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India-U.S. Relations

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SUMMARY

The end of the Cold War freed India-U.S. relations from the constraints of global bipolarity, but New Delhi-Washington relations continued for a decade to be affected by the burden of history, most notably the longstanding India-Pakistan rivalry. Recent years, however, have witnessed a sea change in bilateral relations, with more positive interactions becoming the norm. India's swift offer of full support for U.S.-led counterterrorism operations after September 2001 was widely viewed as reflective of such change.

Continuing U.S. interest in South Asia focuses especially on the historic and ongoing tensions between nuclear-armed India and Pakistan, tensions rooted in unfinished business from the 1947 Partition, and competing claims to the former princely state of Kashmir. The United States strongly encourages maintenance of a cease-fire along the Kashmiri Line of Control and continued, substantive dialogue between India and Pakistan.

The United States seeks to prevent the proliferation of nuclear weapons and ballistic missiles in South Asia. Both India and Pakistan have resisted U.S. and international pressure to sign the major nonproliferation treaties. In May 1998, India and Pakistan conducted unannounced nuclear tests that evoked international condemnation. Wide-ranging sanctions were imposed on both countries as mandated under the Arms Export Control Act, but were lifted through congressional-executive cooperation from 1998 to 2000. The remaining nuclear sanctions on India (and Pakistan) were removed in October 2001. During 2003, the United States and India engaged in numerous and unprecedented joint military exercises. These continue in 2004, along with discussions on possible sales to India of weapons systems.

The United States also has been concerned with human rights issues related to regional dissidence and separatistism in Kashmir, Punjab, and India's Northeast region. Strife in these areas has resulted in the deaths of tens of thousands of civilians, militants, and security forces over the two past decades. Communalism has been another matter of concern, with early 2002 rioting in the Gujarat state resulting in more than 1,000, mostly Muslim, deaths. International human rights groups, as well as Congress and the U.S. State Department, have criticized India for perceived human rights abuses in these areas.

The United States supports India's efforts to transform its once quasi-socialist economy through fiscal reform and market opening. Since 1991, India has been taking steps to reduce inflation and the budget deficit, privatize state-owned industries, and reduce tariffs and licensing controls. Coalition governments have kept India on a general path of economic reform, although there continues to be U.S. concern that movement has been slow and inconsistent. Plans to expand U.S.-India high-technology trade and civilian space and civilian nuclear cooperation have become key bilateral issues in recent years.

A surprise resurgence of the Nehru-Gandhi-led Congress Party in May 2004 elections brought to power a new left-leaning coalition government under former finance minister and Oxford-educated economist Manmohan Singh, India's first-ever non-Hindu prime minister. A Bharatiya Janata Party (BJP)-led coalition had been headed by Atal Behari Vajpayee from 1998 to 2004. See also CRS Report RS21589, *India: Chronology of Recent Events*, CRS Report RL32259, *Terrorism in South Asia*, and CRS Report RS21502, *India-U.S. Economic Relations*.

MOST RECENT DEVELOPMENTS

On November 10, the second meeting of the U.S.-India Cyber Security Forum ended in Washington with a vow to expand bilateral cooperation. On November 18, U.S. and Indian government officials and business leaders met in Washington under the auspices of the U.S.-India High-Technology Cooperation Group to discuss ways of increasing bilateral high-technology trade. On December 5, U.S. Treasury Under Secretary Taylor visited New Delhi, where he told a World Economic Forum audience that eradicating poverty will require India to increase its productivity through capital investment and education, and he lauded New Delhi for policies that put India on the "right track." On December 8, Secretary of Defense Rumsfeld visited New Delhi, where he called for an expanded U.S.-India defense relationship. India's external affairs minister said that India had "cautioned the United States" that the "U.S. arms supply to Pakistan would have a negative impact on the goodwill the United States enjoys with India." Days later, the Indian defense minister said "supplying weapons like F-16 fighter aircraft, lethal missile systems and naval reconnaissance aircraft to Pakistan at this juncture would affect the [India-Pakistan] peace process."

The 20-month-old India-Pakistan peace initiative continued, most notably on November 24 with Pakistani PM Shaukat Aziz making the first visit to India by a Pakistani prime minister in more than ten years. Both sides called the talks "friendly" and "constructive," but Pakistan offered no new formulations on the Kashmir issue and the Indian PM reiterated that the issue can have no "territorial solutions." Aziz also reportedly met with senior Kashmiri separatist leaders who, according to moderate figure Mirwaiz Umer Farooq, have failed in efforts to reunite the split Hurriyat Conference of Kashmiri separatists (Farooq blamed hardliner Syed Ali Shah Geelani for the ongoing impasse). On November 17, PM Singh visited the Jammu and Kashmir state for the first time while in office, where he presented a $5.3 billion assistance plan and offered unconditional dialogue with any separatists who shun violence. Six days before the trip, Singh had announced a reduction of Indian troop deployments in Kashmir as a result of "an improvement in the security situation in the state," the first such reduction since a separatist insurgency began there in 1989.

On November 2, Louisiana native Bobby Jindal became the first Indian-American elected to the U.S. Congress in nearly 50 years. On November 30, PM Singh traveled to Laos for an India-ASEAN summit that resulted in a joint agreement to expand counterterrorism and economic cooperation, and the benchmark Bombay Sensex stock index reached an all-time closing high of 6,234 points. On December 3, during a visit to New Delhi by Russian President Putin, India and Russia signed ten bilateral agreements, including a joint declaration emphasizing continued strategic partnership between the two countries. For more information, see CRS Report RS21589, *India: Chronology of Recent Events*.

BACKGROUND AND ANALYSIS

Context of the U.S.-India Relationship

In the wake of the September 2001 terrorist attacks on the United States, India took the immediate and unprecedented step of offering to the United States full cooperation and the use of India's bases for counterterrorism operations. The offer reflected the sea change that

