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India-U.S. Relations: Issues for Congress

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India, home to nearly one-fifth of global population, became the world's most populous country in 2023. Many factors combine to infuse India's government and people with "great power" aspirations: the country's rich civilization and history; expanding strategic horizons; increased engagement with international partners; and critical geography (with more than 9,000 miles of land borders, many of them disputed) astride vital sea and energy lanes. Its status as one of the fastest growing major economies is giving rise to an expanding middle class; greater defense and defense and power projection capabilities (replete with a nuclear weapons arsenal and triad of delivery systems); and vigorous space, science, and technology sectors, among others.

In recognition of India's increasingly central role and ability to influence world affairs—and with a widely held assessment that a stronger and more prosperous democratic India is good for the United States—the U.S. Congress and four successive U.S. Administrations have acted to both broaden and deepen U.S. engagement with India. The U.S. and Indian governments launched a "strategic partnership" in 2005, along with a framework for long-term defense cooperation that now includes large-scale joint military exercises and significant defense trade. In concert with Japan and Australia, the United States and India in 2020 reinvigorated a Quadrilateral Security Dialogue ("Quad") as a flagship initiative in the U.S. Indo-Pacific Strategy. The mechanism is widely viewed, at least in part, as a counter to China's growing influence. Bilateral trade and investment have increased, while a relatively wealthy Indian-American community is exercising newfound domestic political influence, and Indian nationals account for a large proportion of foreign students on American college campuses and foreign workers in the information technology sector.

At the same time, more engagement has meant more areas of friction in the partnership, including some that attract congressional attention. India's economy, while slowly reforming, continues to be a relatively closed one, with barriers to trade and investment deterring foreign business interests. The U.S. government also has issues with India's cooperative engagements with Russia, a country where India has long-standing ties. Differences over U.S. immigration law, especially in the area of nonimmigrant work visas, remain unresolved. India's intellectual property protection regime comes under regular criticism from U.S. officials and firms. Other stumbling blocks—on localization barriers and civil nuclear commerce, among others—sometimes cause tensions. Meanwhile, cooperation in the fields of defense trade, intelligence, and counterterrorism, although progressing rapidly and improved relative to that of only a decade ago, runs up against institutional and political obstacles. Moreover, the U.S. Administration and some Members of Congress take notice of human rights issues in India, including those related to democratic backsliding and infringements on religious freedom.

Despite these many areas of sometimes serious discord, the U.S. Congress has remained broadly positive in its posture toward the U.S.-India strategic and commercial partnership. The Biden Administration indicates that it will continue the expansion and deepening of U.S.-India ties. Congressional legislation and oversight have and may continue to affect the course of U.S.-India relations, including in areas such as resourcing for a U.S. Indo-Pacific strategy, trade and investment (including bilateral defense trade) relations, immigration policy, nuclear proliferation, human rights, and cooperative efforts to address health security and climate change, among others.

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Overview

India is characterized by U.S. officials as an emerging great power, strategic partner of the United States, and key potential counterweight to the People’s Republic of China (PRC or China)’s growing international clout.¹ The country is South Asia’s dominant actor with 1.4 billion citizens and the world’s fifth-largest economy, recently surpassing that of the United Kingdom. New Delhi has long pursued “strategic autonomy” in foreign affairs; it welcomes a multipolar world and aspires to be “a leading power, rather than just a balancing power.”² Since 2005, the United States and India have pursued a strategic partnership, and bilateral security cooperation has expanded, including through defense trade and combined military exercises. Bilateral trade and investment also have generally grown in that timeframe, although India accounts for a relatively small share of U.S. total trade.³ The Administrations of George W. Bush, Barack Obama, and Donald Trump sought to strengthen the U.S.-India partnership, and the Trump Administration identified India as a leading player in the U.S. efforts to secure the vision of a “free and open Indo-Pacific.”⁴ The Indian-American community—more than four million strong and relatively wealthy and well-educated—is increasingly influential in American politics.⁵

The Administration of President Joe Biden has continued to expand and deepen U.S.-India ties, working with Indian Prime Minister Narendra Modi, in office since 2014.⁶ In 2022, much U.S. foreign policy attention focused on the U.S.-China rivalry and on the Indian government’s neutral posture toward Russia’s invasion of Ukraine. Despite divergences on the latter issue, U.S. and Indian leaders continue to issue strongly positive remarks on the state of the partnership. This was demonstrated most recently following the January 2023 launch of a sweeping bilateral initiative on Critical and Emerging Technologies (iCET), as well as with a May 2023 Leaders’ Summit of the Quadrilateral Security Dialogue, or “Quad”—which also includes Japan and Australia.⁷

The U.S. Congress remains broadly positive in its posture toward the U.S.-India strategic partnership, despite some areas of friction that attract congressional attention.⁸ U.S.-India cooperation on defense, intelligence, and counterterrorism, although progressing rapidly on several fronts and improved relative to that of only a decade ago, still faces institutional and

¹ For example, just before leaving office, the Trump Administration declassified its “Strategic Framework for the Indo-Pacific,” and the document gives a prominent role to India therein, stating that, “A strong India, in cooperation with like-minded countries, would act as a counterbalance to China” (see the January 15, 2021, document at <https://tinyurl.com/2j5c5nxf>).

² See the July 20, 2015, remarks by India’s then-foreign secretary and current foreign minister S. Jaishankar at <https://tinyurl.com/5ywbk77v>.

³ Based on data from the U.S. Bureau of Economic Analysis (BEA). For instance, total U.S. goods and services trade with India grew from about \$37 billion in 2005 to \$191 billion in 2022 (not adjusting for inflation). The 2022 amount accounted for less than 3% of total U.S. trade with the world.

⁴ See the Pentagon’s June 1, 2019, *Indo-Pacific Strategy Report* at <https://go.usa.gov/xuxXH>.

⁵ According to the U.S. Census Bureau’s American Community Survey 2021, Indian-Americans are more than twice as likely to have a college degree (and more than three times as likely to have a graduate or professional degree) than the U.S. average, and have fully double the median household income (see <https://www.census.gov/programs-surveys/acs/>; “Indian Americans Rapidly Climbing Political Ranks,” *New York Times*, February 23, 2023).

⁶ See also CRS In Focus IF10298, *India’s Domestic Political Setting*, by K. Alan Kronstadt.

⁷ “United States and India Elevate Strategic Partnership with the initiative on Critical and Emerging Technology (iCET),” White House fact sheet, January 31, 2023; “Quad Leaders’ Joint Statement,” White House release, May 20, 2023.

⁸ For example, early in 2023, Senate Majority Leader Sen. Chuck Schumer led a bipartisan delegation of nine Senators to New Delhi for meetings with Prime Minister Modi and other senior Indian officials. Upon his return, Sen. Schumer said his leading takeaway from the travel was that “the United States should deepen our relationship with India if we want to outcompete the Chinese Communist Party in this century” (*Congressional Record* 169, 38, February 28, 2023).

political obstacles. U.S. officials have taken issue with India's cooperative relations with Russia, where Indian officials see vital interests. U.S. Administrations and some Members of Congress also raise concerns about human rights in India, including 2019 changes to the status of India's Jammu and Kashmir region, proposed changes to India's citizenship laws, religious persecution, and signs of democratic backsliding, among others.⁹

India's economy, while slowly changing, continues to be a relatively closed one, with barriers to trade and investment deterring foreign business engagement. According to the State Department's *2022 Investment Climate Statements*, "India remains a challenging place to do business."¹⁰ U.S. officials and firms regularly criticize India's intellectual property (IP) protection regime. The Trump Administration took some significant trade actions, including terminating India's eligibility for the U.S. Generalized System of Preferences (GSP) over market access concerns.¹¹ Differences over U.S. immigration law, especially in the area of nonimmigrant work visas, remain unresolved. During the Biden Administration, the United States and India have revived ministerial-level meetings of their bilateral Trade Policy Forum (TPF) to engage on trade and investment issues.

India's government calls the United States "a crucial strategic partner of India in the Indo-Pacific and in the Quad framework."¹² In 2022, India arguably emerged as "the world's ultimate swing state."¹³ While enthusiasm for the U.S.-India partnership is palpable in both capitals, historical complications presenting sometimes mismatched objectives persist. As articulated by one longtime U.S. observer, the United States and India have "divergent ambitions for their security partnership": "New Delhi will never involve itself in any U.S. confrontation with Beijing that does not directly threaten its own security."¹⁴ Another U.S.-based analyst argues that, because "India is willing and potentially able to assist it in constraining Beijing's expansive regional ambitions," the United States should continue to support India's efforts to expand its military capabilities and diplomatic influence.¹⁵

Prime Minister Modi is set to be in Washington, DC, in late June for the third state visit of the Biden Administration (after the presidents of France and South Korea). The White House announcement states the visit "will affirm the deep and close partnership between the United States and India and the warm bonds of family and friendship that link Americans and Indians together."¹⁶ U.S. congressional leadership, noting the two countries' "shared values and commitment to global peace and prosperity," invited Modi to address a Joint Meeting of Congress during his visit.¹⁷ U.S. business interests view the visit as an opportunity to increase bilateral

⁹ See CRS In Focus IF12198, *India: Human Rights Assessments*, by K. Alan Kronstadt.

