciences**. A **'monsoon desk'** has been established at the U.S. National Centers for Environmental Prediction. India's contribution of $250 million towards **Thirty-Meter Telescope Project** in Hawaii and Indian Initiative in Gravitational Observations (IndiGO) with U.S. **LIGO Laboratory** are examples of joint collaboration to create world-class research facilities.
- **From iCET to TRUST:** The **Initiative on Critical and Emerging Technology (iCET)**, started in 2022 and steered by the two National Security Advisers, was replaced on 13 February 2025 by **TRUST (Transforming the Relationship Utilizing Strategic Technology)**.
  - TRUST retains semiconductors, artificial intelligence and quantum technologies, and adds critical minerals (lithium, rare earths), biotechnology, energy, space and defence technology, along with an AI infrastructure roadmap and secure supply chains for pharmaceutical ingredients.

Space

- The US played a key role in the early Sixties in establishing the sounding rocket programme that marked the beginning of India's space effort. In subsequent years, **NASA helped ISRO in satellite broadcasting and remote sensing – till 1974,** when India-US bilateral relations became strained in the wake of India's first nuclear test and, later, the success of its first launch vehicle, the SLV-3, in 1980 (which also demonstrated the country's technological capability to build ballistic missiles). Cooperation between ISRO and NASA came to a standstill after India's nuclear tests in 1998 when the Clinton administration enforced a unilateral embargo on ISRO.
- **Washington, however, acknowledged this only in 2004 and India-US ties improved as civilian space programmes were made part of the India-US Next Steps in Strategic Partnership (NSSP) agreement.** Since then, both sides have collaborated on climate change research and utilised data from remote sensing satellites for weather forecasting, disaster management support and education. ISRO now launching American satellites certainly marks a dramatic upswing in bilateral space cooperation.

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- A bilateral **Joint Working Group on Civil Space Cooperation** provides a forum for discussion on joint activities in space. The last meeting of the JWG was held in September 2015 in Bengaluru. **NASA and ISRO are collaborating for India's Mars Orbiter Mission and for a dual-band Synthetic Aperture Radar (NISAR).**
  In 2013, the US spacecraft **Mars Atmosphere and Volatile Evolution mission (MAVEN)** entered the Martian
  orbit just two days before India's Mars Orbiter Mission (MOM) did. **NASA 'S deep space network** provided space navigation and tracking support to MOM, and now ISRO and NASA routinely share data and imagery from these spacecrafts.
- **NISAR** (NASA-ISRO Synthetic Aperture Radar), the jointly built earth-observation satellite costing about US$ 1.5 billion, was launched on **30 July 2025** by ISRO's GSLV-F16 from Sriharikota; NASA provided the L-band radar and ISRO the S-band radar, satellite bus and launcher.
- Under a NASA-ISRO arrangement, **Shubhanshu Shukla** flew to the International Space Station on the **Axiom-4 mission (launched 25 June 2025)**, the first member of India's astronaut corps to fly in space, gaining experience for the Gaganyaan programme.
- Stronger India-US space ties bode well for multilateral cooperation too, with over 50 space agencies across the globe eager to participate in space exploration.
- Formulating much-needed space laws needs strong leadership and ISRO's impeccable credentials could see India play a major role in the United Nations **Committee on the Peaceful Uses of Outer Space (COPUOS).**

Diaspora and Cultural Exchanges

- The **5.4 million-strong Indian American community** (about 2.08 million NRIs and 3.33 million Persons of Indian Origin, as per Ministry of External Affairs estimates) is an important ethnic group in the U.S., **accounting for more than 1.5% of the total population in the country.**
- Indian American community includes a large number of professionals, business entrepreneurs and educationalists with increasing influence in the society.
- With two Indian Americans occupying high level posts of Governor and several representatives of the people, the Indian Diaspora has assimilated into their adopted country and is acting as a catalyst to forge closer and stronger ties between India and USA.
- Cultural cooperation between India and the U.S. is rich and manifested in diverse ways. Apart from the India focused educational programs at the Universities and educational institutions, many private institutions teach Indian cultural arts. In addition to the website 'www. indianembassy.org' and social media channels, the Embassy provides updated information on various aspects of India that are relevant to the United States, through its various digital newsletters, including the weekly "India: Partner in Growth", focusing on business and strategic matters, and the monthly "India Live", providing information on initiatives of the Embassy and the Consulates, major developments in India, and in culture and tourism.