INDIA IN BRIEF

Population: 1,065 million; *growth rate*: 1.44% (2004 est.)
Area: 3,287,590 sq. km. (slightly more than one-third the size of the United States)
Capital: New Delhi
Ethnic Groups: Indo-Aryan 72%; Dravidian 25%; other 3%
Languages: 15 official, 13 of which are the primary tongue of at least 10 million people; Hindi is primary tongue of about 30%; English widely used
Religions: Hindu 81%; Muslim 12%; Christian 2%; Sikh 2% (2000 est.)
Life Expectancy at Birth: female 64.8 years; male 63.3 years (2004 est.)
Literacy: female 48%; male 70% (2003 est.)
Gross Domestic Product (at PPP): $3.02 trillion; *per capita*: $2,900; *growth rate* 7.6% (2003 est.)
Inflation: 4.6% (2003 est.)
U.S. Trade: exports to U.S. $13.1 billion; imports from U.S. $5.0 billion (2003)
Sources: CIA World Factbook; U.S. Department of Commerce

has occurred in recent years in the U.S.-India relationship, which for decades was mired in the politics of the Cold War. The marked improvement of relations that began in the latter months of the Clinton Administration — President Clinton spent six days in India in March 2000 — was accelerated after a November 2001 meeting between President Bush and Indian Prime Minister Atal Bihari Vajpayee, when the two leaders agreed to greatly expand U.S.-India cooperation on a wide range of issues, including counterterrorism, regional security, space and scientific collaboration, civilian nuclear safety, and broadened economic ties. Notable progress has come in the area of security cooperation, with an increasingly strong focus on counterterrorism, joint military exercises, and arms sales. In December 2001, the U.S. Defense Policy Group met in New Delhi for the first time since India's 1998 nuclear tests and outlined a defense partnership based on regular and high-level policy dialogue. In July 2002, the fifth and most recent meeting of the U.S.-India Joint Working Group on Counterterrorism was held in Washington, D.C.

U.S. and congressional interests in India cover a wide spectrum of issues, ranging from the militarized dispute with Pakistan and weapons proliferation to concerns about human rights and trade and investment opportunities. In the 1990s, India-U.S. relations were particularly affected by the demise of the Soviet Union — India's main trading partner and most reliable source of economic assistance and military equipment for most of the Cold War — and New Delhi's resulting need to diversify its international relationships. Also significant were India's adoption of sweeping economic policy reforms beginning in 1991, a deepening bitterness between India and Pakistan over Kashmir, and signs of a growing Indian preoccupation with China as a potential long-term strategic threat. With the fading of Cold War constraints, the United States and India began exploring the possibilities for a more normalized relationship between the world's two largest democracies. A visit to the United States by Indian Prime Minister Narasimha Rao in 1994 marked the onset of improved U.S.-India relations. Rao addressed a joint session of Congress and met with President Clinton. Although discussions were held on nuclear nonproliferation, human rights, and other issues, the main focus of the visit was rapidly expanding U.S.-India economic relations. Throughout the 1990s, however, regional rivalries, separatist tendencies, and sectarian tensions continued to divert India's attention and resources from economic and social development. Fallout from these unresolved problems — particularly nuclear proliferation and human rights issues — presented serious irritants in bilateral relations.

President Clinton's 2000 visit to South Asia seemed a major U.S. initiative to improve cooperation with India in the areas of economic ties, regional stability, nuclear proliferation

concerns, security and counterterrorism, environmental protection, clean energy production, and disease control. President Clinton and Indian Prime Minister Vajpayee agreed to institutionalize dialogue between the two countries through a range of high-level exchanges, and the two countries established working groups and agreements on numerous issues of mutual concern, from increasing bilateral trade to combating global warming. During his subsequent visit to the United States later in 2000, Vajpayee addressed a joint session of Congress and was received for a state dinner at the White House. In September 2000, President Clinton and Prime Minister Vajpayee signed a joint statement agreeing to cooperate on arms control, terrorism, and AIDS/HIV. High-level visits have continued at an accelerated pace since that time.

Regional Rivalries

Pakistan. Three wars — in 1947-48, 1965, and 1971 — and a constant state of military preparedness on both sides of the border have marked the half-century of bitter rivalry between India and Pakistan. The bloody and acrimonious nature of the partition of British India in 1947 and the continuing dispute over Kashmir remain major sources of interstate tension and violence. Despite the existence of widespread poverty across South Asia, both India and Pakistan have built large defense establishments — including nuclear weapons capability and ballistic missile programs — at the cost of economic and social development. The nuclear weapons capabilities of the two countries became overt in May 1998, magnifying greatly the potential dangers of a fourth India-Pakistan war.

The Kashmir problem is itself rooted in claims by both countries to the former princely state, now divided by a military Line of Control (LOC) into the Indian state of Jammu and Kashmir and Pakistan-controlled Azad (Free) Kashmir. India blames Pakistan for supporting "cross-border terrorism" and a separatist rebellion in the Muslim-majority Kashmir Valley that has claimed at least 38,000 and perhaps as many as 90,000 lives since 1989. Pakistan admits only to lending moral and political support to what it calls "freedom fighters" operating mostly in and near the valley region around the city of Srinagar. Normal relations between New Delhi and Islamabad were severed in December 2001 after a terrorist attack on the Indian Parliament was blamed on Pakistan-supported Islamic militants. Other lethal attacks on Indian civilians have been blamed on Pakistan-sponsored groups, including a May 2002 attack on an army base killed 34, most of them women and children. This event spurred Indian leaders to call for a "decisive war," but intense international diplomatic engagement, including multiple trips to the region by high-level U.S. officials, apparently persuaded India to refrain from attacking. In October 2002, the two countries ended a tense, 10-month military standoff at their shared border, but there was no high-level diplomatic dialogue between India and Pakistan since a July 2001 summit meeting in the city of Agra failed to produce any movement toward a settlement of the bilateral dispute.

In April 2003, the Indian prime minister extended a symbolic "hand of friendship" to Pakistan. The initiative resulted in slow, but perceptible progress in confidence-building, and within three months full diplomatic relations between the two countries were restored. A summer upsurge of violence in Kashmir cast renewed doubts on regional entente, and caused Vajpayee to again insist that New Delhi would have no direct talks with Islamabad until violence ended in the disputed region. September 2003 saw an exchange of heated rhetoric by the Indian prime minister and the Pakistani president at the U.N. General Assembly. Some analysts concluded that the latest initiative was moribund. Yet, in October

2003, New Delhi reinvigorated the process by proposing confidence-building through people-to-people contacts. Islamabad responded positively and, in November, took its own initiatives, most significantly the offer of a cease-fire along the Kashmir Line of Control (as of this writing, a formal cease-fire agreement continues). A major breakthrough in bilateral relations came at the close of a January 2004 summit session of the South Asian Association for Regional Cooperation in Islamabad. After a meeting between PM Vajpayee and Pakistani President Musharraf — their first since July 2001 — the two countries agreed to launch a "composite dialogue" to bring about "peaceful settlement of all bilateral issues, including Jammu and Kashmir, to the satisfaction of both sides." A May 2004 change of governments in New Delhi has had no notable effect on the expressed commitment of both sides to carry on the process of mid- and high-level discussions, and the new Indian PM, Manmohan Singh, met with Musharraf in September 2004 in New York, where the two leaders agreed to explore possible options for a "peaceful, negotiated settlement" of the Kashmir issue "in a sincere manner and purposeful spirit."