¹⁰ The assessment continues: "New protectionist measures, including strict enforcement and potential expansion of data localization measures, increased tariffs, sanitary and phytosanitary measures not based on science, and Indian-specific standards not aligned with international standards effectively closed off producers from global supply chains and restricted the expansion in bilateral trade and investment" (see <https://www.state.gov/reports/2022-investment-climate-statements/india>).

¹¹ See CRS In Focus IF11232, *Generalized System of Preferences (GSP)*, by Liana Wong.

¹² Indian Ministry of External Affairs, *Annual Report 2022*.

¹³ Michael Schuman, "What Limits Any U.S. Alliance with India over China," *Atlantic*, March 1, 2023.

¹⁴ Ashley Tellis, "America's Bad Bet on India," *Foreign Affairs*, May 1, 2023. Similarly, India does not seek (and may not receive) direct U.S. involvement in its border disputes with China (see Lisa Curtis and Derek Grossman, "India-China Border Tensions and U.S. Strategy in the Indo-Pacific," Center for a New American Security, March 30, 2023.)

¹⁵ Arzan Tarapore, "America's Best Bet in Asia," *Foreign Affairs*, May 29, 2023.

¹⁶ See the White House's May 10, 2023, release at <https://tinyurl.com/4p2c9t9v>.

¹⁷ See the June 1, 2023, invitation at <https://tinyurl.com/4kmvywem>.

trade, perhaps especially in the private and defense sectors.¹⁸ The Indian leader has planned several events with a largely welcoming Indian-American diaspora community, although some among them are more critical.¹⁹ Indian political opposition figures also offer criticisms.²⁰ Among potential “deliverables” during the state visit is an unprecedented deal that would allow General Electric to manufacture its advanced F414 jet engines in India (subject to congressional approval). India may also be close to purchasing up to two dozen armed MQ-9 *Reaper* drones from the United States.²¹

Considerations for Congress

As India’s Prime Minister Narendra Modi is welcomed for a state visit to the U.S. capital, Members may consider what legislative and oversight roles Congress can play in key issue areas likely to arise during his visit, including:

- The Administration’s Indo-Pacific strategy, including how the strategy conceives and approaches India’s role; the resourcing required to meet stated U.S. goals; the ways in which India’s rivalry and border conflict with the PRC affects New Delhi’s policy preferences in its engagements with both the United States and the Quad; and how to facilitate India’s navigation of its newly articulated pursuit of “multi-alignment” while keeping India as an effective U.S. partner.
- The optimal balancing of U.S. democratic values and respect for human rights with the pursuit of other U.S. interests in relations with India; the potential implications for the United States of further democratic backsliding in India; and how Congress may wish to conduct oversight of the Administration’s handling of democracy and human rights concerns with respect to India.
- What issues, if any, to direct the Administration to prioritize in U.S. trade policy on India; the adequacy of current mechanisms to engage on bilateral trade issues as well as on regional and global economic issues of shared concern; any opportunities, if desired, for expanded cooperation on trade issues.
- If and how Congress may wish to adjust existing U.S. laws and regulations that may hinder the kind of defense trade and defense industrial cooperation with India that is sought by the Administration, as well as the means by which the aspirations of the U.S.-India initiative on Critical and Emerging Technologies (iCET) can be best and most efficiently realized, should some Members support that initiative.

¹⁸ “Private Sector Collaboration Is the Next Great Phase of Indo-U.S. Defense Ties,” *Hindu* (Chennai), June 12, 2023.

¹⁹ “Indians-Americans Organize Lavish Welcome for PM Modi in US,” *Economic Times* (Delhi), June 12, 2023. Among more critical observers is the U.S.-based Hindus for Human Rights, which offered, “This visit, rather than celebrating a partnership, provides a platform for a leader whose tenure has been marred by numerous infringements on democracy” (email communication, June 7, 2023).

²⁰ For example, weeks before Modi’s U.S. travel, leading Indian opposition figure and dynastic Congress Party scion Rahul Gandhi—who was in March 2023 convicted in a politically fraught defamation case and expelled from Parliament—made a three-city U.S. tour during which he warned audiences that the Modi/BJP government was dividing India and damaging its democratic and constitutional values (“Indian Court Sentences Opposition Leader Gandhi to 2 Years in Prison,” *Washington Post*, March 23, 2023; “Indian Opposition Leader Gandhi Calls on U.S. Audience to Stand Up for ‘Modern India,’” Associated Press, June 4, 2023).

²¹ “US Set to Allow GE to Make Engines in India for New Delhi’s Military Jets,” Reuters, May 31, 2023. If consummated, the drone deal would make India the first country that is not a U.S. treaty ally to buy the armed version of the platform (“US Pushing India to Seal Big Armed Drone Buy for Modi Visit—Sources,” Reuters, June 13, 2023).

- The potential implications of a prolonged war in Ukraine if India continues its large-scale purchases of Russian energy supplies and other commodities, thus indirectly aiding Moscow’s ability to continue prosecuting that war, as well as the pace at which India reduces its dependence on Russian defense equipment. Congress may consider whether to conduct oversight of the Administration’s handling of CAATSA sanctions provisions with respect to India.

U.S.-India Strategic and Security Relations

The Biden Administration calls U.S. relations with India among the most consequential of the 21st century. Its February 2022 Indo-Pacific strategy presents 10 “core lines of action” to pursue, among them support for “India’s continued rise and regional leadership,” with India called “a like-minded partner” in the region.²² The Administration’s National Security Strategy (NSS, issued in October 2022)—which prioritizes “maintaining an enduring competitive edge” over China—counts the Quad among “a latticework of strong, resilient, and mutually reinforcing relationships that prove democracies can deliver for their people and the world.” The NSS also includes the “I2U2”—a new minilateral grouping of the United States, India, Israel, and the United Arab Emirates—in this latticework.²³

Reflecting the priority placed on expanding cooperation with key regional partners, President Biden initiated the Quad’s first-ever summit-level meeting (held virtually) less than two months after taking office. The March 2021 meeting produced the forum’s first Joint Statement, noting a collective striving for an Indo-Pacific region “that is free, open, inclusive, healthy, anchored by democratic values, and unconstrained by coercion.”²⁴ The March 2023 Quad Ministerial statement notably included language opposing “any unilateral actions that seek to change the status quo or increase tensions” in the South and East China Seas (India had previously resisted signing on to implicit criticisms of PRC actions so as not to antagonize Beijing).²⁵ All four Quad leaders met again in Japan in May 2023 and identified 10 key areas for Quad cooperation.²⁶ They also issued a “Vision Statement” outlining four Quad principals focused on prosperity and stability in the Indo-Pacific in accordance with international law, respect for the centrality of regional institutions, and a practical Quad agenda to deliver economic and social value.²⁷ New Delhi is concurrently deepening and expanding its security and other ties with Japan and Australia.

India is the only Quad member to share a land border with China and the only one to operate outside of the U.S.-led alliance system. Its leaders typically emphasize “inclusiveness” in the Indo-Pacific. Until 2020, India had taken a cautious approach to Quad engagement, possibly due to uncertainty about U.S. strategic intent and to avoid antagonizing China. Since India’s border

²² See the February 2022 “Indo-Pacific Strategy of the United States” at <https://go.usa.gov/xzs5W>.

²³ See the October 2022 *National Security Strategy* at <https://tinyurl.com/3atxmuzm>; and the July 14, 2022, I2U2 Joint Statement at <https://tinyurl.com/mr3dpz44>.

²⁴ See the March 12, 2021, “Quad Leaders’ Joint Statement: ‘The Spirit of the Quad,’” at <https://go.usa.gov/xH6Rb>.

²⁵ The statement also included a collective commitment to strengthening cooperation with the 34-nation Indian Ocean Rim Association (IORA)—the United States has been an IORA Dialogue Partner since 2012 (see the March 3, 2023, document at <https://tinyurl.com/3ayddckk>; “Blinken, Counterparts Say Quad Grouping Not a Military Alliance,” Bloomberg, March 3, 2023).

²⁶ These are: (1) infrastructure; (2) investment; (3) critical and emerging technology; (4) maritime; (5) education; (6) climate and clean energy; (7) health; (8) technology standards; (9) cyber; and (10) space (see the White House’s May 20, 2023, fact sheet at <https://tinyurl.com/22h58adh>).

