UNITED STATES POLICY IN INDIA: BALANCING GLOBAL AND REGIONAL PERSPECTIVES

NAVAL POSTGRADUATE SCHOOL
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UNITED STATES POLICY IN INDIA: BALANCING GLOBAL AND REGIONAL PERSPECTIVES

by

Carl A. Cockrum

December 1983

Thesis Advisor: Glynn Wood

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are reviewed with the conclusion that the emerging national power of India precludes a South Asian policy that is driven solely by East-West issues. Current Indian policies including the import/export policy, the Mid-East, arms transfers, and policy towards Pakistan and China are probed to determine areas of current or potential agreement or disagreement with the United States. The policy recommendation formulated from the above factors includes specific measures for recognizing India's growing power status, support of Indian nonalignment, and support of a responsible Indian de facto regional dominance balanced with a limited support for Pakistan.
United States Policy in India: Balancing Global and Regional Perspectives

by

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ABSTRACT

This paper explores the legacy of past United States involvement in South Asia and the policies of the current administration under President Reagan. The generally positive attitude that the Soviet Union has adopted towards Indian strategic goals is contrasted with American policies that have tended to oppose Indian objectives. The military capability, economic growth and self-sufficiency, and the increasing diplomatic strength of India, are reviewed with the conclusion that the emerging national power of India precludes a South Asian policy that is driven solely by East-West issues. Current Indian policies including the import/export policy, the Mid-East, arms transfers, and policy towards Pakistan and China are probed to determine areas of current or potential agreement or disagreement with the United States. The policy recommendation formulated from the above factors includes specific measures for recognizing India's growing power status, support of Indian non-alignment, and support of a responsible Indian de facto regional dominance balanced with a limited support for Pakistan.
# TABLE OF CONTENTS

## I. PAST POLICY - A FRAME OF REFERENCE

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. THE US BECOMES INVOLVED</td>
<td>8</td>
</tr>
<tr>
<td>B. THE US BOWS OUT AND THEN TILTS</td>
<td>16</td>
</tr>
<tr>
<td>C. DIEGO GARCIA 1974-1980</td>
<td>19</td>
</tr>
<tr>
<td>D. NUCLEAR NONPROLIFERATION 1974-1980</td>
<td>26</td>
</tr>
<tr>
<td>E. ECONOMIC POLICY</td>
<td>30</td>
</tr>
<tr>
<td>1. Public Sector Investment</td>
<td>31</td>
</tr>
<tr>
<td>2. PL 480 and the Short-Tether</td>
<td>33</td>
</tr>
<tr>
<td>F. THE REAGAN APPROACH</td>
<td>35</td>
</tr>
<tr>
<td>1. Arming and Stabilizing Pakistan</td>
<td>35</td>
</tr>
<tr>
<td>2. The Indian Response</td>
<td>40</td>
</tr>
<tr>
<td>3. Tarapur</td>
<td>42</td>
</tr>
<tr>
<td>4. Foreign Aid to India</td>
<td>43</td>
</tr>
<tr>
<td>G. CURRENT POLICY ASSESSMENT AND THE LEGACY</td>
<td>46</td>
</tr>
</tbody>
</table>

## II. SOVIET EXPANSION INTO INDIA

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. SOVIET OBJECTIVES IN INDIA</td>
<td>50</td>
</tr>
<tr>
<td>B. SOVIET DIPLOMACY IN INDIA</td>
<td>51</td>
</tr>
<tr>
<td>1. Stalin and the Two-Camp Theory</td>
<td>53</td>
</tr>
<tr>
<td>2. Khrushchev and Hindi-Russi Bhai-Bhai</td>
<td>55</td>
</tr>
<tr>
<td>3. Breshnev Attempts a Balance</td>
<td>57</td>
</tr>
<tr>
<td>4. Treaty of Friendship and Cooperation</td>
<td>59</td>
</tr>
<tr>
<td>5. Nonaligned or Ally?</td>
<td>62</td>
</tr>
<tr>
<td>C. USING THE ROUBLE</td>
<td>65</td>
</tr>
<tr>
<td>1. Soviet External Assistance</td>
<td>65</td>
</tr>
<tr>
<td>2. Indo-Soviet Trade</td>
<td>71</td>
</tr>
<tr>
<td>3. Getting Your Rubles Worth</td>
<td>73</td>
</tr>
<tr>
<td>D. THE ARMING OF INDIA</td>
<td>75</td>
</tr>
<tr>
<td>1. Indian Arms Transfer Policy</td>
<td>75</td>
</tr>
</tbody>
</table>
INDEX