China. India and China fought a brief but intense border war in 1962 that left China in control of large swaths of territory still claimed by India. The clash ended a previously friendly relationship between the two leaders of the nonaligned movement. Although Sino-Indian relations warmed in recent years, the two countries have yet to reach a final boundary agreement. During a visit to China by an Indian leader in September 1993, then-Indian Prime Minister Rao signed an agreement to reduce troops and maintain peace along the Line of Actual Control that divides the two countries' forces. Periodic working group meetings aimed at reaching a final settlement continue; 18 have been held to date.

Adding to New Delhi's sense of insecurity are suspicions regarding China's long-term nuclear weapons capabilities and strategic intentions in South and Southeast Asia. In fact, a strategic orientation focused on China reportedly has affected the course and scope of New Delhi's own nuclear weapons and ballistic missile programs. Beijing's military and economic support for Pakistan — support that is widely believed to have included WMD-related transfers — is a major and ongoing source of friction; past Chinese support for Pakistan's Kashmir position has added to the discomfort of Indian leaders. New Delhi also has taken note of Beijing's security relations with neighboring Burma and the construction of military facilities on the Indian Ocean. Despite these issues, high-level exchanges between New Delhi and Beijing regularly include statements from officials on both sides that there exists no fundamental conflict of interest between the two countries, and a June 2003 visit to Beijing by Vajpayee was viewed as marking a period of much improved relations. A modest, but unprecedented November 2003 joint naval exercise off the coast of Shanghai and small-scale joint army exercises in August 2004 sustained the perception of a positive new trajectory for relations between the world's two most populous countries.

Political Setting

National and State Elections. India has a robust and working democratic system. For five consecutive years the nonpartisan Freedom House has rated India as "free" in the areas of political rights and civil liberties. National elections in October 1999 had secured ruling power for a Bharatiya Janata Party (BJP)-led coalition government headed by Prime Minister Vajpayee. That outcome had decisively ended the historic dominance of the Nehru-Gandhi-led Congress Party, which was relegated to sitting in opposition at the national level (its members continued to lead many state governments). However, a surprise Congress

resurgence under Sonia Gandhi in May 2004 national elections brought to power a new left-leaning coalition government led by former Finance Minister and Oxford-educated economist Manmohan Singh, India's first-ever non-Hindu Prime Minister. As a nation-state, India presents a vast mosaic of hundreds of different ethnic groups, religious sects, and social castes. Many analysts attributed Congress's 2004 resurgence to the resentment of rural and poverty-stricken urban voters who felt left out of the "India shining" perception pushed by a BJP more associated with urban, middle-class interests. Others saw in the results a rejection of the Hindu nationalism associated with the BJP. Eleven of India's 28 states have Congress-led governments. Four of these — Rajasthan, Chattisgarh, Madhya Pradesh, and Delhi — had elections in December 2003. Surprise BJP victories in all but New Delhi were seen as a major setback to the Congress Party, and BJP leaders may have sought to capitalize on perceived momentum by staging the 2004 national elections six months early (these leaders later attributed the BJP's electoral defeat to complacency and overconfidence). (See CRS Report RL32465, *India's 2004 National Elections*.)

The Congress Party. With just 110 parliamentary seats after 1999, the Congress Party was at its lowest national representation ever. Observers attributed the party's poor showing to a number of factors, including the perception that current party leader Sonia Gandhi lacked the experience to lead the country and the failure of Congress to make strong pre-election alliances (as had the BJP). Support for the Congress Party had been in decline following the 1984 assassination of then-Prime Minister Indira Gandhi and the 1991 assassination of her son, then-Prime Minister Rajiv Gandhi. Sonia Gandhi, Rajiv's widow, refused to be drawn into active politics until the 1998 elections. She since made efforts to revitalize the organization by phasing out older leaders and attracting more women and lower castes——efforts that appear to have paid off in 2004. Today, Congress again occupies more parliamentary seats than any other party, with 145, and its unprecedented alliances with powerful regional parties have again put Congress at the head of India's government. In maintaining control of the populous Maharashtra state in October 2004 elections there, Congress solidified its national standing and dealt another blow to the BJP and its allies.

The Bharatiya Janata Party (BJP). Riding a crest of rising Hindu nationalism, the BJP increased its strength in Parliament from only two seats in 1984 to 181 seats in 1999. In 1992-93, the party's image was tarnished among some, burnished for others, by its alleged complicity in serious outbreaks of communal violence in which a mosque was destroyed at Ayodha and up to 3,000 people were killed in anti-Muslim rioting in Bombay and elsewhere. Some observers hold elements of the BJP, as the political arm of the extremist Hindu nationalist organization Rashtriya Swayamsevak Sangh (RSS or National Volunteer Force), responsible for the incidents. While leading a national coalition, the BJP worked — with only limited success — to change its image from right-wing Hindu fundamentalist to conservative, secular, and moderate, although early 2002 riots in Gujarat again damaged the party's national and international credentials as a secular and moderate organization. Following the March 1998 elections, the BJP cobbled together a fragile, 13-member National Democratic Alliance (NDA) coalition, headed by Vajpayee, whose widespread personal popularity helped to keep the BJP in power. The BJP advocates "Hindutva," or an India based on Hindu culture. Although the BJP claims to accept all forms of belief and worship, it views Hindutva as key to nation-building. Popular among upper caste groups, the party continued to be looked upon with suspicion by lower caste Indians, India's 140 million Muslims, and non-Hindi-speaking Hindus in southern India, who together comprise a majority of India's voters. The more controversial long-term goals of the BJP include

building a Hindu temple on the site of a sixteenth-century mosque in Ayodhya, establishing a uniform code of law that would abolish special status for Muslims, and abolishing the special status granted to Jammu and Kashmir under Article 370 of the Indian Constitution. None of these stands were taken in the NDA 1999 or 2004 election manifestos as they likely would be opposed by many NDA coalition members. The BJP leadership sought to put these goals on the back-burner, but there are signs that they may become central to the BJP's agenda now that the party again sits in opposition at the national level.

India-U.S. Relations and Bilateral Issues

Security Issues

The Kashmir Issue. Although India suffers from several militant regional separatist movements, the Kashmir issue has proven the most lethal and intractable. Conflict over Kashmiri sovereignty also has brought global attention as a potential "flashpoint" for interstate war between nuclear-armed powers. The problem is rooted in claims by both India and Pakistan to the former princely state, divided since 1948 by a military Line of Control (LOC) separating India's Jammu and Kashmir and Pakistan-controlled Azad (Free) Kashmir. Some Kashmiris seek independence from both countries. Spurred by what were perceived as rigged state elections that unfairly favored pro-New Delhi candidates in 1989, an ongoing separatist war between Islamic militants and their supporters and Indian security forces in the Indian-held Kashmir Valley has claimed 40,000-90,000 lives. India blames Pakistan for fomenting the rebellion, as well as supplying arms, training, and fighters. Pakistan, for its part, claims only to provide diplomatic and moral support to what it calls "freedom fighters" who resist Indian rule in the Muslim-majority valley around the summer capital of Srinagar. New Delhi insists that the dispute should not be "internationalized" through the involvement of third-party mediators. Islamabad has sought to bring external major power persuasion to bear on India, especially from the United States. The longstanding U.S. position on Kashmir is that the issue must be resolved through negotiations between India and Pakistan while taking into account the wishes of the Kashmiri people.