Other Areas of Cooperation

Health:

- Under the 2010 U.S.-India Health Initiative, four working groups have been organized in the areas of Non-Communicable Diseases, Infectious Diseases, Strengthening Health Systems and Services, and Maternal and Child Health.

- In the first meeting of the Health Dialogue in September 2015 in Washington DC, both sides agreed to collaborate institutionally in the new areas of mental health and regulatory and capacity-building aspects of traditional medicine.

Education:

- Cooperation in education sector has been made an integral part of the strategic partnership between the two countries.
- The Fulbright program was renewed in 2008, with enhanced mandate and joint funding, to provide more student and scholar exchange grants. More than 3,00,000 Indian students are now studying in the US, contributing over US$ 8 billion a year to the US economy (as cited in the February 2025 joint statement); in the past the figure was about 130,000.
- Under the Global Initiative of Academic Networks (GIAN) launched by India, upto 1000 American academics will be invited and hosted each year to teach in Indian universities at their convenience. The two sides are also collaborating to establish a new Indian Institute of Technology in Ahmedabad.

Cyber Security:

- Cooperation on cyber issues is a key component of the bilateral relationship between India and the United States. The two countries have a strategic cyber relationship that reflects their shared values, common vision, and shared principles for cyberspace.
- India-USA framework on cyber security seeks to promote international security and stability in cyberspace through a framework that recognizes the applicability of international law, in particular the UN Charter, to state conduct in cyberspace and the promotion of voluntary norms of responsible state behavior in cyberspace.

06 Significance of India–USA Relationship

- The relationship between the United States and India, the **world's largest two democracies** collectively housing over a billion and a half people, is one of the world's most important bilateral relationships in the 21st century.
- They share strategic interests, but more significantly, they share **deep-seated values underpinning their common experience of democratic governance amidst multihued social and cultural diversity.**
- **Strategic Convergence:** India-USA share the threats they perceive namely terrorism, instability in Middle East, Afghanistan, freedom of navigation, regional security balance, migration, drug trafficking, etc.
- **Middle East:** Given its vital national interests connected to West Asia, particularly, the Persian Gulf in terms of energy requirement, huge Indian population working in the region, remittances flow, etc, India needs peace and stability in the region. The United States and India also share support for the existence and security of both Israel and Palestine.
- **South China Sea:** India-USA share the view of freedom of navigation in Ocean. In 2015, during former President Obama's visit, the joint statement noted concern about the South China Sea. Whereas previous such statements had exhorted freedom of navigation in general terms, India's willingness to mention the sea by name indicated a new willingness to confront China.
- **Balance in Asia:** In the US National Security Strategy (NSS) 2015 report, India receives prominent mention: ' we support India's role as a regional provider of security', and 'see a strategic convergence with India's

Act East policy and our continued implementation of the rebalance to Asia and the Pacific '. The joint statement of USA-India during the visit of Indian Prime Minister to USA in June , 2017 said" a close partnership between the United States and India is central to peace and stability in the region".