2. Indo-USSR Arms Trade ........................................... 80
3. 1980-83, Diversification or Dependence ......... 83

E. THE CASE OF INFLUENCE ........................................... 87

III. INDIA: AN EMERGENT POWER? ................................. 91

A. INDIA'S MILITARY CAPABILITY ................................. 92
   1. The Indian Army .............................................. 92
   2. Indian Air Force ............................................. 94
   3. Indian Navy ................................................. 96
   4. Indian Defense Production ................................. 97
   5. Power Projection - India's IBM ..................... 100

B. THE ECONOMY AS A SOURCE OF INTERNATIONAL POWER ........................................... 110
   1. Indian Trade Dependence ................................. 110
   2. Agricultural Self-Sufficiency ....................... 121

C. INDIAN DIPLOMATIC INFLUENCE ................................. 128
   1. Excluding the Superpowers .......................... 130
   2. Restructuring the International System .... 132

D. INDIA AS A MIDDLE POWER ....................................... 136
   1. Objective: Secure Herself From a Military Threat ...... 136
   2. Objective: Maintain Independence and Nonalignment .................. 137
   3. Objective: Insulate the Indian Ocean .................. 138
   4. Objective: Friendly Neighboring Governments .... 139
   5. Objective: Receive Favorable Material Aid ........ 139
   6. Assessment ............................................. 140

IV. CONSTRAINTS ON AMERICAN POLICY .............................. 141

A. GLOBAL INTERESTS .............................................. 141

B. REGIONAL RIVALRIES ........................................... 143
   1. India-Pakistan ........................................... 145
2. India-PRC .......................... 152
3. Reducing Regional Conflict ....... 159
C. INDIAN POLICY OBJECTIVES .... 160
   1. Indian Economic Policy ........ 162
   2. Indian Mid-East Policy ......... 168

V. A PRESENT AND FUTURE POLICY .... 172
   A. LEARNING FROM THE PAST ....... 177
   B. THE LIMITS OF INFLUENCE ...... 180
   C. NONALIGNMENT .................. 182
   D. REGIONAL DOMINANCE .......... 185
   E. ECONOMIC ASSISTANCE AND TRADE 190
   F. NUCLEAR NONPROLIFERATION .... 193
   G. DIEGO GARCIA .................. 193
   H. CHINA .......................... 194
   I. CONCLUSION .................... 196

ENDNOTES ............................ 199

INITIAL DISTRIBUTION LIST .......... 232
# LIST OF TABLES

I. **Diego Garcia Construction Program - Construction Status** .................................................. 23
II. **U.S.-USSR Indian Ocean Ship-Days 1968-75** ................................................................. 25
III. **Proposed U.S. Assistance to Pakistan, Fiscal Years 1982-87** ........................................ 36
IV. **Proposed Economic Assistance Program - Pakistan** ......................................................... 39
V. **Indian Voting Agreement with the U.S. and USSR 1965-72** ............................................ 64
VI. **Soviet Economic Credits Extended to India** ................................................................. 67
VII. **Soviet Trade as a Percentage of Indian Market** ............................................................ 72
VIII. **USSR-Indian Protocols 1982** ....................................................................................... 76
IX. **Indian Aircraft Purchases 1955-1983** ........................................................................... 78
X. **Indo-USSR Arms Transfers** .............................................................................................. 82
XI. **Indian Arms Purchases 1980-83** .................................................................................... 84
XII. **Major Combatants of Selected Indian Ocean Navies** .................................................... 96
XIII. **Major Licensed-Production Agreements** ....................................................................... 98
XIV. **Sources of Indian Imports by Percentage** .......................................................... 113
XV. **Indian Export Markets by Percentage** ..................................................................... 113
XVI. **Percentages of Overall Indian Trade** ......................................................................... 113
XVII. **Estimated Aid Utilization 1982-83** ........................................................................... 116
XVIII. **1982 External Assistance Usage** .............................................................................. 117
XIX. **Indian Double-Cropping 1969-70** ............................................................................. 123
XX. **South Asian Alignment Tendencies** ............................................................................. 144
XXI. **Percentage Untied External Aid** ............................................................................... 167
I. PAST POLICY: A FRAME OF REFERENCE