²⁷ See the White House’s May 20, 2023, Vision Statement at <https://tinyurl.com/mwkvzw49>.

disputes with China led to violent and lethal clashes in mid-2020, New Delhi has engaged the Quad mechanism more enthusiastically. While Quad leaders emphasize the group is not and does not seek to become a formal military alliance, some analysts see potential for fruitful security cooperation that could advance the Biden Administration's objective of building "integrated deterrence" in the Indo-Pacific region.²⁸ India's myriad internal challenges may also constrain the country's ability to influence global affairs.²⁹

In January 2023, the United States and India formally launched a wide-ranging new bilateral initiative on Critical and Emerging Technology (iCET) to foster increased bilateral cooperation on defense production, quantum computing, semiconductor supply chains, space, and other high-tech fields. iCET is distinctive in being overseen by the two countries' respective National Security Councils. Mutually-held concerns about China's growing clout and aggressive actions are widely seen to provide the context, and the two parties say the initiative is rooted in "shared democratic values and respect for universal human rights."³⁰ Enhanced collaboration on semiconductor production and supply chains could facilitate efforts in both capitals to shift away from any reliance on China for such critical technologies—the Biden Administration has said it will work to remove existing obstacles to trade with India on these and other high-technology items.³¹

The U.S. Congress formally named India as a "Major Defense Partner" (MDP) in 2016, a bespoke designation. Military exercises across all services are now routine and defense trade has emerged as a leading facet of the security partnership.³² The James M. Inhofe National Defense Authorization Act for FY2023 (P.L. 117-263, Sec. 1260) includes provisions to further enhance defense ties. In 2020, India signed the final of four "foundational" defense cooperation accords that facilitate and, in many cases, provide the legal framework for intensified U.S.-India defense engagement.³³ President Biden has "reaffirmed the strength of the defense relationship" and the "unwavering commitment to India" as an MDP.³⁴ Bilateral cooperation also continues on counterterrorism and intelligence sharing, in particular through a longstanding Counterterrorism Joint Working Group and a Homeland Security Dialogue that was reinvigorated in 2022.³⁵ Other bilateral security fora include a Maritime Security Dialogue, a Defense Space Dialogue, a Cyber

²⁸ Dhruva Jaishankar and Tanvi Madan, "The Quad Needs a Harder Edge," *Foreign Affairs*, May 19, 2022; Lisa Curtis et al., "Operationalizing the Quad," Center for New American Security, June 2022.

²⁹ According to the U.S. National Intelligence Council, "India faces serious governance, societal, environmental, and defense challenges that constrain how much it can invest in the military and diplomatic capabilities needed for a more assertive global foreign policy." The Global Peace Index, a composite index measuring the peacefulness of countries made up of 23 quantitative and qualitative indicators, ranks India 135th of 163 countries, due largely to internal conflict and terrorism, and conflictual relations with neighbors (U.S. National Intelligence Council, "Global Trends 2040: A More Contested World," March 2021; <https://www.visionofhumanity.org>).

³⁰ "U.S. Courts India as Technology Partner to Counter China," *New York Times*, January 31, 2023. See the White House's iCET fact sheet at <https://tinyurl.com/yjhw5bde>.

³¹ "U.S. Pursues India as a Supply-Chain Alternative to China," *Wall Street Journal*, January 31, 2023; "US to Remove Obstacles to Defense, High-Tech Trade with India, NSA Adviser Sullivan Says," Reuters, June 13, 2023.

³² India is now a major purchaser in the global arms market, and the two nations have signed defense contracts worth at least \$20 billion since 2008 (see the White House's September 24, 2022, fact sheet at <https://tinyurl.com/3p6k56cd>).

³³ U.S.-based boosters of closer U.S.-India defense ties contend that "effective collaborative deterrence requires more complex military exercises, more frequent use of logistics arrangements, more presence in different theaters, and greater access and overflight" (Sameer Lalwani and Vikram Singh, "A Big Step Forward in U.S.-India Defense Ties" (op-ed), *Hindustan Times* (Delhi), June 4, 2023).

³⁴ See the September 24, 2021, White House release at <https://go.usa.gov/xtg2C>.

³⁵ "Joint Press Statement of the 19th Meeting of the India-USA Counter Terrorism Joint Working Group," U.S. Embassy release, December 22, 2022; Indian Ministry of Home Affairs January 12, 2022, release at <https://tinyurl.com/458ehxep>.

Dialogue, a Counternarcotics Working Group, and, most recently, an Advanced Domains Defense Dialogue and the Defense Acceleration Ecosystem, or “INDUS-X.”³⁶

iCET’s Defense Innovation and Technology Cooperation mechanism is aimed at fostering long-term research and development cooperation, and includes a Defense Industrial Cooperation Roadmap component that is expected to lead to joint production of advanced weaponry—including the potential GE jet engine deal noted above—and may accelerate progress in Washington’s efforts to wean New Delhi away from its reliance on Russian-supplied defense wares. The two countries have also launched a new “Innovation Bridge” that will connect U.S. and Indian defense startups. The GE engine deal and other potential co-production projects will require adjustments to U.S. technology transfer policies, as well as reforms of Indian laws.³⁷

India’s Economy and U.S.-India Trade Relations³⁸

Trade and investment ties are a key aspect of U.S.-India relations. The 118th Congress may oversee U.S.-India trade relations and seek to shape U.S. trade policy on India. Congress may monitor whether Prime Minister’s Modi upcoming state visit yields any outcomes on efforts to resolve current bilateral trade frictions such as over tariffs; or new or enhanced engagement on specific trade matters (e.g., supply chains and new technologies).

Economic Conditions

In 2022, India overtook the United Kingdom (UK) to become the world’s fifth-largest economy.³⁹ India also is among the fastest-growing major economies—it grew by 6.8% in 2022 and is projected to grow by 5.9% in 2023.⁴⁰ Services, especially information technology and communications (ITC) and the digital economy, are a key part of the economy. Agriculture remains India’s top jobs provider in India, but its share of India’s GDP has declined, as the country’s economy has diversified. India’s government seeks to boost its manufacturing sector to create jobs and support self-reliance. India’s 2023/2024 budget has a major focus on investing in physical and digital infrastructure.

India was projected to overtake China as the world’s most populous country at the end of April 2023, with a population of more than 1.4 billion.⁴¹ India’s economy features a large middle class that has driven its domestic consumption-led economic growth, but also was hard-hit by COVID-19.⁴² The country also faces challenges related to unemployment and poverty.⁴³ Other issues

³⁶ See the Pentagon’s June 5, 2023, release at <https://tinyurl.com/4jtwy8sv>.

³⁷ See the White House’s January 31, 2023, iCET fact sheet at <https://tinyurl.com/yjhhv5bde>; “U.S. and India Launch High-Level Defense and Tech Initiative,” *Washington Post*, January 31, 2023.

³⁸ This section written by Shayerah I. Akhtar, Specialist in International Trade and Finance.

³⁹ International Monetary Fund (IMF), *World Economic Outlook*, April 2023. Data for nominal gross domestic product (GDP).

⁴⁰ IMF, *World Economic Outlook*, April 2023. Annual percentage change for real GDP.

⁴¹ United Nations Department of Economic and Social Affairs, “India Overtakes China as the World’s Most Populous Country,” Policy Brief No. 153, April 2023.

⁴² Rakesh Kochhar, “In the Pandemic, India’s Middle Class Shrinks and Poverty Spreads While China Sees Smaller Changes,” Pew Research Center, March 18, 2021.

⁴³ India’s unemployment rate was an estimated 7.7% in May 2023 (Natasha Somayya K, “Unemployment Rate Slides Down in May,” Centre for Monitoring the Indian Economy, June 7, 2023). In 2019, 10% of India’s population was living on less than \$2.15 a day at 2017 purchasing power adjusted prices (World Bank).

include inflationary pressures and weak infrastructure. India's currency, the *rupee*, depreciated to record lows against the U.S. dollar in 2022.

Prime Minister Modi's government has enacted some market-opening reforms and sought to attract foreign direct investment (FDI). In particular, India's government aims to position the country as a viable alternative destination for companies seeking to diversify their supply chains beyond China.⁴⁴ Yet under Modi, India has raised tariffs and adopted other trade-restrictive measures—some in a declared bid to promote “self-reliance” and boost manufacturing. Some Members of Congress and other observers have responded to these restrictive measures by questioning the pace and direction of reform.⁴⁵

Trade and Investment Trends

U.S.-India bilateral trade and investment ties have generally grown over the past decade (see **Figure 1**). Their trade still accounts for a small share of global U.S. trade and it is more consequential for India. For example, in 2022, India was the United States' 10th-largest goods export market by country (2.3% share of total U.S. goods exports). In comparison, the United States was India's largest market (a share of nearly one-fifth).⁴⁶ In 2022, top U.S. goods exports to India were in oil and gas, miscellaneous manufactured commodities, coal and petroleum gases, basic chemicals, waste and scrap, and aerospace products and parts. Top U.S. goods imports from India in 2022 were in miscellaneous manufactured commodities, pharmaceuticals and medicines, apparel, basic chemicals, textiles and furnishing, and petroleum and coal products.⁴⁷ In 2021, top U.S. services exports to India were travel and charges for intellectual property; the top U.S. services imports from India were various business services and telecommunications, computer, and information services.⁴⁸ Defense sales also are significant. A range of U.S. firms operate in India, across sectors. FDI from India in the United States is concentrated in information technology (IT) services, software, business services, pharmaceuticals, and industrial equipment sectors.

Select Trade Issues

India's economy presents opportunities for U.S. commercial interests.⁴⁹ At the same time, U.S.-India trade ties are characterized by a history of bilateral trade frictions over tariffs, other trade restrictions, and differences in approaches in the World Trade Organization (WTO) (discussed further below). Both sides “recogniz[e] that for economies of their size, significant potential remains unfulfilled,” and aim to continue to “increase and diversify” bilateral trade.⁵⁰

⁴⁴ Chloe Cornish, “India Chases Dividends from China Trade Tensions,” *Financial Times*, December 19, 2022.