A series of kidnapings and general strikes in the Kashmir Valley, beginning after the controversial elections of 1989, led India to impose rule by the central government in 1990 and to send in troops to establish order. Many Kashmiris moved to support newly established militant separatist groups after several incidents in which Indian troops fired on demonstrators. Some groups, such as the Jammu and Kashmir Liberation Front (JKLF), continue to seek an independent or autonomous Kashmir. Others, including the Hizbul Mujahideen (HuM), seek union with Pakistan. In 1993, the All Parties Hurriyat [Freedom] Conference was formed as an umbrella organization for groups opposed to Indian rule in Kashmir. The Hurriyat membership of more than 20 political and religious groups includes the JKLF (now a political group) and Jamaat-e-Islami (the political wing of the HuM). The Hurriyat Conference, which states that it is committed to seeking dialogue with the Indian government on a broad range of issues, seeks a tripartite conference on Kashmir, including India, Pakistan, and representatives of the Kashmiri people. Hurriyat leaders also have demanded Kashmiri representation at any talks between India and Pakistan on Kashmir.

In 2001 and 2002, a series of violent incidents worsened the region's security climate and brought India and Pakistan to the brink of full-scale war. In October 2001, Islamic

militants attacked the state assembly building in Srinagar, killing 38, and a brazen December attack on the Indian Parliament complex in New Delhi left 14 dead. Indian government officials blamed Pakistan-based militant groups for both attacks and initiated a massive military mobilization that brought hundreds of thousands of Indian troops to the border with Pakistan. In May 2002, in the midst of this armed showdown, militants attacked an Indian army base in the Jammu town of Kaluchak, leaving 34 dead, many of them women and children. New Delhi leveled accusations that Islamabad was sponsoring Kashmiri terrorism; Indian leaders talked of making "pre-emptive" military incursions against separatists' training bases on Pakistani territory. The situation was further exacerbated with the assassinations of two moderate Kashmiri separatist leaders in late-2002 and early-2003. (For a review, see CRS Report RL31587, *Kashmiri Separatists*.) International pressure included numerous visits to the region by top U.S. diplomats and led Pakistani President Musharraf to publically state that no infiltration was taking place at the LOC. On receiving assurances from Secretary of State Powell and others that Pakistan would terminate support for infiltration and dismantle militant training camps, India began the slow process of reducing tensions with Pakistan. In October 2002, after completion of state elections in Jammu and Kashmir, New Delhi announced a redeployment of Indian troops to their peacetime barracks. Islamabad responded with a stand-down order of its own, though the Indian and Pakistani armies continued to exchange sporadic small arms, mortar, and artillery fire along the LOC.

October 2002 elections to the Jammu and Kashmir state assembly resulted in the ouster of the National Conference and the establishment of a coalition government of the Congress Party and the People's Democratic Party. While the seating of this new and seemingly more moderate state government renewed hopes for peace in the troubled region, continued separatist violence dampened early optimism. The United States welcomed the election process as a necessary first step toward the initiation of a meaningful dialogue between India and Pakistan to peacefully resolve their dispute. Secretary of State Powell asserted that, "The problems with Kashmir cannot be resolved through violence, but only through a healthy political process and a vibrant dialogue." Yet, some two years later, Indian Kashmir remains volatile: separatist violence substantively continues, the state government has made little progress in reconciliation efforts, and New Delhi's sporadic talks with moderate separatist leaders have produced no movement toward resolution.

Nuclear Weapons and Missile Proliferation. Policy analysts consider the apparent arms race between India and Pakistan as posing perhaps the most likely prospect for the future use of nuclear weapons. Proliferation in South Asia may be part of a chain of rivalries — India seeking to achieve deterrence against China, and Pakistan seeking to gain an "equalizer" against a conventionally stronger India. India currently is believed to have enough fissile material, mainly plutonium, for 55-115 nuclear weapons; Pakistan, with a program focused on enriched uranium, may be capable of building a similar number. Both countries have aircraft capable of delivering nuclear bombs. India's military has inducted short- and intermediate-range ballistic missiles, while Pakistan itself possesses short- and medium-range missiles (allegedly acquired from China and North Korea). All are assumed to be capable of delivering nuclear warheads over significant distances. In May 1998, India conducted five underground nuclear tests, breaking a 24-year, self-imposed moratorium on such testing. Despite international efforts to dissuade it, Pakistan quickly followed. The tests created a global storm of criticism, and represented a serious setback for two decades of U.S. nuclear nonproliferation efforts in South Asia. Following the tests, President Clinton imposed full restrictions on non-humanitarian aid to both India and Pakistan as mandated

under Section 102 of the Arms Export Control Act. In August 1999, a quasi-governmental Indian body released a Draft Nuclear Doctrine for India calling for a "minimum credible deterrent" (MCD) based upon a triad of delivery systems and pledging that India will not be the first to use nuclear weapons in a conflict. In January 2003, New Delhi announced creation of a Nuclear Command Authority. After the body's first session in September 2003, participants vowed to "consolidate India's nuclear deterrent." As such, India appears to be taking the next step toward operationalizing its nuclear weapons capability. (See also CRS Report RL32115, *Missile Proliferation and the Strategic Balance in South Asia*, and CRS Report RS21237, *India and Pakistan Nuclear Weapons Status*.)

U.S. Nonproliferation Efforts and Congressional Action. Soon after the May 1998 nuclear tests, Congress acted to ease sanctions. Through a series of legislative measures, Congress lifted restriction on both India and Pakistan.[1] In September 2001, President Bush waived remaining sanctions on India pursuant to P.L. 106-79. During the 1990s, the United States security focus in South Asia sought to minimize damage to the nonproliferation regime, prevent escalation of an arms and/or missile race, and promote Indo-Pakistani bilateral dialogue. In light of these goals, the Clinton Administration set forward five key "benchmarks" for India and Pakistan based on the contents of U.N. Security Council Resolution 1172 (June 1998) which condemned the two countries' nuclear tests. These were: 1) signing and ratifying the Comprehensive Nuclear Test Ban Treaty (CTBT); 2) halting all further production of fissile material and participating in Fissile Material Cutoff Treaty negotiations; 3) limiting development and deployment of WMD delivery vehicles; 4) implementing strict export controls on sensitive WMD materials and technologies; and 5) establishing bilateral dialogue between India and Pakistan to resolve their mutual differences.