A study whose purpose is to help clarify the formulation of an American policy towards India must have at its inception, a clear understanding of the current and past relationship. Past and current policy form a legacy, a framework within which current policy must be implemented and future policy formulated. Indo-American interaction over the past thirty-six years has conditioned the beliefs and attitudes with which the elites in both countries approach policy questions. Past policy actions contribute substantially to the limits and range of options available to both parties.

With this in mind, this chapter will look for the primary motivations of the United States in its involvement in India since 1947. The Indian perception of United States motivations will be studied to see if there exists a difference of interpretation. Additionally, specific issues including economic aid, arms transfers, nuclear nonproliferation and the naval build-up in the Indian Ocean will be reviewed.

A. THE US BECOMES INVOLVED

The United States did not have official relations with India before WWII. Prior to that time, all of India's foreign affairs were handled through the British Foreign Office. [1] The actual American presence in India was limited to a few consular offices. This changed in the spring of 1942 when President Roosevelt sent Colonel Louis Johnson tc India as his personal representative and with the rank of ambassador. The settling of the Indian question was
of concern to President Roosevelt. He urged the British on more than one occasion to take steps to reach a settlement. The good will that Roosevelt and people such as William Phillips were able to establish was negated by American actions at the end of and after WWII. These included the support for colonial powers in Indonesia and Indo-China, the use of the atom bomb on the Japanese, and a failure to provide India with industrial capital on favorable terms. [2] State Department actions concerning the independence of India also served as grounds for Indian grievance. The State Department supported the British Labour Government's plan for an undivided India in February 1947. In June of the same year, the Labour government reversed itself and supported a plan calling for partition. The State Department supported the reversal. [3] This led to many Indians developing the idea that the Anglo-American friendship took precedence over American concerns for India's welfare. This was a preview of a problem that was to bedevil Indo-U.S. relations in the future. Indian politicians failed to take into account the global requirements of American policy actions. Likewise, American policymakers either failed to comprehend the impact of the actions on local opinion or they discounted it as unimportant in the global context.

The United States did not become fully involved in the subcontinent immediately after WWII. The first active involvement in the subcontinent by the United States was directed towards Pakistan. It is important to realize that U.S.-Indian relations are irrevocably interlinked with U.S.-Pakistan policy. Any change in policy towards one has invariably drawn a reaction from the other. It is true that prior to 1953 the United States had been deeply involved in the Kashmir question during debate in the UN. This even went to the point of supporting the concept of a UN force
being established in Kashmir. [4] Actual involvement with the subcontinent itself in the form of economic or security aid however, did not come until the Eisenhower administration took office in 1953 with Secretary of State Dulles.

United States involvement in South Asia was driven by global balance of power politics. Fiscal considerations in the United States caused the Eisenhower Administration to develop the "New Look". The New Look was based on massive nuclear retaliation and placed a premium on the ground forces for local aggressions being supplied "largely by our allies." [5] The policy of containing the expansion of the USSR while maintaining American troop strengths at a low level produced a need for regional alliance systems. Thus SEATO and the Baghdad Pact (later CENTO) were born.

The United States initially attempted to get both Pakistan and India involved in a regional security scheme. When India declined, the United States belief in the rightness of its policies led Secretary Dulles to declare India's nonalignment "an immoral, and shortsighted conception." [6]

The northern tier scheme was not developed by the Eisenhower administration. Selig Harrison argues that the idea was born in 1949 with Sir Olaf Caroe, a former Governor of the Northwest Frontier Province and Foreign Secretary of the British-Indian government. [7] By 1951 this concept had been refined to exclude India due to its professed nonalignment and was referred to by Caroe as the "Northern Screen." In his book Wells of Power, Sir Olaf openly directed an argument towards the United States that American defense of the Mid-East must be based on Pakistan. [8] The United States government did not envision a formal military alliance with Pakistan, but it did consider a limited arms assistance program. In December 1951, the Pentagon was given permission by the State Department to discuss such a program with Pakistan and an agreement in principle was
reached by mid-1952. [9] No actual commitment was made by the Truman administration. An arms security agreement was finally approved on February 8, 1954, by the National Security Council. The assistance program envisioned a $25 million package. United States economic and military aid to Pakistan between 1953 and 1961 eventually totalled almost $2 billion. [10]