⁴⁵ See, e.g., discussion in U.S. Congress, Senate Committee on Foreign Relations, *U.S.-India Relations: Balancing Progress and Managing Expectations*, 116th Cong., 2nd sess., May 24, 2016, S. Hrg. 114-764 (Washington: GPO, 2018); and Richard M. Rossow, “Crawling to the Finish Line on Big Reforms,” Center for Strategic and International Studies (CSIS), May 18, 2023.

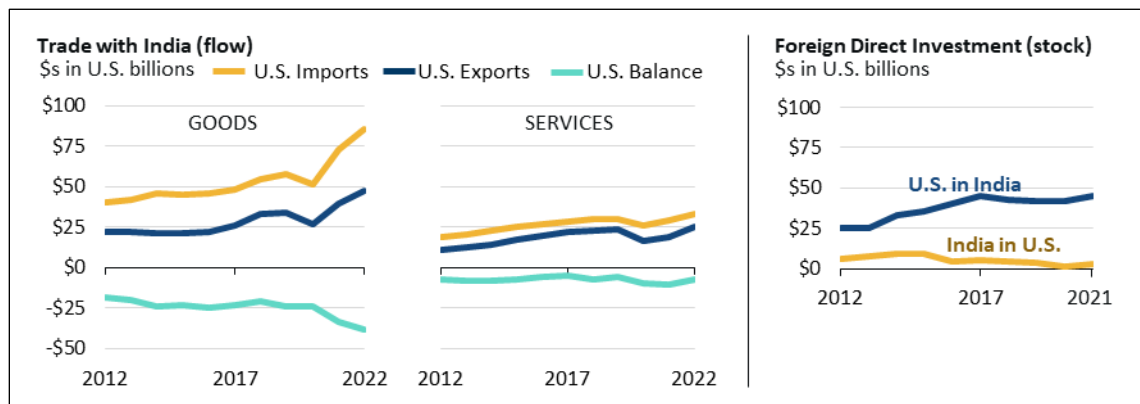
⁴⁶ Calculated based on official country data compiled by Trade Data Monitor.

⁴⁷ U.S. trade data categorized at the four-digit-level in the North American Industry Classification System (NAICS), from the U.S. International Trade Commission Dataweb.

⁴⁸ Based on data from the U.S. Bureau of Economic Analysis and the U.S. International Trade Commission.

⁴⁹ International Trade Administration, *India Country Commercial Guide*.

⁵⁰ U.S. Trade Representative (USTR), “Joint Statement on the United States-India Trade Policy Forum,” January 11, 2023.

Figure I. U.S. International Trade and Investment with India

Source: CRS, based on data from the U.S. Bureau of Economic Analysis (BEA).

During the Trump Administration, bilateral tensions grew over tariffs and other policies. A trade deal to address some market access issues reportedly neared conclusion in 2020, but did not materialize. During the Biden Administration, the two nations have agreed to resolve certain bilateral trade issues and explore ways to expand trade ties.⁵¹ Persistent U.S. government concerns include India’s high tariffs, unpredictable tariff regime, agricultural trade barriers, weak intellectual property rights (IPR) protection, and restrictive data policies.⁵² The concerns India’s leaders have raised include U.S. temporary visa and Social Security tax policies that affect Indian nationals working in the United States. Further, U.S. Section 232 tariffs on certain U.S. imports of steel and aluminum from India, and India’s retaliatory tariffs, remain unresolved.⁵³ The partners have made progress on some issues, including certain agricultural market-openings.⁵⁴ New issues of U.S. concern include India’s energy trade with Russia and potential U.S. sanctions evasion (see below).⁵⁵

Notably, the partners revived their bilateral Trade Policy Forum (TPF)—the 2021 TPF ministerial was the first held in four years, and since then, the partners have continued to convene the TPF. At the January 2023 TPF ministerial, the partners discussed issues such as tariff reductions, agricultural market access, and IPR. India’s representatives also expressed their government’s desire for reinstatement of the U.S. Generalized System of Preferences (GSP); the U.S. side said that this “could be considered, as warranted, in relation to the eligibility criteria determined by” Congress.⁵⁶ Among other things, the partners agreed to establish a TPF working group on

⁵¹ USTR, “Readout of Ambassador Katherine Tai’s Virtual Meeting with Indian Minister of Commerce and Industry Piyush Goyal,” press release, March 25, 2021.

⁵² See USTR, *2022 National Trade Estimate Report on Foreign Trade Barriers*, March 2022 p. 245.

⁵³ Section 232 of the Trade Expansion Act of 1962 (19 U.S.C. §1862, as amended).

⁵⁴ See, e.g., Senator Jon Ossoff, “Breaking: Following Sen. Ossoff’s Months-Long Push, India Cuts Tariffs on U.S. Pecan Exports by 70% in Major Win for Georgia Farmers,” press release, February 1, 2023; and Senator Reverend Raphael Warnock, “Following Months of Leadership, Senator Reverend Warnock Secures Victory for Georgia Farmers as India Agrees to Lower Pecan Tariffs,” press release, February 2, 2023.

⁵⁵ Jack Dutton, “U.S. Tells India There Will Be ‘Consequences for Dodging Russia Sanctions,’” *Newsweek*, April 1, 2022.

⁵⁶ USTR, “Joint Statement on the United States-India Trade Policy Forum,” January 11, 2023. The United States terminated India’s GSP designation for concerns over market access issues in 2019. GSP expired on December 31, 2020. CRS In Focus IF11232, *Generalized System of Preferences (GSP)*, by Liana Wong.

“resilient trade,” focusing initially on issues such as trade facilitation, worker rights, regulatory cooperation, and environmental protection.⁵⁷

The United States and India are pursuing other economic cooperation in areas such as artificial intelligence, semiconductor supply chains, and telecommunications (see iCET discussion above).⁵⁸ Some commentators view these moves as part of the Biden Administration’s efforts to shift critical supply chains away from China.⁵⁹ India also is a focus of a Partnership for Global Infrastructure and Investment (PGII), launched by the Group of Seven (G7) to make “strategic investments” to support infrastructure needs of low- and middle-income countries. Some commentators describe PGII as an effort to counter China’s Belt and Road Initiative.⁶⁰

India is among 14 countries involved in the U.S.-led, four-pillar Indo-Pacific Economic Framework for Prosperity (IPEF), the Biden Administration’s first major trade and economic initiative in the Indo-Pacific.⁶¹ India was the only country to opt out of IPEF’s trade pillar, questioning the pillar’s commitments on environment, labor, and other areas, while joining IPEF’s three other pillars (supply chains, infrastructure and decarbonization, and tax and anti-corruption).⁶² The trade pillar’s scope and effectiveness is a point of debate among some stakeholders in the United States and abroad, given its current exclusion of tariffs.⁶³ India is negotiating trade deals with other countries, including with the European Union (EU) and the UK, and, in 2022, reached deals with Australia and the United Arab Emirates.

U.S. and Indian views diverge at times in the WTO, with some WTO members seeing India as blocking multilateral progress in negotiations on some issues over its developing country-oriented concerns.⁶⁴ At the January 2023 TPF ministerial, both sides expressed their shared intent “to work constructively at the WTO,” but differences remain over some seemingly intractable issues (e.g., agricultural subsidies and market access) and other newer issues (e.g., e-commerce).

India, which holds the Group of Twenty (G-20) presidency for 2023, has indicated that it seeks to prioritize climate and the environment, “accelerated, inclusive, and resilient growth,” sustainable development goals, technology and digital public infrastructure, multilateral institutions, and

⁵⁷ USTR, “Joint Statement on the United States-India Trade Policy Forum,” January 11, 2023.

⁵⁸ The White House, “FACT SHEET: United States and India Elevated Strategic Partnership with the Initiative on the Critical and Emerging Technology (iCET),” January 31, 2023.

⁵⁹ See, e.g., Vivian Salama, “U.S. Pursues India as a Supply-Chain Alternative to China,” *Wall Street Journal*, January 31, 2023.

⁶⁰ See, for example, Elizabeth C. Losos and T. Robert Fetter, “Building Bridges? PGII Versus BRI,” Brookings Institution, September 29, 2022.

⁶¹ CRS In Focus IF12373, *Indo-Pacific Economic Framework for Prosperity (IPEF)*, by Cathleen D. Cimino-Isaacs, Kyla H. Kitamura, and Mark E. Manyin.

⁶² Government of India, Press Information Bureau, “Indo-Pacific Economic Framework (IPEF) for Prosperity Ministerial Meet Was Inclusive and Fruitful: Shri Piyush Goyal,” press release, September 10, 2022.

⁶³ Ana Swanson, “Biden Administration Outlines Scope of Asian Economic Pact,” *New York Times*, September 9, 2022.