- **Afghanistan Stability:** As America's war in Afghanistan enters its 17th year, India has welcomed United States "new policy on Afghanistan", saying this move will help target "safe havens" of terrorism in South Asia. India has always advocated for having an Afghanistan-led and Afghanistan-owned peace process to ensure peace and stability in Afghanistan. Recently, by asking the Afghans to take charge of their internal affairs, USA has vindicated the position that India first took in the 1980s and has maintained ever since. USA also seeks India's support in bringing peace, security, and stability and prosperity in Afghanistan. However, India has always focused on developmental support and denied for any troops support. US forces finally withdrew from Afghanistan in August 2021 and the Taliban returned to power, removing this shared agenda.
- **Terrorism:** USA supports a U.N. Comprehensive Convention on international Terrorism that will advance and strengthen the framework for global cooperation and reinforce the message that no cause or grievance justifies terrorism. India and USA have had terror attacks in the past. Both consider terrorism a global scourge that must be fought and believe that the terrorist safe havens should be rooted out in every part of the world.
- India appreciated the United States designation of the Hizb-ul-Mujahideen leader as a Specially Designated Global Terrorist as evidence of the commitment of the United States to end terror in all its forms.
- **Defence Cooperation:** India and USA have pledged to deepen defence and security cooperation, building on the United States' recognition of India as a Major Defence Partner. "White Shipping" data sharing arrangement, United States offer for India's consideration the sale of Sea Guardian Unmanned Aerial Systems shows increasing convergence on security interests. Agreements for the purchase of two of the most advanced American helicopters (Apache and Chinook) in a deal worth about $3 billion are examples of growing defence ties.
- Also, the **New Security Strategy** unveiled in December 2017 mentions that the US will expand its defence and security cooperation with India which is a major defence partner of the United States, and will also support India's growing relationships throughout the Indo-Pacific region.
- **UNSC and Missile Technology Regimes:** The United States support was also crucial for India's entry into Wassenaar Arrangement in December 2017, Australia Group in January 2018 and MTCR in June 2016 . US also strongly support India's permanent membership in a reformed UNSC.
- **US has recently started using 'Indo-Pacific' phrase instead of 'Asia Pacific'**, saying it captures the importance of the rise of India with which the US has strong and growing ties. China continues to address the region as Asia Pacific.
- **Coming Back of 'Quad 1:** A decade ago, the **'Quad' was formed on the initiative of Japan, with a strategic naval exercise, code named Malabar 07, in which Australia, the US and India also participated**. But later, Australia pulled out, apparently bowing to Chinese pressure. A regional coalition, the quadrilateral formation includes **Japan, India, the United States and Australia.** In these intervening years, the world has gone through a recession, the US has lost some of its global power and influence, China has grown its military and economic might and a resurgent India has aimed to position itself as a counterweight to China in Asia. The revival of Quad, thus, is the result of China's assertiveness and ambitious agenda. Formation of Quad brings into focus the maintenance of the 'rules based order' in the Indo Pacific region.

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- **India participated in the first formal official-level discussions under the regional coalition 'Quad' in November 2017**. The discussions focussed on cooperation based on their converging vision and values for promotion of peace, stability and prosperity in an increasingly inter-connected region. The emergence of 'Quad' favours India. But the emergence of China is a reality India has to deal with. Hence, India might have to build bridges with its neighbour and biggest trade partner as well.
- Pursuing this strategy, India emphasised that the quadrilateral was not aimed at any other country and said New Delhi was also involved in similar groupings in the region to deal with security and political issues.
- **Quad since then:** The Quad has since been raised to the level of leaders' summits; the last Leaders' Summit was held at Wilmington, US, in September 2024. India has held the chair since then but could not host the next summit in 2025, and no date had been fixed by mid-2026.
  - The **Quad Foreign Ministers' Meeting in New Delhi (26 May 2026)** announced work on Indo-Pacific energy security and maritime surveillance, carried forward the **Quad Critical Minerals Initiative** (launched July 2025) and the Indo-Pacific Partnership for Maritime Domain Awareness (operationalised at India's Information Fusion Centre, Gurugram), and stressed safe navigation through the Strait of Hormuz.
  - Reports in May 2026 suggested that future Quad summits may be held on the sidelines of other multilateral meetings, and that Australia may host the next one.
- Apart from strategic calculations, India needs strong trade and investment relationships to meet its vast economic potential. The U.S.-India trade relationship is both substantively important for India and mutually beneficial for both economies. The United States has also remained one of the top sources of foreign direct investment in India, bringing important managerial expertise, capital, and technology with it to the dynamic Indian market. The population of India forms a huge consumer base for many countries (U.S. being one of them) and provides them skilled (STEM Skills) manpower. US companies see India as a huge market after China.