After the initiation of the security assistance to Pakistan, the United States then worked for the formation of SEATO. During the formulation of the treaty at the Manila Conference, the United States' motivation for participation was clearly evident. Under pressure from Pakistan, the United States, agreed to the text reflecting the treaty being directed against aggression. Pakistan's goal was to have the treaty worded to include all aggressions so that American involvement would be triggered by any Indian moves against Pakistan. The United States insisted that an understanding be attached that only Communist aggression would be automatically considered by the United States as endangering its security and would thereby trigger United States involvement. [11]

SEATO was followed by the Baghdad Pact in September 1955. Although the United States did not actually join the Baghdad Pact, it did lend its support to the organization. Pakistan thus became a linchpin in the United States' policy of containment. Pakistan acted as a base upon which the United States could hinge its Mid-East and South-East Asian policies.

The Indian reaction to Pakistan gaining such a strong ally and supplies for its armed forces was initially restrained. In early 1953, Prime Minister Nehru firmly stated that India could not be indifferent to American military assistance to Pakistan. [12] India's concern was natural. A U.S.-Pakistan alliance would involve the region
in the cold-war, it would complicate the Indo-Pakistan relationship, and it would add to India's security needs. In a written statement to the Lok Sabha, Prime Minister Nehru voiced these concerns:

This grant of military aid by the United States to Pakistan creates a grave situation for us in India and for Asia. It adds to our tensions. It makes it much more difficult to solve the problems which have confronted India and Pakistan. It is vitally necessary for India and Pakistan to solve these problems and develop friendly and cooperative relations which their geographical position as neighbours as well as their long common history demand. These problems can only be solved by the two countries themselves and not by the intervention of others. It is, indeed, this intervention of other countries in the past that has come in the way of their solution. Recently a new and more friendly atmosphere had been created between India and Pakistan, and by direct consultations between the two Prime Ministers progress was being made towards the solution of these problems. That progress has now been checked and fresh difficulties have arisen. The military aid being given by the United States to Pakistan is a form of intervention in these problems which is likely to have more far-reaching results than the previous types of intervention. (13)

President Eisenhower wrote Prime Minister Nehru to inform him that the military aid to Pakistan was not directed against India and that the United States would come to the aid of India were she attacked by Pakistan. William Barnds opines that the letter had the opposite effect from that intended. Nehru dismissed the assurances as meaningless and was incensed at the implied suggestion that Indian opposition was based on calculation rather than principle. (14) One of the concrete actions taken by India was to demand the withdrawal of American personnel from the UN observers group in Kashmir. (15) The coincidence of Khrushchev's visit in November and December of 1955, and the joining of the Baghdad Pact by Pakistan in September 1955, suggest the policy direction that India considered as a result of United States actions.

12
The next major shift in United States policy came during the period 1959-62. Again, the impetus was anticommunism. In 1959 the Sino-Indian border problem began to become apparent to the world. Indian officials started to see in China the threat that the United States had always warned about. Even before the 1962 border war, the United States started to affect a rapprochement with India. In 1959, President Eisenhower was given a tumultuous welcome in India. In 1960, the United States signed a five-year agreement with India to deliver 17 million tons of wheat which would be paid for in rupees. The United States was also a major figure in establishing the Aid India Consortium in conjunction with the World Bank. [16]

The rapprochement with India did not mean an abandonment of Pakistan. The United States negotiated and signed a bilateral security treaty with Pakistan in 1959. [17] When President Kennedy assumed office, he assured Ayub Khan of continued United States support. He backed this up with delivery of F-104's and a sharp increase in economic aid.