⁶⁴ CRS Report R45417, *World Trade Organization: Overview and Future Direction*, by Cathleen D. Cimino-Isaacs and Rachel F. Fefer. For example, India previously blocked progress on a WTO Trade Facilitation Agreement until WTO members addressed its concerns over treatment of public stockholding for food security.

women-led development.⁶⁵ India is touting its G-20 presidency as an opportunity to strengthen its role in the global economic order and to shape global economic priorities.⁶⁶

Energy and Climate

India is the world's third-largest energy consumer after China and the United States. Due to its large population and use of high-emitting fuels for electricity, India is the third-largest emitter of greenhouse gases, including carbon dioxide (CO₂), despite low per capita CO₂ emissions. Reliance on coal is persistent, and the carbon intensity of India's power sector is well above the global average. Indian leaders vow to reduce carbon emissions even as energy demand grows, and they view Washington as a key partner in this effort.⁶⁷ The United States and India established a Strategic Energy Partnership in 2018 (later redubbed as the Strategic Clean Energy Partnership by the Biden Administration) and in 2021 launched a new high-level "U.S.-India Climate and Clean Energy Agenda 2030 Partnership," envisaging cooperation to meet the goals of the Paris Agreement with a focus on collaboration in cleaner energy sectors. A 2022 Ministerial Joint Statement reviewed an array of "enhanced bilateral efforts."⁶⁸ Of the Administration's requested \$82.5 million in FY2024 Development Assistance for India, more than three-quarters is to go toward climate adaptation, clean energy, and sustainable landscape programs.⁶⁹

Scientific assessments find India acutely vulnerable to and poorly prepared for the effects of climate change. For example, Yale University's 2022 *Environmental Performance Index*, which ranks countries on climate change performance, environmental health, and ecosystem vitality, placed India 180th of 180 countries, finding especially poor performance in the categories of biodiversity and air quality. Also, as of late 2022, the independent Climate Action Tracker gives India an overall rating of "highly insufficient" (the United States is rated "insufficient"), "indicating that India's climate policies and commitments are not consistent with the Paris Agreement's 1.5°C temperature limit."⁷⁰

India has taken some steps toward meeting its vows to reduce carbon emissions, including Parliament's December 2022 passage of an Energy Conservation (Amendment) Bill and the more recent launch of a \$2.3 billion plan to incentivize development of a green hydrogen industry.⁷¹ At the November 2022 Climate Change Conference in Egypt (COP27), India released its national report on plans to decarbonize and reach its goal of net-zero by 2070. A senior Indian official

⁶⁵ Government of India, Ministry of External Affairs, "G-20 and India's Presidency," press release, December 9, 2022. The G-20 is a forum for international economic and foreign policy coordination. It is comprised of developed and emerging market economies. See CRS Report R40977, *International Economic Policy Coordination at the G-7 and the G-20*, by Rebecca M. Nelson.

⁶⁶ Government of India, Press Information Bureau, "Today India Commences Its G20 Presidency—Shri Narendra Modi, Prime Minister," December 1, 2022. See also, Mohit Anand, "India's G20 Presidency Will Be a Win for Narendra Modi," *The Economist*, February 28, 2023.

⁶⁷ See Indian Ambassador to the United States Taranjit Sindhu, "India's Commitment to Climate Action and Potential for US-India Partnership" (op-ed), *Newsweek*, March 7, 2022. See also CRS In Focus IF12178, *India: Climate Change Issues*, by K. Alan Kronstadt, Kezee Procita, and Bruce Vaughn.

⁶⁸ See the Energy Department's October 7, 2022, release at <https://tinyurl.com/2ya6s585>.

⁶⁹ FY2024 Congressional Budget Justification Foreign Operations, Appendix 2.

⁷⁰ See the Yale index at <https://epi.yale.edu/epi-results/2022/country/ind>. The Climate Action Tracker is an independent scientific project that tracks government climate action and measures it against globally agreed Paris Agreement aims (<https://climateactiontracker.org/countries/india>).

⁷¹ See the PRS Legislative Service (Delhi) bill summary at <https://tinyurl.com/2nc63nzc>; "India OKs \$2 bln Incentive Plan for Green Hydrogen Industry," Reuters, January 4, 2023. See also CRS In Focus IF12178, *India: Climate Change Issues*, by K. Alan Kronstadt, Kezee Procita, and Bruce Vaughn.

reportedly has said India will need up to \$100 billion in annual investment to reach this goal.⁷² A year earlier Prime Minister Modi had announced ambitious new national targets to address climate change, even as his government faces criticism for its refusal to “phase out” coal.⁷³ Many observers agree that Indian energy and climate policies will be crucial to global efforts to slow climate change, yet as the New Delhi government seeks to balance its decarbonization goals with efforts to forward economic development, it often favors the latter. India’s projected reliance on coal beyond 2040, its continued large-scale subsidization of fossil fuel industries, and its significant perceived shortfall in “green transition” investment may combine to limit progress.⁷⁴

Space Issues and Cooperation

A U.S.-India Space Security Dialogue first met in 2015 after nearly 15 years of less formalized bilateral civil space cooperation. At the April 2022 bilateral 2+2 Ministerial Dialogue, U.S. and Indian officials pledged to expand bilateral space cooperation, concluded a Memorandum of Understanding on Space Situational Awareness, and lauded ongoing collaboration between the National Aeronautics and Space Administration (NASA) and Indian Space Research Organization (ISRO), including on the NASA-ISRO Synthetic Aperture Radar (NISAR) satellite now scheduled for launch in 2024.⁷⁵ The iCET forum includes efforts to further foster NASA-ISRO collaboration, including expanding the agenda of the U.S.-India Civil Space Joint Working Group to include planetary defense.⁷⁶ New Delhi established a new Indian Space Association in 2021 to provide an apex body for developing India’s private space and satellite industries, and ISRO reports having successfully deployed 385 foreign satellites since 1999, with 5 launch missions in 2022 alone. As India further develops its commercial space launch sector, reports suggest that U.S. companies have found India’s space launch services effective and affordable.⁷⁷ India is also increasing space-related cooperation with its two other Quad partners, Japan and Australia.⁷⁸

India successfully tested an anti-satellite (ASAT) weapon in 2019, becoming the fourth country to demonstrate this capability. In 2022, the U.N. General Assembly overwhelmingly adopted a U.S.-sponsored resolution for a nonbinding moratorium on ASAT tests, despite India’s abstention.⁷⁹

⁷² See the Indian Ministry of Environment’s November 14, 2022, release at <https://tinyurl.com/ym7rnwrs>; “COP27: India lays out plan for long-term decarbonization,” Reuters, November 14, 2022; “India Needs to Invest up to \$100 bln/yr More to Achieve 2070 Net Zero Goal—Lawmaker,” Reuters, January 9, 2023.

⁷³ Modi vowed that, by 2030, India would (1) raise its non-fossil energy capacity to 500 GW; (2) meet 50% of its energy needs from renewable energy; (3) reduce the total projected carbon emissions by one billion metric tons; and (4) reduce the carbon intensity of its economy to less than 45% (see Modi’s November 2, 2021, speech transcript at <https://tinyurl.com/2j2yyzde>).

⁷⁴ “The World Needs India to Avert Climate Catastrophe. Can Modi Deliver?,” *CNN*, November 8, 2022; “India Chases Clean Energy, but Economic Goals Put Coal First,” *New York Times*, December 7, 2022; “India Needs to Invest up to \$100 bln/yr More to Achieve 2070 Net Zero Goal—Lawmaker,” Reuters, January 9, 2023.

⁷⁵ See the April 11, 2022, “2+2 Ministerial Joint Statement” at <https://go.usa.gov/xutM3>, and the NISAR page at <https://nisar.jpl.nasa.gov/mission/isro-partnership>.

⁷⁶ See the January 31, 2023, White House iCET fact sheet at <https://tinyurl.com/yjhw5bde>.

⁷⁷ See the ISRO page at <https://www.isro.gov.in/Mission.html>; Kartik Bommakanti, “US-India Space Cooperation: Moving Away from the Burden of the Past,” Observer Research Foundation (Delhi), December 16, 2019.

⁷⁸ Rajeswari Rajagopalan, “Indian Space Cooperation with the US and the Quad Intensifies,” *Diplomat* (Tokyo), March 29, 2021.

⁷⁹ The vote was 155 in favor and 9 against (including ASAT-capable Russia and China), with India among the 9 abstentions (“UN General Assembly Adopts Draft Resolution Against ASAT Tests,” *Via Satellite*, December 9, 2022).