Progress in each of these areas has been limited, and the Bush Administration makes no reference to the benchmark framework. Aside from security concerns, the governments of both India and Pakistan are faced with the prestige factor attached to their nuclear programs and the domestic unpopularity of relinquishing what are perceived to be potent symbols of national power. Neither has signed the CTBT, and both appear to be producing weapons-grade fissile materials. (India has consistently rejected this treaty, as well as the NPT, as discriminatory, calling instead for a global nuclear disarmament regime. Although both India and Pakistan currently observe self-imposed moratoria on nuclear testing, they continue to resist signing the CTBT — a position made more tenable by U.S. Senate's rejection of the treaty in 1999.) The status of weaponization and deployment is unclear, though there are indications that this is occurring at a slow, but steady pace. Early optimism in the area of export controls waned and then vanished in February 2004 when it became clear that Pakistanis were involved in the export of WMD materials and technologies. In September 2004, two Indian scientists were sanctioned for providing WMD-related equipment or technologies to Iran. Some observers have called for a new U.S. approach that would provide technical assistance in enhancing the security of any WMD materials in South Asia (see CRS Report RL31589, *Nuclear Threat Reduction Measures for India and*

[1] The India-Pakistan Relief Act of 1998 (in P.L. 105-277) authorized a one-year sanctions waiver exercised by President Clinton in November 1998. The Department of Defense Appropriations Act, 2000 (P.L. 106-79) gave the President permanent authority after October 1999 to waive nuclear-test-related sanctions applied against India and Pakistan. On October 27, 1999, President Clinton waived economic sanctions on India (Pakistan remained under sanctions as a result of the October 1999 coup). (See CRS Report RS20995, *India and Pakistan: Current U.S. Economic Sanctions*.)

Pakistan). Section 1601 of P.L. 107-228 outlined nonproliferation objectives for South Asia. Among the concerns voiced by some Members of Congress was that there continue to be "contradictions" in U.S. nonproliferation policy toward South Asia, particularly as related to the U.S. Senate's 1999 rejection of the CTBT and indications that the Defense Department may continue to develop low-yield nuclear weapons.

U.S.-India Security Cooperation. Unlike U.S.-Pakistan military ties, which date back to the 1950s, security cooperation between the United States and India is in the early stages of development. Since September 2001, and despite a concurrent U.S. rapprochement with Pakistan, U.S.-India security cooperation has flourished. Both countries acknowledge a desire for greater bilateral security cooperation and a series of measures have been taken to achieve this. In August 2004, a top U.S. diplomat in India said, "Without doubt, military cooperation remains one of the most vibrant, visible, and proactive legs powering the transformation of U.S.-India relations." Joint Steering Groups between the U.S. and Indian armed services hold regular meetings. The India-U.S. Defense Policy Group (DPG) — moribund since India's 1998 nuclear tests and ensuing U.S. sanctions — was revived in late 2001. A June 2004 session of the DPG reviewed accomplishments since the previous such meeting and marked the first high-level U.S. interaction with New Delhi's recently-seated Congress-led government. Some analysts have lauded increased U.S.-India security ties as providing potential counterbalance to growing Chinese influence in the region.

Since early 2002 and continuing to the time of this writing, the United States and India have held numerous joint exercises involving all military branches. Unprecedented advanced air combat exercises took place in June 2003 and provided the U.S. military with its first look at the Russian-built Su-30MKI. In September 2003, U.S. and Indian special forces soldiers held a two-week joint exercise near the India-China border, and the largest-ever "Malabar 2003" joint naval exercises off the Indian coast included an American nuclear submarine. Mock air combat over India in February 2004 saw Indian pilots in late-model Russian-built fighters defeat American pilots flying older F-15Cs. In July 2004, an Indian Air Force contingent participated in the Cooperative Cope Thunder exercises in Alaska. Two months later, the U.S. and Indian navies were again holding joint exercises in "Malabar 2004" off the Goa coast. Despite these developments, there remain indications that the perceptions and expectations of top U.S. and Indian military leaders are divergent on several key issues, including India's role in the Persian Gulf and Central Asia, approaches to countering terrorism, and a potential U.S. role in resolving the India-Pakistan dispute. Moreover, the existence of a nonproliferation constituency in the United States is seen as a further hindrance to more fully developed military-to-military relations.

Along with increasingly visible military-to-military ties, the issue of U.S. arms sales to India has taken a higher profile. In February 2002, Congress was notified of the negotiated sale to India of eight counter-battery radar sets (or "Firefinder" radars). The following September, arrangements were made for the sale of four additional sets in a deal worth a total of $190 million. Two sets were delivered in July 2003. India also will buy $29 million worth of counterterrorism equipment for its special forces. In July 2004, Congress was notified of a possible sale to India involving up to $40 million worth of aircraft self-protection systems to be mounted on the Boeing 737s that carry the Indian head of state. The State Department authorized Israel to sell to India the jointly developed U.S.-Israeli Phalcon airborne early warning system, a $1.1 billion asset that some analysts believe may tilt the regional strategic balance even further in India's favor. The Indian government reportedly possesses an

extensive list of desired U.S.-made weapons, including P-3C Orion maritime patrol aircraft, PAC-3 anti-missile systems, and electronic warfare systems. The United States may provide Indian security forces with sophisticated electronic ground sensors that may help stem the tide of militant infiltration in the Kashmir region. Still, some in India consider the United States to be a "fickle" partner that may not always be relied upon to provide the kinds of reciprocity, sensitivity, and high-technology transfers sought by New Delhi.

In a controversial turn, the Indian government has sought to purchase a sophisticated anti-missile platform, the Arrow Weapon System, from Israel. Because the United States took the lead in the system's development, the U.S. government has veto power over any Israeli exports of the Arrow. Although U.S. Defense Department officials are seen to support the sale as meshing with President Bush's policy of cooperating with friendly countries on missile defense, State Department officials are reported to opposed the transfer, believing that it would send the wrong signal to other weapons-exporting states at a time when the U.S. is seeking to discourage international weapons proliferation. Indications are that a U.S. interest in maintaining a strategic balance on the subcontinent, along with U.S. obligations under the Missile Technology Control Regime, may preclude any approval of the Arrow sale.