07 India on USA 'Asia Pivot'

- The **US Asia pivot strategy aims to maintain a dominant strategic presence in the Asia-Pacific by reinforcing its long held supremacy in the region**. This strategy comes at a time when rising China's military assertiveness in Asia is growing, America's economic and political power is relatively declining, and the US eagerly looks forward to extricating itself from various conflicts in the greater middle east – Iraq and Afghanistan. India is seen as a lynchpin of this pivot strategy which is quite clear from the US department of Defence guidelines and also from various official statements.
- This pivot strategy offers both opportunities as well as challenges for India. It will help further enhance its burgeoning strategic relationship with the US as well as with the Asia-Pacific countries on a range of issues. But key differences between the two countries are likely to emerge regarding the political endgame in Afghanistan, and any US attempt to push India into making a choice of "**with us or against us"** on important strategic issues in Asia.
- India would rather prefer its own rebalancing strategy by not allying against any country (China) as its friendly relationship with all the major powers (including China and Russia) holds key to its rise in the coming decades. Besides, its own foreign policy towards the Asia-Pacific region has been evolving over the last two decades. It will thus adopt a very cautious approach towards this pivot strategy.

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- Meanwhile, India would like to develop a multilateral security architecture wherein all the Asian powers can work together and cooperate on vital economic and political issues for achieving their common interests. The US' economic condition also demands a cooperative approach towards the Asian powers, including China.
- In addition, the US recognizes that India and the US may not agree on every issue but would continue to enhance their strategic partnership. It also emphasises respect for India's strategic autonomy. Perhaps, there is need for an intensive Indo-US strategic dialogue on the future of Indo-Pacific order.

08 Challenges in Relations

The **relationship between India and USA has been a mix of dilemma and confusion. Since 1974, India and USA have seen many instances of waxing and waning in the bilateral relationship**. The India-USA relation does face issues hampering national interest of one or the other.

Some of the challenges in the Indo-US relations are:

Maintaining Strategic Autonomy

- **India maintains good relations with Russia and Iran**. This has been under stress after India's tilt towards US post Cold war. India's relations with Moscow are challenged by continuing escalation of tensions between US and Russia. This was witnessed in the form of US sanctions threat when India planned to buy the S-400 missiles from Russia.
- Similarly, US withdrawal from Iran deal posed a challenge to India's energy security interests. However, Indian must beware of seeing the US relationship in terms of a checklist of Indian expectations alone.
- India should also gradually move from its traditional obsession with preserving its strategic autonomy in the face of external pressure to a broader acceptance of its own responsibilities in shaping the world in which it wants to thrive.
- **Russian oil (2025–26):** The 25% penalty tariff of August 2025 (removed in February 2026) and the **Sanctioning Russia and Iran Act of 2026**, which allows tariffs of up to 100% on major buyers of Russian oil, show how India's energy ties with Moscow have become the sharpest test of its strategic autonomy.
- **Iran:** The US–Israel war on Iran that began on 28 February 2026 and the disruption of shipping through the Strait of Hormuz hit India's energy security. The US sanctions exemption for India's **Chabahar port** project, in place since November 2018, was due to expire on 26 April 2026, leaving India's role in the port uncertain.

Visa Issue

- The **U.S. has tightened the norms for issuing the most sought-after H1B and L1 visas** in line with the Trump administration's goal to protect American workers from discrimination and replacement by foreign labour.
- The H1-B visa is a non-immigrant visa given by the United States to employ skilled workers from other countries for various specialised fields of occupation for a certain period of time.
- The change in the visa programme is to be brought through H1-B visa programme Bill. It prohibits companies from hiring H1-B employees if they employ more than 50 people and more than 50 per cent of their employees are H1-B and L-1 visa holders.