On 20 October 1962, China attacked Indian forces in both the Northeast Frontier Agency and Ladakh areas. [18] This provided the impetus for the United States to now supply arms to India. Between 1962 and 1965, the United States provided approximately $100 million dollars in grants and credits (primarily grants) to help India convert six infantry divisions to mountain divisions, improve its air transport capability and upgrade its radar and communications. [19] The Indian goal of self-sufficiency in arms production was furthered through the transfer of a $2 million small arms ammunition factory which opened in 1964. [20] The United States did not fully open its arms coffers to India. Requests for three squadrons of F-104's were turned down. [21] Defense Minister Chavan is cited as saying the United States response to a request for military assistance was: "1) India was advised to strengthen its
economic base, 2) the United States implied that American naval equipment was too complex for India to handle, and 3) the United States also implied jet aircraft were available only on dollar payment. [22]

The United States policy of supplying military and economic aid to both India and Pakistan continued through 1965. It was a policy motivated by anticommunism and did not sufficiently account for regional rivalry. The question of Kashmir still deeply divided the two countries, both of which were now being armed by the United States, although to different degrees. The outbreak of the 1965 Indc-Pak War signalled the failure of U.S. attempts at balancing Indian and Pakistani security needs. On September 8, Secretary of State Rusk told Congress that military aid was suspended to both countries and the no new commitments of aid were being made. He went on to say, "Our problem has been, and obviously we have not succeeded, to pursue policies with Pakistan and India related to matters outside of the subcontinent and at the same time try not to contribute to the clash between the two within the subcontinent." [23]

The thirty-day supply leash that the United States maintained on Pakistan's security assistance effectively stopped the Pakistan army dead in its tracks. At one point, 80% of Pakistan's equipment was of United States origin while the percentage of American equipment in the total Indian armed forces was never significant. Unable to procure ammunition, spare parts, and petroleum products, the Pakistanis were obliged to accept a cease fire. This led to an understandably bitter response from Pakistan as it saw its ally essentially desert it in its time of need.

The Indian response revealed an underlying difference of perception concerning United States goals in South Asia. The United States aid programs to India and Pakistan were, in American eyes, aimed at opposing the southward expansion
of the USSR and the PRC. In Indian eyes a totally different thesis emerged. The United States was deemed responsible for the war having occurred. Indian analysts argued that it would not have been possible for Pakistan to adopt its confrontationist policy if it had not been built up by the United States. Baldev Raj Nayar echoes an argument consistently heard in Indian writings when he proclaims that the United States' build-up of Pakistan was done not to halt communism, but instead to balance India. [24]

Nayar, using a pure balance of power argument, posits that a great power will resist the emergence of new great powers. Since balance of power politics is a zero-sum game, the emergence of any new great power detracts from the relative strength on any current great power. He further argues that a great power will generally use one of three policies towards the middle power in question: containment, satellitezation, and accommodation. Nayar cites George Liska when he states that American containment was not limited to just communism, it included all independent centers of power. [25] Nayar asserts that American attempts to contain India came after the United States first attempted to draw India into its sphere of influence in the early 1950's and failed. Examples of the United States failure were the Indian position on the Japanese Peace Treaty, Indian support for membership of the PRC in the UN, and India's actions with regard to the Korean conflict.

The Indian thesis cites U.S. policy statements to support the claim of a United States policy of containment towards India. Then-Vice President Nixon, on returning from a fact-finding trip to South Asia, told a press conference that Pakistan's readiness to enter into a military pact offered an opportunity to build a counterforce to Nehru's neutralism. [26] The perception of a United States containment policy was strengthened by a 1963 pledge to
Pakistan that the United States commitment "was not limited to communist countries but indeed specifically included India." [27] Ambassador Goheen is quoted in 1977 as saying:

The events of the last decade have brought it about that whether you look at it in geographical terms, in military terms or in economic terms, India and Pakistan really aren't competitors any more. India is clear and away the preeminent nation in the subcontinent, so that game we played for many years of trying to balance one off against the other - that's a dead game. [28]

The importance of the above argument lies not in its rightness or wrongness, but in its ascribing totally different rationales to American actions. If indeed, Indian leaders perceived an anti-India containment policy on the part of the United States, it makes their subsequent actions in seeking and gaining Soviet assistance much more understandable. The much-publicized Indian tilt towards the USSR becomes, at least in part, a result caused by United States policy actions.