Health Cooperation and the COVID-19 Pandemic

The U.S. government has long supported India’s health sector with assistance on infectious diseases, maternal and child health care, and HIV/AIDS, among others areas. The Biden Administration has requested \$48.5 million for such aid for both FY2023 and FY2024 to support the goals of preventing child and maternal death and combating infectious disease threats. The United States and India expanded cooperation to address the COVID-19 pandemic in India, and the Quad countries collaborated to accelerate vaccine production.⁸⁰ The United States allocated more than \$226 million in COVID-19 relief to India, including \$55 million in emergency supplies.⁸¹ India’s official COVID-19 death toll (about 531,000) may grossly underreport the actual toll—the World Health Organization estimates more than 4.7 million “excess deaths” in India for 2020-2021, which would give India the world’s highest mortality rate.⁸²

Immigration⁸³

India closely watches U.S. immigration policy, especially as related to the H-1B nonimmigrant visa (for temporary workers in specialty occupations). Indians account for at least two-thirds of annual H-1B visa issuances. Reforming the H-1B program has been of interest to Congress, where there is debate between Members concerned that hiring through the program displaces U.S. workers, and others who argue that U.S. employer demand for H-1B nonimmigrant workers reflects a lack of qualified U.S. workers to fill open positions, and is thus a problem for U.S. competitiveness.⁸⁴ Some U.S. officials have also raised concerns over delays in processing work authorization and status renewals for H-1B spouses living in the United States, as well as long wait times for Indians applying for visas abroad. The United States has taken steps to address processing delays related to renewals⁸⁵ and, in January 2023, the U.S. Mission in India announced a multi-pronged approach to address visa backlogs.⁸⁶ In February 2023, the State Department announced that it would pilot a program to allow temporary workers in H-1B (and L-1 status) to renew their visas without having to leave the United States.⁸⁷

Leaders in New Delhi express particular concern about Indian nationals who have been approved for employment-based Legal Permanent Resident status, but who face long wait times for a

⁸⁰ To date, India has distributed more than 298 million vaccine doses to 101 countries (see <https://www.mea.gov.in/vaccine-supply.htm>).

⁸¹ See <https://www.usaid.gov/india/coronavirus>.

⁸² See Indian government mortality data at <https://www.mohfw.gov.in>; WHO, “Global Excess Deaths Associated with COVID-19,” updated May 21, 2022.

⁸³ This section written by William Kandel, Specialist in Immigration Policy, and Jill Wilson, Analyst in Immigration Policy.

⁸⁴ CRS Report R47159, *Temporary Professional Foreign Workers: Background, Trends, and Policy Issues*, by Jill H. Wilson.

⁸⁵ See for example, Letter from Senator Jeanne Shaheen, to Alejandro Mayorkas, Secretary, U.S. Department of Homeland Security, June 27, 2022, at <https://tinyurl.com/39etna5>; and USCIS, *Fiscal Year 2022 Progress Report*, December 2022.

⁸⁶ U.S. Embassy and Consulates in India, “U.S. Mission to India Launches Staffing Surge as Part of Expanded Efforts to Reduce Visitor Visa Wait Times,” press release, January 22, 2023, at <https://tinyurl.com/bdebamah>.

⁸⁷ “U.S. to Allow H-1B Workers to Renew Visas Without Leaving Country,” *Wall Street Journal*, February 10, 2023.

numerically limited employment-based visa to become available. U.S. immigration law prevents any one country from receiving more than 7% of such visas in a given year.⁸⁸

Human Rights⁸⁹

The U.S. government and many independent assessments identify India as the site of widespread human rights abuses, some of them perpetrated by agents of the state. By many accounts, the scale of such abuses has increased significantly under Modi and his Hindu nationalist Bharatiya Janata Party (BJP). The State Department's *2022 Country Reports on Human Rights* reviews evidence of "significant human rights issues in India." Its *2022 Report on International Religious Freedom* lists extensive ongoing problems, and its *2022 Trafficking in Persons Report* finds that India's "Overall anti-trafficking efforts, especially against bonded labor, remained inadequate."⁹⁰ Press freedoms, and restrictions on nongovernmental organization operations and social media companies, are further areas of concern.⁹¹ India reportedly has led the world in internet shutdowns for five consecutive years and accounts for more than half of all shutdowns worldwide since 2016.⁹² Some Members of Congress have publicly expressed concerns about religious freedom and the plight of Muslims and other religious minorities in India.⁹³ Numerous independent assessments warn that, under the Modi/BJP government, India's democratic institutions are eroding, its syncretic traditions are under threat, and its citizens' freedoms of expression and religion increasingly are being constrained by government actions.⁹⁴

In April 2022, while standing next to his Indian counterpart following a "2+2 Ministerial Meeting," Secretary of State Antony Blinken issued a rare public—and apparently scripted—rebuke, saying, "[We]'re monitoring some recent concerning developments in India, including a rise in human rights abuses by some government, police, and prison officials."⁹⁵ His remarks were in response to violent, large-scale clashes between Hindus and Muslims that took place in several Indian states in 2022, as well as Hindu leaders issuing hate speech and even calls for genocide of Muslims. In June 2022, two BJP officials sparked controversy by making remarks

⁸⁸ For more information, see CRS Report R45447, *Permanent Employment-Based Immigration and the Per-country Ceiling*, by William A. Kandel.

⁸⁹ See also CRS In Focus IF12198, *India: Human Rights Assessments*, by K. Alan Kronstadt.

⁹⁰ The U.S. Commission on International Religious Freedom continues to recommend that the United States designate India as a "country of particular concern" for "engaging in and tolerating systematic, ongoing, and egregious religious freedom violations" (see a November 2022 update at <https://tinyurl.com/mkxhbank>). See State's 2022 human rights report India narrative at <https://tinyurl.com/yckfse6t>; State's 2022 IRF report India narrative at <https://tinyurl.com/mr3baju8>; and State's 2022 TIP report at <https://tinyurl.com/28kc3cpu>.

⁹¹ The France-based Reporters Without Borders ranked India 150th of 180 world countries on its 2022 Press Freedoms Index, down from 142nd the previous year (see <https://rsf.org/en/index>). See also "After Silencing Critics at Home, Narendra Modi Goes After Foreign Media," *Economist* (London), February 16, 2023.

⁹² "Five Years in a Row: India Is 2022's Biggest Internet Shutdowns Offender," Access Now, February 28, 2023.

⁹³ For example, in the 116th Congress, H.R. 745 on the situation in Kashmir included a call to "preserve religious freedom for all residents" and garnered 68 cosponsors. In 2020, 14 Senators signed a letter asking the Secretary of State to designate India (among other countries) as a "Country of Particular Concern" as recommended by USCIRF (see the September 9, 2020, letter at <https://go.usa.gov/xHDQW>).

⁹⁴ Among the most prominent of many examples, U.S.-based non-profit Freedom House's "Freedom in the World" assessment for 2021 re-designated India as only "Partly Free," and its "Democracy Under Siege" narrative concluded that "Modi and his party are tragically driving India itself toward authoritarianism" (see the Freedom House narrative at <https://tinyurl.com/w639946z>). See also Thomas Carothers and Benjamin Press, "Understanding and Responding to Global Democratic Backsliding," Carnegie Endowment for International Peace, October 20, 2022; Ramachandra Guha, "The Cult of Modi," *Foreign Policy*, November 4, 2022; and Kaushik Raj, "The Year Hate Got Away Scot-Free in India," Article 14 (Bangalore), December 28, 2022.

⁹⁵ See the State Department's April 11, 2022, briefing transcript at <https://go.usa.gov/xuwgV>.

about the Prophet Mohammed that were seen as offensive to Muslims (several Muslim countries formally condemned the remarks). More recently, the New Delhi government responded angrily to a *BBC News* documentary on mass-scale anti-Muslim pogroms in the state of Gujarat in 2002, during Modi's tenure as the state's chief minister. Tax officials subsequently raided BBC offices in two Indian cities.⁹⁶

Biden Administration officials insist that they raise human rights concerns with India consistently, but in private. In New Delhi in March 2023, Secretary Blinken told reporters “[We] regularly engage with our Indian counterparts to encourage the Indian government to uphold its own commitments to protect human rights, just as we look to ourselves to do the same thing.” Yet some reporting suggests that inside the State Department there is frustration with “the kid-glove treatment” India receives, even in internal U.S. government documents.⁹⁷

India-Russia Relations and the War in Ukraine

Indian officials describe their “Special and Privileged Strategic Partnership with Russia” as “exceptionally steady and time-tested.”⁹⁸ India's five decades of close and friendly relations with the former Soviet Union and Russia may complicate the Biden Administration's pursuit of stated goals in the Indo-Pacific region, including in the context of Russia's February 2022 invasion of Ukraine. Moscow's recent diplomatic outreach to key Indian rivals China and Pakistan reportedly has led to disquiet in New Delhi, with the Indian government seeking in turn to forestall any deepened Russia-China alignment by reaffirming its ties with Moscow.⁹⁹ Meanwhile, Russia remains India's top arms supplier and, although Indian officials have blamed the war in Ukraine for Russia's inability to deliver vital defense equipment, the two countries are moving forward to strengthen their defense cooperation.¹⁰⁰ U.S. officials regularly encourage India leaders to reduce their reliance on imported Russian arms.¹⁰¹ India's ongoing purchases of Russian-made weapons systems have the potential to trigger U.S. sanctions on India under Section 231 of the Countering America's Adversaries Through Sanctions Act (CAATSA, P.L. 115-44).¹⁰²

In early 2022, New Delhi's neutrality on Russia's aggression against Ukraine—and India's abstention on all U.N. votes condemning or criticizing that invasion—met with dismay among some Members of Congress, as well as many Western analysts, who had hoped for a stronger

⁹⁶ “Religious Clashes Across India Spark Fears of Further Violence,” *Washington Post*, April 20, 2022; “Prophet Muhammad Remarks Deepen India's Diplomatic Crisis,” *BBC News*, June 7, 2022; “India Says BBC Documentary on India PM Modi Is ‘Propaganda,’” *Reuters*, January 19, 2023; “India Escalates Fight Against BBC with New Financial Case,” *Washington Post*, April 13, 2023.