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- **Impact on India**
  - If changes in the Bill get through, the resultant increase in employee wages will be a cost worry for the IT industry.
  - The Indian firms will face the challenge of increased local hiring and wage hikes that may hit their margin.
  - Indian IT stocks fell by as much as 4 per cent after the re-introduction of the bill.
- **US$ 100,000 H-1B fee (2025):** A presidential proclamation of 19 September 2025, effective 21 September 2025, restricted entry of new H-1B workers unless the petition is accompanied by a **payment of US$ 100,000**, with waivers possible in the national interest; it was issued for 12 months unless extended. Indian professionals, the largest users of the programme, and Indian IT firms are the most affected.

Trade Issues

SOLAR ISSUES

- India has lost the domestic content requirement (DCR) case related to solar cell manufacturing against US in WTO. The body declared that the DCR requirement in India's Jawaharlal Nehru National Solar Mission violates WTO trade agreement. The ruling will affect India's 100 GW solar energy target and raise the production cost.
- Recently, US approached the WTO demanding action against India for non-compliance of the ruling. India, however, has maintained that it has complied with the WTO 's ruling and had requested the WTO to set up a panel to determine its compliance with the rulings of the dispute.
- WTO's dispute settlement body has agreed to this and set-up a panel to determine whether India has complied with its ruling in a case against the US regarding domestic content requirements for solar cells and modules.
- The dispute was finally closed through a **mutually agreed solution notified to the WTO on 13 July 2023**, under which the US withdrew its request to retaliate and India withdrew its request for a compliance panel.

INTELLECTUAL PROPERTY RIGHTS (IPR)

- The United States Trade Representative's (USTR) Special 301 Report for 2016, has kept India on a priority watch list. The report is an annual assessment of the state of IP laws in countries having trade relation with USA.
- India asserts that its IP laws are compliant with WTO's Trade Related Intellectual Property Rights (TRIPS) and has objected TRIPS Plus' requirements in international trade deals.
- The U.S. is against India's compulsory licensing laws for drugs in the interest of public health as well as against Section 3(d) of the India Patent Act, which prevents patents from being taken out on a product unless its efficiency is significantly enhanced.

TRADE WAR

- A trade war is when a nation imposes tariffs or quotas on imports, and foreign countries retaliate with similar forms of trade protectionism.
- China and the United States are locked in an ongoing trade war as each country has introduced tariffs on goods traded between each other. US claims unfair trade practices and theft of intellectual property as the basis for its actions. Trump administration said the tariffs were necessary to protect intellectual property of U.S. businesses, and to help reduce the U.S. trade deficit with China.

- Trade wars slowdown the global economy, damage the rules-based trading system under WTO, disturb financial markets and disrupt global supply chains. While trade wars may present a short-term opportunity for India to reduce its trade deficit with China, the negative impacts outweigh the minor benefits India could attain.

Issue of Poultry

- The U.S. had filed a case against India's prohibition on importation of various agricultural products (including poultry) from the U.S. because of concerns related to Avian Influenza (bird flu).
- The U.S . had objected the ban as it was against WTO norms and had hurt its poultry exports to India. The WTO Appellate Body had found that India's import prohibition 'discriminatory' and 'more trade-restrictive than required'.

Totalization Agreement

- Totalization agreements are a means of protecting the benefit rights of workers whose working career is spread over two or more countries.
- Currently, more than five lakh Indian-origin professionals are working there and they contribute more than $1 billion annually to the US social security system.
- The absence of the Totalisation agreement means that the Indian-origin workers, who are working in the US, will not get back their social security contributions unless they spend minimum ten years in that country.
- If the two countries sign this agreement with each other, professionals of both the countries would be exempted from social security taxes when they go to work for a short period in the other country.