Joint U.S.-India military exercises and arms sales negotiations have caused disquiet in Pakistan, where there is concern that the developments will strengthen India's position through an appearance that Washington is siding with India. Islamabad is concerned that its already disadvantageous conventional military status vis-à-vis New Delhi will be further eroded by India's acquisition of additional modern weapons platforms such as the Phalcon and Arrow. In fact, numerous observers have noted what appears to be a pro-India drift in the U.S. government's strategic orientation in South Asia. Yet the United States regularly lauds Pakistan's role as a key ally in the U.S.-led counterterrorism coalition and assures Islamabad that it will take no actions that disrupt strategic balance on the subcontinent. (For further discussion, see CRS Report RL31644, *U.S.-India Security Relations*.)

Regional Dissidence and Human Rights

As a vast mosaic of ethnicities, languages, cultures, and religions, India can be difficult to govern. Internal instability resulting from diversity is further complicated by colonial legacies such as international borders that separate members of the same ethnic groups, creating flashpoints for regional dissidence and separatism. Separatist insurgents in remote and underdeveloped northeast regions confound New Delhi and create international tensions by operating out of neighboring Bangladesh, Burma, Bhutan, and Nepal. India also has suffered recent outbreaks of serious communal violence between Hindus and Muslims, especially in the western Gujarat state.

The Northeast. Since the time of India's foundation, numerous separatist groups have fought for ethnic autonomy or independence in the country's northeast region. Some of the tribal struggles in the small states known as the Seven Sisters are centuries old. It is estimated that more than 25,000 people have been killed in such fighting since 1948. The United Liberation Front of Assam (ULFA), the National Liberation Front of Tripura, the National Democratic Front of Bodoland (NDFB), and the United National Liberation Front (seeking an independent Manipur) are among the groups at war with the central government. New Delhi has at times blamed Bangladesh, Burma, Nepal, and Bhutan for "sheltering" one or more of these groups beyond the reach of Indian security forces, and India may seek to

launch joint counter-insurgency operations with one or more of these neighbors. India also has accused Pakistan's intelligence agency of training and equipping militants. Bhutan launched major military operations against suspected rebel camps on Bhutanese territory in December 2003 and appeared to have routed the ULFA and NDFB. In April 2004, five leading separatist groups from the region rejected PM Vajpayee's offer of unconditional talks, saying talks can only take place under U.N. mediation and if the sovereignty issue was on the table. Then, it what seemed a blow to the new Congress-led government's domestic security policies, an October 2004 spate of bombings and shootings in Assam and Nagaland killed 73 and were blamed on ULFA and NDFB militants who may have re-established their bases in Bhutan. The Indian home minister has said he is ready to open dialogue with "anybody who is willing to abjure violence." Major Indian army operations in November 2004 may have overrun numerous Manipur separatist bases near the Burmese border.

"Naxalites". Also operating in India are Naxalites — communist insurgents engaged in violent struggle on behalf of landless laborers and tribals. These groups, most active in inland areas of east-central India, claim to be battling oppression and exploitation in order to create a classless society. Their opponents call them terrorists and extortionists. Related violence caused a reported 831 deaths in 2003. Most notable are the People's War Group (PWG), mainly active in the southern Andhra Pradesh state, and the Maoist Communist Center of West Bengal and Bihar. Both appear on the U.S. State Department's list of "other terrorist groups." Both also are designated as terrorist groups by New Delhi; each is believed to have about 2,000 cadres. PWG fighters were behind an October 2003 landmine attack that nearly killed the Chief Minster of Andhra Pradesh. In July 2004, the government of Andhra Pradesh lifted an 11-year-old ban on the communist militant PWG in preparation for peace talks, and a September rally in Hyderabad attracted tens of thousands of PWG supporters. New Delhi has expressed concerns that indigenous Maoists are increasing their links with Nepali communist rebels at war with the Kathmandu government.

Gujarat. In February 2002, a group of Hindu activists returning by train to the western state of Gujarat from the city of Ayodhya — site of the razed sixteenth-century Babri Mosque and a proposed Hindu temple — were attacked by a Muslim mob in the town of Godhra; 58 of them were killed. In the communal rioting that followed, up to 2,000 people died, most of them Muslim. Many observers criticized the BJP-led state and national governments for inaction; some even saw evidence of state government complicity in anti-Muslim attacks. Leading human rights groups have been harshly critical of the central government's alleged inaction in bringing those responsible to justice. Some of the criticisms leveled by rights groups were echoed by the Indian Supreme Court in September 2003, when justices strongly admonished Gujarati authorities for their mishandling of attempts to prosecute some of those charged with riot-related crimes. In June 2003, a lower court acquitted 21 Hindus accused of burning alive 12 Muslims at the Best Bakery, and the Gujarat High Court later rejected a motion for a retrial. In April 2004, the Supreme Court ordered that a new trial be held in a neighboring state and, four months later, the high court ordered Gujarati authorities to reopen more than 2,000 unsolved cases. In September, the U.S. Ambassador-at-Large for International Religious Freedom said that the 2002 riots were carried out by mobs that "appear to have been aided by state or local government officials." In October, a retrial of 17 Hindus in the closely watched Best Bakery case opened in Bombay.

Human Rights. According to the U.S. State Department's *India Country Report on Human Rights Practices for 2003*, the Indian government "generally respected the human

rights of its citizens; however, numerous serious problems remained." These included extensive societal violence against women; extrajudicial killings, including faked encounter killings; excessive use of force by security forces, arbitrary arrests, and incommunicado detentions in Kashmir and several northeastern states; torture and rape by agents of the government; poor prison conditions and lengthy pretrial detentions without charge; forced prostitution; child prostitution and female infanticide; human trafficking; and caste-based discrimination and violence, among others. Terrorist attacks and kidnapings also remained grievous problems, especially in Kashmir and the northeastern states. All of these same "serious problems" were noted in the previous year's report as well.

The State Department notes that "These abuses are generated by a traditionally hierarchical social structure, deeply rooted tensions among the country's many ethnic and religious communities, violent secessionist movements and the authorities' attempts to repress them, and deficient police methods and training." Amnesty International, Human Rights Watch, and other human rights groups have been harshly critical of India's human rights record on these issues, especially with regard to sectarian violence in Gujarat in the spring of 2002. Also, the March 2002 enactment of a new Prevention of Terrorism Act (POTA) came under fire as providing the government a powerful tool with which to arbitrarily target minorities and political opponents (POTA was repealed by the new Congress-led government in September 2004). In general, India has denied international human rights groups official access to Kashmir, Punjab, and other sensitive areas. In June 2004, a State Department report on trafficking in persons placed India on the "Tier 2 Watch List" as a "source, transit, and destination country for [persons] trafficked for the purposes of sexual and labor exploitation," stating that India's "huge trafficking problem" has not been sufficiently addressed by government and law enforcement agencies there.