⁹⁷ Secretary Blinken's March 2, 2023, remarks at <https://tinyurl.com/ypu5najz>; Nahal Toosi et al., “On India, Say Nothing,” *Politico*, March 2, 2023.

⁹⁸ See the External Affairs Ministry's November 8, 2022, transcript at <https://tinyurl.com/2p8wfeyv>.

⁹⁹ “Putin's War Is Complicating India's Middle Path Among Powers,” *New York Times*, March 30, 2022.

¹⁰⁰ “India, Russia Agree to Boost Longstanding Defense Ties,” *Reuters*, April 28, 2023; “Russia Cannot Meet Arms Delivery Commitments Because of War, Indian Air Force Says,” *Reuters*, March 23, 2023.

¹⁰¹ In April 2022, U.S. Defense Secretary Lloyd Austin told a House panel, “[We] believe that it's not in [India's] best interest to continue to invest in Russian equipment.” Since 2010, Russia has been the source of about 62% of all Indian arms imports, and India has accounted for more than one-third (34%) of all Russian arms exports by the Stockholm International Peace Research Institute's (SIPRI's) trend-indicator value (see the April 5, 2022, House Armed Services Committee transcript at <https://tinyurl.com/2kx5yhzv>; arms trade data from SIPRI Arms Transfers Database).

¹⁰² CAATSA targets “significant transactions” with Russia's defense or intelligence sectors. In 2021, India began taking delivery of S-400 Triumf air defense systems purchased from Russia in a multi-billion-dollar deal, but the Biden Administration has not made a determination on Section 231 sanctions in this case. The House-passed National Defense Authorization Act for FY2023 (H.R. 7900) included a call for the waiver of potential CAATSA sanctions on India, but the bill was not taken up by the Senate.

stance from the world's most populous democracy.¹⁰³ Russia's war on Ukraine has elevated India's influence and importance on the world stage, but also has disrupted India's current presidencies of both the G-20 and the Shanghai Cooperation Organization.¹⁰⁴ For some observers, India's unwillingness to openly criticize Russia belies its purported commitment to "shared values" with the United States, and may squander a portion of the good will India has built in recent decades, both globally and in Washington, DC.¹⁰⁵ According to its foreign minister, India "strongly advocates a return to dialogue and diplomacy" on Russia and Ukraine, and is "clearly on the side of peace, respect for international law and support for the U.N. Charter."¹⁰⁶

Energy trade is another central feature of the India-Russia relationship and, in late 2022, Russia emerged as India's leading source of imported oil.¹⁰⁷ U.S. officials stated earlier in the year that Washington would not set "red lines" for Indian purchases of Russian oil, but did not want to see "rapid acceleration" of such imports.¹⁰⁸ Nonetheless, Indian purchases of Russian oil reportedly have increased 16-fold following the invasion to some 1.6 million barrels per day in December 2022, providing revenue that, by some accounts, contributes to sustaining Moscow's war effort.¹⁰⁹ In a decision welcomed by Russian leaders, India does not honor price caps on Russian petroleum products imposed by G7, European Union, and other nations as a further means of reducing revenue flows to Moscow, and India has (along with China), made purchases above the cap.¹¹⁰ The overall value of Indian imports from Russia has more than quadrupled since the February 2022 invasion as compared to earlier years.¹¹¹

To date, Biden Administration officials acknowledge the strategic and economic motivations for India's neutrality policy and appear willing to abide ongoing India-Russia ties in the pursuit of what the Administration deems to be broader U.S. interests.¹¹² Yet one former U.S. official noted

¹⁰³ See, for example, remarks by several Senators at a March 2, 2022, Senate Foreign Relations subcommittee hearing on U.S.-India relations at <https://tinyurl.com/2p8tr2dr>; Stephen Biegun and Anja Manuel, "India's Abstention on Ukraine Resolution Risks Its Democratic Stature Before the World" (op-ed), *Print* (Delhi), February 28, 2022.

¹⁰⁴ "Russia's War Could Make It India's World," *New York Times*, December 31, 2022; Emily Tamkin, "India Is Stuck in a New World Disorder," *Foreign Policy*, June 1, 2023.

¹⁰⁵ Anish Goel, "Inside India's Abstention," *The American* (Rome), March 12, 2022; "India, as Largest Democracy, Must Condemn Russia for Ukraine War" (interview), *Nikkei Asia* (Tokyo), May 29, 2023.

¹⁰⁶ See S. Jaishankar's November 8, 2022, remarks in Moscow at <https://tinyurl.com/3xreut62>.

¹⁰⁷ "Russia Becomes India's Top Oil Supplier as Sanctions Deflate Price," *Financial Times* (London), October 10, 2022.

¹⁰⁸ "US Does Not Want 'Rapid Acceleration' in India Energy Imports from Russia," Reuters, March 31, 2022.

¹⁰⁹ "How Russia Is Surviving the Tightening Grip on Its Oil Revenue," *New York Times*, February 7, 2023.

¹¹⁰ "India and China Snap up Russian Oil in April Above 'Price Cap,'" Reuters, April 18, 2023. During a November 2022 visit to New Delhi, Treasury Secretary Janet Yellen stated that, so long as Western services are not used, Indian importers can purchase as much Russian oil as they want, regardless of price caps. In January 2023 hearing testimony, Deputy Secretary of State Wendy Sherman told a Senate panel that Indians are now major beneficiaries of the price cap "because the oil that they're buying from Russia is so much cheaper" ("India Can Buy as Much Russian Oil as It Wants, Outside Price Cap, Yellen Says," Reuters, November 13, 2022; "Senate Foreign Relations Committee Holds Hearing on Countering Russian Aggression," CQ Transcripts, January 26, 2023).

¹¹¹ In May 2023, months of negotiations on re-establishing a Cold War-era ruble-rupee trade mechanism to allow Indian exporters to trade with Russia despite sanctions restricting international payment mechanisms were halted when Moscow could not be persuaded to hold rupees ("Exclusive: India, Russia Suspend Negotiations to Settle Trade in Rupees," Reuters, May 4, 2023; trade data from Indian Ministry of Commerce).

¹¹² For example, during an April 2022 press briefing, Secretary of State Blinken stated, "[We] call on all nations to condemn Moscow's increasingly brutal actions," while adding, "India has to make its own decisions about how it approaches this challenge" (see the State Department's April 11, 2022, transcript at <https://go.usa.gov/xuwgV>).

the Administration's "tremendous forbearance toward India's very disappointing response" and warned that Washington's frustration may increase over time, potentially hampering relations.¹¹³

India-China Relations

India's relations with China have been fraught for decades, with significantly increased enmity in recent years. In 2020, relations saw the worst bilateral border conflict since the Sino-Indian War of 1962, significantly reducing trust and confidence in both capitals. Impasses persist over disputed frontiers, as well as China's support for Pakistan, India's key rival, and China's growing influence in India's periphery, including in the Indian Ocean. Indian officials likely are rankled by Beijing's repeated moves to obstruct imposition of U.N. sanctions on Pakistan-based terrorists. Leaders in Beijing, meanwhile, take issue with the presence of the Dalai Lama and a self-described "Central Tibetan Administration" and "Tibetan Parliament in Exile" on Indian soil.

Indian and U.S. officials—including the U.S. Congress—blamed spring 2020 border clashes on PRC aggression, and that development renewed fears that India could face a two-front war, given China's potential collusion with Pakistan.¹¹⁴ According to one Indian pundit, "From New Delhi's perspective, the PRC military aggression on the disputed border is the price India is paying for joining hands with the Western alliance."¹¹⁵ India has since adjusted its economic relations with China in response to the conflict, banning more than 250 PRC mobile apps and seeking to diversify supply chains.¹¹⁶ Still, trade ties remain crucial: China was a close second to the United States among India's top trade partners during India's FY2021/22, and the value of Indian imports from China reached a record high last year, as did the trade deficit, given the modest levels of Indian exports to China.¹¹⁷

Despite ongoing negotiations, including 18 rounds of military-to-military talks, tensions at the India-China Line of Actual Control (LAC) remain high, and China newly holds a reported 580 square miles of territory previously patrolled by India. Non-lethal December 2022 clashes involving hundreds of soldiers from each side renewed fears of a wider conflict. Both parties maintain about 50,000 troops and heavy weaponry at the LAC, and both continue to improve their infrastructure and military capabilities in the region; the U.S. intelligence community assesses that "persistent low-level friction on the LAC has the potential to escalate swiftly."¹¹⁸ U.S.-supplied defense equipment has bolstered India's capabilities at the LAC, and Washington reportedly provided India with intelligence that allowed Indian forces to repel the latest PRC incursion.¹¹⁹ The United States is "strongly opposed to any unilateral attempts to advance territorial claims by incursions, military or civilian, across the border," and it encourages India

¹¹³ Lisa Curtis quoted in "India-US Ties Entering Uncharted Territory over Ukraine: Ex-Trump Advisor" (interview), *Press Trust of India*, April 7, 2022.