US Isolationist Policies

- Recently, US has pulled out of many international agreements and bodies. It pulled out from the Transpacific Partnership (TPP), Iran nuclear deal, UNESCO, the Paris agreement on climate change, and threatened to end NAFTA (trade deal between North American countries).
- US also said it would start the process of leaving the Universal Postal Union (UPU). This isolationist behaviour implies India needs to reconsider the depth to which it is willing to engage US in the strategic domain. It also carries the risk of US ceding strategic space to China in international for a.
- The trend returned in the second Trump administration. A presidential memorandum of **7 January 2026** withdrew the US from **66 international organisations**, including the India–France-led **International Solar Alliance**, which the US had joined in 2021.

Hyphenation/De-Hyphenation Issue

- The US, under President Bush, formulated the action plan of the 'de-hyphenation' policy which allows the State Department to treat India and Pakistan separately without referring to their bilateral relations.
- This has been useful for the US in improving strategic and military ties with India without necessitating a reaction from Pakistan.
- In 2016, US started considering re-hyphenation which implies putting India and Pakistan in the same basket vis a vis Washington's relations with both these countries.
- India is against the policy of hyphenation with Pakistan as it could lead US meddling in Kashmir issue that could impact India's Afghanistan policy.

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- **Re-hyphenation concerns (2025):** After **Operation Sindoor** (May 2025), President Trump repeatedly claimed credit for the India–Pakistan ceasefire and offered to mediate. India rejected any mediation; the Prime Minister conveyed this to President Trump in June 2025 and the government told Parliament in July 2025 that the ceasefire resulted from direct military-level talks between the two countries. Washington's warmer engagement with Pakistan in 2025 revived Indian concerns about hyphenation.

PAKISTAN

- Since 9/11, the U.S. has disbursed over $25 billion in military and economic aid to Islamabad. The U.S. Department of Defence also awarded a $170 million contract for nine 'AH-1Z Viper' attack-helicopters to Pakistan to be manufactured by Bell Helicopters. India disagreed with the U.S. rationale that such arms transfers (to Pakistan) help to combat terrorism.
- However, the new US administration has signalled a shift in its policy through the New Security Strategy which seeks to apply pressure on Pakistan to intensify its counter-terrorism efforts and demonstrate that it is a "responsible steward" of its nuclear assets. It also said that the United States continues to face threats from "transnational terrorists and militants operating from within Pakistan". Pursuing this policy, US has decided to significantly cut its financial aid to Pakistan.

Pannun Plot Allegation

- In November 2023, US federal prosecutors charged Indian national Nikhil Gupta over an alleged plot to assassinate Sikh separatist **Gurpatwant Singh Pannun** on US soil, alleging links to an Indian official. India distanced itself from the alleged involvement; the case added a law-enforcement irritant to the relationship at the same time as the Canada–India row.

09 Conclusion

- The India-US relationship is being increasingly consolidated. However, like in any such relationship – especially between the world's foremost political, military, economic and technological power and a large developing country advanced in certain sectors of the knowledge economy, but beset with serious problems of poverty as well as at unequal stages of development internally – differences are normal.
- Success of the India-US relationship will lie in how effectively the two countries manage the differences that will inevitably arise between them.
- The U.S.-India bilateral relationship had been on a solid trajectory since the turn of the century. Recent momentum by establishing two by two minister framework to accelerate the works in the significant fields and signing of Logistic Exchange Memorandum Agreement (LEMOA) and COMCASA shows the right intention in right path for mutual benefits as well as for world.
- The years 2025–26 severely tested the partnership – 50% tariffs, the Russian-oil penalty, the H-1B fee and the Pakistan question. Yet the ten-year defence framework, TRUST, the Quad and continuing trade talks show that the structural convergence remains. The task for India is to secure a balanced trade deal while protecting farmers and its strategic autonomy in energy and defence choices.

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