A secular nation, India has a long tradition of religious tolerance (with occasional lapses), which is protected under its constitution. India's population includes a Hindu majority of 82% as well as a large Muslim minority of more than 130 million (14%). Christians, Sikhs, Buddhists, Jains, and others each total less than 4%. Although freedom of religion is protected by the Indian government, human rights groups have noted that India's religious tolerance is susceptible to attack by religious extremists. In February 2004, the U.S. Commission on International Religious Freedom again recommended that Secretary Powell designate India as a "country of particular concern" for "systematic, ongoing, and egregious violations of religious freedom." In its annual report on international religious freedom released in September 2004, the U.S. State Department found that the Indian government "sometimes did not act effectively to counter societal attacks against religious minorities and attempts by state and local governments to limit religious freedom." For the sixth year in a row, the report singled out India for "state neglect of societal discrimination against, or persecution of, minority religions." However, it also noted "significant improvements in the promotion of religious freedom." A key shift from the 2003 report is recognition that the BJP's May 2004 electoral defeat brought the seating of a new coalition that pledges to respect India's traditions of secular government and religious tolerance.

India's Economy and U.S. Concerns

Overview. Despite the existence of widespread and serious poverty, many observers believe that India's long-term economic potential is tremendous, and recent strides in the technology sector have brought international attention to such high-tech centers as Bangalore

and Hyderabad. Yet many analysts — along with some U.S. government officials — point to excessive regulatory and bureaucratic structures as a hindrance to the realization of India's full economic potential. The high cost of capital (rooted in large government budget deficits) and an "abysmal" infrastructure also draw negative appraisals as obstacles to growth. Constant comparisons with the progress of the Chinese economy show India lagging in rates of growth and foreign investment, and in the removal of trade barriers. Despite problems, the current growth rate of the Indian economy is amongst the highest in the world.

After enjoying an average growth rate above 6% for the 1990s, the Indian economy cooled somewhat with the global economic downturn after 2000. Still, sluggish Cold War-era "Hindu rates of growth" became a thing of the past. For FY2002/03 (ending in March 2003), real change in GDP was 4.3%. Robust growth in services and industry was countered by drought-induced contraction in the agricultural sector. Analysts at first concluded that New Delhi's target of 8% growth for FY2003/04 was overly optimistic; the Indian government apparently agreed, lowering its projection to 6%. Yet, in July 2004, an annual growth rate of 8.2% was recorded, with monsoon rains driving strong recovery in the agricultural sector. Middle-term estimates are encouraging, predicting FY2004/05 and FY2005/06 growth well above 6%. A major upswing in the services sector is expected to lead; this sector now accounts for nearly half of India's gross domestic product. Inflation rates have been fairly low (4.3% in 2003), but are up in 2004 due to higher energy costs. The benchmark Bombay Stock Exchange gained an impressive 80% in 2003 and its Sensex index reached record highs in December 2004. In May 2004, foreign exchange reserves topped a record $120 billion.

A major U.S. concern with regard to India is the scope and pace of reforms in what has been that country's quasi-socialist economy. Economic reforms begun in 1991, under the Congress-led government of then-Prime Minister Rao, boosted economic growth and led to huge foreign investment to India in the mid-1990s. (Annual foreign direct investment rose from about $100 million in 1990 to $2.4 billion by 1996. Net FDI in 2003 reached an estimated $5.5 billion. More than one-third of these investments was made by U.S. companies.) Reform efforts stagnated, however, under the weak coalition governments of the mid-1990s. The Asian financial crisis and sanctions on India (as a result of its May 1998 nuclear tests) further dampened the economic outlook. Following the 1999 parliamentary election, the BJP-led government launched second-generation economic reforms, including major deregulation, privatization, and tariff-reducing measures. Once seen as favoring domestic business and diffident about foreign involvement, the government appears to gradually be embracing globalization and has sought to reassure foreign investors with promises of transparent and nondiscriminatory policies. A 2003 debate over privatization focused on the proposed sale of India's two large state-owned oil companies, a deal supported by the BJP but opposed by other politically powerful groups. In October 2004, the World Bank country director for India lauded the country's economic achievements, but called accelerating reforms "essential" for sustained growth and poverty reduction there, and a top International Monetary Fund official said that "India remains a relatively closed economy" and urged greater trade liberalization and regional economic integration.

Trade. As India's largest trading and investment partner, the United States strongly supports New Delhi's continuing economic reform policies. U.S. exports to India in 2003 were valued at just under $5 billion (up 22% over 2002), with machinery and transport equipment (40%) and chemicals (22%) as leading categories. Imports from India in 2003

totaled nearly $13.1 billion (up 10% over 2002), led by apparel and household goods (22%), diamonds (20%), and jewelry (9%). Despite significant tariff reductions and other measures taken by India to improve market access, according to the 2004 report of the United States Trade Representative (USTR), a number of foreign trade barriers remain and, in March 2004, U.S. Ambassador to India David Mulford told an audience in Delhi that "the U.S. is one of the world's most open economies and India is one of the most closed." U.S. exports that reportedly would benefit from lower Indian tariffs include fertilizers, wood products, computers, medical equipment, scrap metals, and agricultural products.

India's extensive trade and investment barriers has been criticized by U.S. government officials and business leaders as an impediment to its own economic development, as well as to stronger U.S.-India ties. For example, in November 2003, U.S. Under Secretary of Commerce Juster lauded significant increases in bilateral trade with India, while also asserting that — from the U.S. perspective — India's tariffs and taxes remain too high, its investment caps too restrictive, its customs procedures too complex, and its intellectual property rights protections less than full. In September 2004, U.S. Under Secretary of State Larson told a Bombay audience that "trade and investment flows between the U.S. and India are far below where they should and can be," adding that American exports to India "have not fared as well" as have Indian exports to the United States and that "the picture for U.S. investment is also lackluster." He identified the primary reason for the suboptimal situation as "the slow pace of economic reform in India." The Heritage Foundation's *2004 Index of Economic Freedom* again rated India as being "mostly unfree," highlighting an especially restrictive set of trade policies, heavy government involvement in the banking and finance sector, demanding regulatory structures, and a high level of black market activity.

Inadequate intellectual property rights protection, by means of patents, trademarks and copyrights, has been a long-standing issue between the United States and India. Major areas of irritation have included counterfeiting of medicines and auto parts, and pirating of U.S. media. In May 2004, the USTR again named India to the Special 301 Priority Watch List for its "weak" protection and enforcement of intellectual property rights. The International Intellectual Property Alliance estimated U.S. losses of $376 million due to trade piracy in 2002, about two-thirds of this in the category of business software applications, and noted "very little progress in combating piracy" in 2003. (For further general discussion, see CRS Report RS21502, *India-U.S. Economic Relations*. On the domestic impact of outsourcing, see CRS Report RL32461, *Outsourcing and Insourcing Jobs in the U.S. Economy*.)