¹¹⁴ The William M. (Mac) Thornberry National Defense Authorization Act for FY2021 (P.L. 116-283) includes a sense of Congress that China's "continued military aggression ... along the border with India is a significant concern."

¹¹⁵ Ajai Shukla, "Why India and China Are Fighting in the Himalayas" (op-ed), *New York Times*, January 1, 2023.

¹¹⁶ "Full List of Chinese Apps Banned in India So Far," *India Today* (Delhi), August 21, 2022.

¹¹⁷ Major Indian imports from China include electrical and nuclear power equipment, and organic chemicals, including fertilizers, among other commodities (India Ministry of Commerce and Industry data; "India's Imports from China Reach Record High in 2022, Trade Deficit Surges Beyond \$100 Billion," *Hindustan Times* (Delhi), January 13, 2023).

¹¹⁸ Sameer Lalwani, Daniel Markey, and Vikram Singh, "Another Clash on the India-China Border Underscores Risks of Militarization," U.S. Institute for Peace, December 20, 2022. See the March 8, 2023, Annual Threat Assessment of the U.S. Intelligence Community at <https://tinyurl.com/4hjartj7>.

¹¹⁹ "India Deploys U.S. Weapons to Fortify Disputed Border with China," Bloomberg, October 28, 2021; "U.S. Intel Helped India Rout China in 2022 Border Clash: Sources," *U.S. News and World Report*, March 20, 2023.

and China “to utilize existing bilateral channels to discuss disputed boundaries.”¹²⁰ India remains firm in its position that PRC “transgressions” at the LAC preclude restoration of “normalized relations.” New Delhi boosted the country’s latest defense budget by more 10% with an emphasis on improving border security.¹²¹

India-Pakistan Relations and Kashmir

India and Pakistan have fought four wars since 1948, three of them over the disputed former princely region of Kashmir, the most recent in 1999. India largely cut off bilateral engagement following an early 2019 terrorist attack in Pulwama, in Indian-held Kashmir, and a subsequent Indian airstrike on a suspected militant camp inside Pakistan. India’s government continues to hold Pakistan responsible for supporting cross-border anti-India militancy, while Islamabad highlights India’s alleged repression of the Kashmir Valley’s overwhelmingly Muslim populace. Later in 2019, the Indian government took a series of controversial actions that significantly eroded the (largely nominal) constitutional autonomy of Jammu and Kashmir—until then the country’s only Muslim-majority state—and cracked down on protesters, suspended internet and cell service, and took thousands of people, including prominent local politicians, into “preventive detention.” Pakistan, which also claims the region, strongly objected. Some Members of Congress criticized India’s actions, mainly on human rights grounds.¹²² Although New Delhi lifted remaining internet lockdowns in 2021—and tourist visits have since reached record levels beyond pre-pandemic levels—reports indicate that tensions and disaffection remain in the Kashmir Valley, with the central government’s credibility harmed by ineffective governance, a depressed economy, and continued militant recruitment.¹²³

Developments in Afghanistan since mid-2021 further complicated India-Pakistan relations, and the potential for further conflict remains high, according to U.S. intelligence assessments.¹²⁴ In March 2022, what New Delhi called a “technical malfunction” led to the “accidental firing” of a missile that landed (without detonation) on Pakistani territory. Islamabad decried “technical lapses of serious nature in Indian handling of strategic weapons.”¹²⁵ India’s government also continues to look warily upon U.S.-Pakistani security ties; New Delhi formally protested the Biden Administration’s recent plans to provide sustainment for Pakistan’s F-16 combat aircraft fleet at a potential cost of up to \$450 million.¹²⁶ Hopes for restored India-Pakistan diplomatic ties persist, but recent animus over water sharing issues appears to have added to ongoing mutual circumspection.¹²⁷

¹²⁰ State Department press briefing, December 13, 2022.

¹²¹ “S Jaishankar: India Beefs Up Military at Tense China Border,” *BBC News*, December 20, 2022; “India Raises Defense Budget to \$72.6 bln amid Tensions with China,” Reuters, February 1, 2023.

¹²² See CRS Report R45877, *Kashmir: Background, Recent Developments, and U.S. Policy*, by K. Alan Kronstadt.

¹²³ See, for example, “The Mirage of Peace and Prosperity in Kashmir,” *Economist* (London), January 10, 2023.

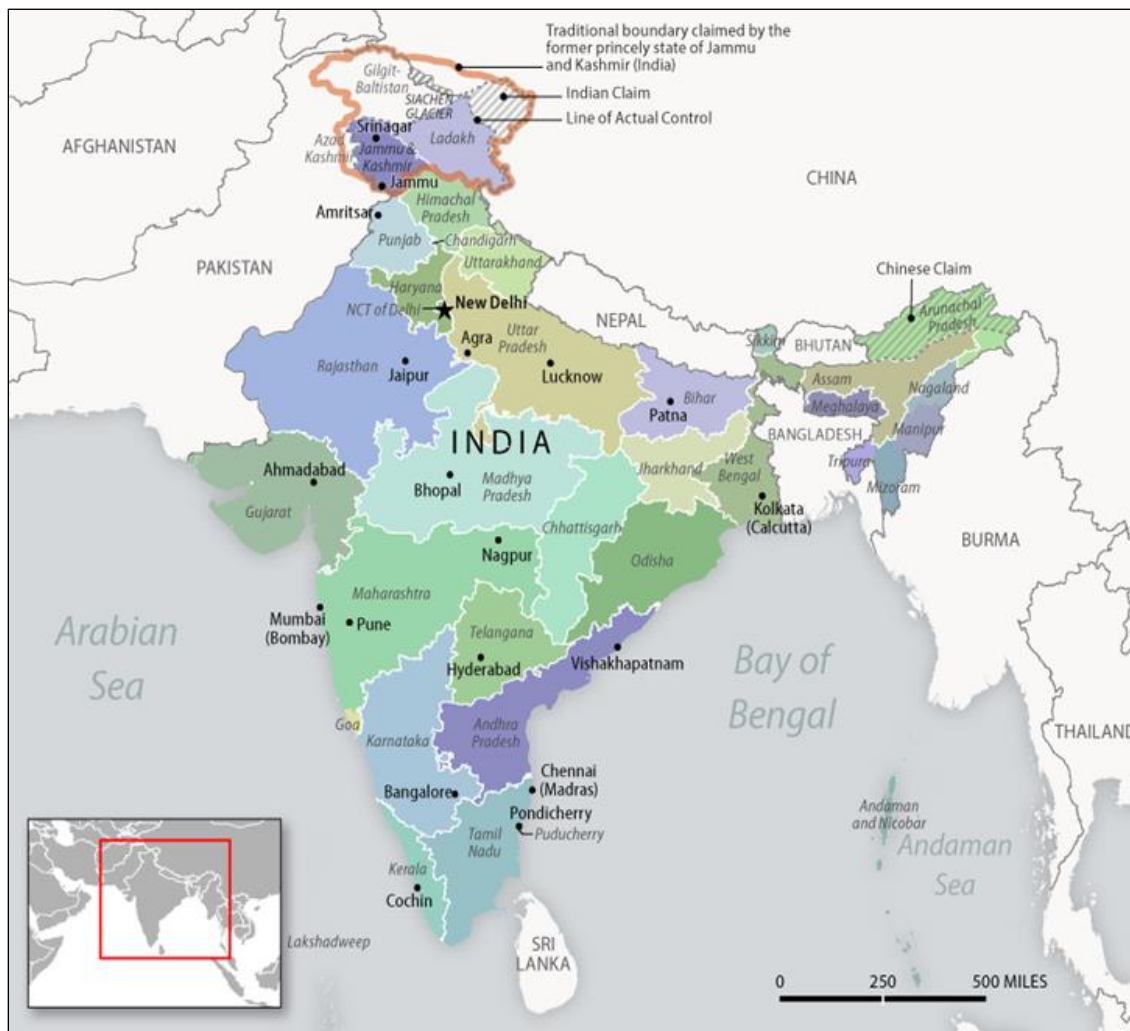
¹²⁴ See the *Annual Threat Assessment of the U.S. Intelligence Community*, February 2022, at <https://tinyurl.com/5n8kt6d3>.

¹²⁵ Indian Ministry of Defense release, March 11, 2022, at <https://tinyurl.com/2p929w9s>; Pakistan Ministry of Foreign Affairs release, March 12, 2022, at <https://tinyurl.com/2mysewnt>.

¹²⁶ “India Registers Strong Protest with U.S. Over Pakistan F-16 Package,” *Times of India* (Delhi), September 11, 2022.

¹²⁷ “After 62 Years, India Moves to Amend Its Water Treaty with Pak,” *Indian Express* (Delhi), January 28, 2023; Brahma Chellaney, “South Asia’s Looming Water War,” *Project Syndicate*, February 16, 2023.

Figure 2. Map of Indian States



Source: Graphic created by CRS. Map information generated by using data from <http://www.mapsofindia.com>, Department of State international boundary files (2015); Esri (2014); and DeLorme (2014).

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