"Next Steps in Strategic Partnership" Issues

The Next Steps in Strategic Partnership (NSSP) initiative encompasses several major issues in India-U.S. relations. Since 2001, the Indian government has pressed the United States to ease restrictions on the export to India of dual-use high-technology goods, as well as to increase civilian nuclear and civilian space cooperation. These three key issues came to be known as the "trinity," and top Indian officials stated that progress in these areas was necessary to provide tangible evidence of a changed U.S.-India relationship. There were later references to a "quartet" when the issue of missile defense was included. In October 2003, Secretary of State Powell asserted that progress was being made on the "glide path" toward agreement on the "trinity" issues. In January 2004, President Bush issued a statement indicating that the U.S.-India "strategic partnership" includes expanding cooperation in these areas, as well as expanding dialogue on missile defense. U.S. Under Secretary of Commerce

for Industry and Security Ken Juster, who has taken the lead in U.S.-India trade negotiations, called the agreement a "major milestone in the U.S.-India relationship." The "glide path" itself was re-dubbed the NSSP. Several nongovernmental U.S. experts believe that, although India is not regarded as a proliferator of sensitive technologies, U.S. obligations under existing law may limit significantly the scope of NSSP engagement, and some Indian analysts fear that the NSSP may become moribund due to U.S. "bureaucratic obstacles." Despite these considerations, many observers see in the NSSP evidence of a major and positive shift in the U.S. strategic orientation toward India.

Under Secretary Juster has continuously sought to dispel "trade-deterring myths" about limits on dual-use trade. He has noted that less than one-half of 1% of total U.S. trade with India in FY2002 was subject to licensing requirements and that 90% of all dual-use licensing applications for India were approved in FY2003 . In July 2003, some 150 representatives of private industries in both countries met in Washington to share their interests and concerns with governmental leaders. Panel topics included investment, information technology, defense trade, life sciences, and nanotechnology. That month also saw the inaugural session of the U.S.-India High-Technology Cooperation Group (HTCG), where officials discussed a wide range of issues relevant to creating the conditions for more robust bilateral high technology commerce, including market access, tariff and non-tariff barriers, and export controls (the fourth and most recent public-private event held under HTCG auspices was in Washington in November 2004). Some Members of Congress have expressed concern that dual-use technology trade with India might allow that country to advance its military nuclear and/or missile projects, but the Commerce Department insists that future civil nuclear and civil space cooperation with India will take place only within the limits set by multilateral nonproliferation regimes. The Bureau of Industry and Security may create a permanent New Delhi post for a U.S. official to oversee export control compliance.

Since November 1998, a number of Indian entities have been subjected to case-by-case licensing requirements and appear on the U.S. export control "Entity List" of foreign end users involved in weapons proliferation activities. These include the Indian Space Research Organization (ISRO), seven of its subordinate entities, four Department of Atomic Energy entities, four subordinates of the Defense Research and Development Organization, and Bharat Dynamics Limited, a missile production agency. In September 2004, as part of the implementation of Phase I of the NSSP, the United States modified some export licensing policies and removed the ISRO headquarters from the Entity List. The Commerce Department stated that the modifications were "fully consistent with U.S. nonproliferation laws, obligations, and objectives." The ISRO hopes for as much as a threefold increase in the value of high-technology goods imported from the United States. A June 2004 conference on India-U.S. space science and commerce was held in Bangalore, where it was announced that the Bush administration had approved a license authorizing Boeing Satellite Systems to work with the ISRO on possible joint development and marketing of communication satellites.

In February 2003, the Chairman of the U.S. Nuclear Regulatory Commission (NRC) visited India for the first time since before the 1998 nuclear tests, reportedly to discuss issues of safety and emergency operating procedures for India's civilian nuclear program. New Delhi has not requested U.S. assistance in building new nuclear power plants, but several safety-related initiatives are said to be underway (in September 2003, the NRC hosted an

Indian delegation to exchange safety information). Cooperative efforts in space technology reportedly include applications for sustainable development and weather research.

U.S. Assistance

Economic. According to the U.S. Agency for International Development (USAID), India has more people living in abject poverty (some 350 million) than do Latin America and Africa combined. From 1947 through 2003, the United States provided more than $14 billion in economic loans and grants to India. USAID programs in India, budgeted at $84 million in FY2005, concentrate on five areas: 1) *economic growth* (increased transparency and efficiency in the mobilization and allocation of resources); 2) *health* (improved overall health with a greater integration of food assistance, reproductive services, and the prevention of HIV/AIDS and other infectious diseases); 3) *disaster management*; 4) *environmental protection* (improved access to clean energy and water; the reduction of public subsidies through improved cost recovery; promoting more efficient technology and management); and 5) *education* (improved access to elementary education, and justice and other social and economic services for vulnerable groups, especially women and children).

Security. The United States has provided $157 million in military assistance to India since 1947, more than 90% of it distributed from 1962-1966. Security-related assistance for FY2003 military training and nonproliferation export control enhancements was $2 million, with greater emphasis on training in FY2004. An April 2002 request for a new $50 million FY2003 FMF program to promote interoperability among the U.S. and Indian militaries was later removed, as was a $5 million FMF request for FY2004. The United States and India have since agreed to pursue Foreign Military Sales programs, with the Pentagon reporting Indian purchases worth $138 million in FY2002 and $63 million in FY2003.

Table 1. U.S. Assistance to India, FY2001-FY2005
(in millions of dollars)

Program or Account	FY2001 Actual	FY2002 Actual	FY2003 Actual	FY2004 Estimate	FY2005 Allocation
CSH	24.6	41.7	47.4	48.3	43.4
DA	28.8	29.2	34.5	25.7	25.4
ESF	5.0	7.0	10.5	14.9	15.0
IMET	0.5	1.0	1.0	1.3	1.4
NADR-EXBS	0.9	0.9	1.0	0.7	0.7
Subtotal	**$59.8**	**$79.8**	**$94.4**	**$90.9**	**$85.9**
P.L.480 Title II*	78.3	93.7	44.8	20.2	44.8
Section 416(b)*	-.-	12.0	-.-	-.-	-.-
Total	**$138.1**	**$185.5**	**$139.2**	**$111.1**	**$130.7**

Sources: U.S. Departments of State and Agriculture; U.S. Agency for International Development.
Abbreviations:
CSH: Child Survival and Health
DA: Development Assistance
ESF: Economic Support Fund
IMET: International Military Education and Training
NADR-EXBS: Nonproliferation, Anti-Terrorism, Demining, and Related - Export Control and Related Border Security Assistance
P.L.480 Title II: Emergency and Private Assistance food aid (grants)
Section 416(b): The Agricultural Act of 1949, as amended (surplus agricultural commodity donations)
*Food aid amounts do not include what can be significant transportation costs.