B. THE US BOWS OUT AND THEN TILTS

The effect of the cut-off on American policy was to totally freeze the U.S. out of a position enabling it to participate in the Soviet-sponsored Tashkent meeting. Furthermore, Pakistan now openly courted China and opened ties with the USSR. In 1966, the USSR committed $84 million in aid to Pakistan. The April 1968 visit by Kosygin to Pakistan, the May 20, 1968 refusal to extend U.S. leases in Peshawar and the July 1968 Soviet-Pakistan arms deal illustrates the trend of U.S.-Pakistan relations after the 1965 war. [29] For America, Pakistan's value as an anti-communist ally declined.

India's domestic problems and continuing regional conflicts decreased her value to American planners. A
lessened concern for the subcontinent as a whole developed. The continual regional conflict made the expenditure for arms against external threat useless. At the same time the danger of an internal takeover by the local communist parties was deemed very low. [30] The U.S. provided limited military aid to the subcontinent in the form of spare parts and non-lethal items in 1966 and 1967. [31] Economic commitments remained large. [32] This aid also showed a decrease eventually. The 1967 high of $838 million in aid to India was down to $466 million by 1969.

Under the Nixon administration, U.S. interest in South Asia continued to decline. The closing of Peshawar in July 1969 had effectively ended any U.S.-Pakistan alliance. In its place emerged a policy of gradual tilt towards Pakistan. The $15 million sale of armored personnel carriers and aircraft to Pakistan in October 1970 was an early indicator of this. [33] United States-Indian relations became more distant and were marked by occasional incidents such as the closing of several cultural centers for alleged espionage activities in 1970 [34] and India's complaints over United States arms sales to Pakistan.

The year 1971 was a watershed for the subcontinent. During that year, the regional power balance shifted greatly, India signed a Friendship Treaty with Russia, and the United States opened ties with the PRC.

India's anti-U.S. Vietnam policy [35] and Nixon's personal antipathy for Indira Gandhi (with a concurrent "special relationship" with Yahya Khan) led India to correctly perceive that it would not receive U.S. support in the Pakistani-Indian tensions over the Bangladesh independence movement. At the same time India knew that in the absence of a resolution of the border question with China, she could expect no support from that corner either. It was more likely that India would be actively opposed by the PRC.
In view of this likely opposition and China's nuclear capability, the Indians initiated discussions with the Russians concerning developing closer ties. The surprise announcement of Nixon's upcoming trip to Beijing added to India's feeling of diplomatic isolation and created fears of a Washington-Islamabad-Beijing axis arrayed against New Delhi. [36] The result of these cross-currents was the Soviet-Indian Treaty of Friendship, 1971.

The bettering of US-PRC relations simultaneously worked to decrease the threat to U.S. security and to increase the Soviet security problem. The key to achieving better U.S.-PRC relations was the ties Pakistan had with both countries. The U.S. had to balance its needs for a contact with the PRC and its dislike for the policies being adopted by the Pakistani government in East Pakistan. It adopted a policy of expending large sums of money on the refugees in India in order to lessen pressure on the White House. [37] A U.S. "tilt" towards Pakistan became the stated desire of President Nixon. [38]

When war became imminent, the White House attempted to forestall hostilities. This changed to an active policy of support for Pakistan when it became accepted that India was out to dismember Pakistan. [39] At this point Nixon expected both that China would increase its aid to Pakistan, and that this increase which would bring resulting pressure on China from the USSR as it honored its commitments to India. Nixon made the decision in this case that the U.S. could not stand by if China was threatened with war. Nixon therefore decided "to risk war in the triangular Soviet-China-United States relationship." [40] The ordering of the Enterprise into the Bay of Bengal was a signal of this intent. It was also a signal would haunt future United States-Indian relationships.
The 1971 policy eased the U.S. transition into its new global policy but it created difficulties for U.S. South Asian policy. The 1971 arms cut-off [41] (same as in 1965, instituted at the outbreak of war) curried no favor with either Pakistan or India. India saw the use of the Enterprise as nuclear-age gunboat diplomacy. It constituted the first time that India felt itself actually threatened with the use of force by either superpower. A major argument advanced by proponents of India developing a nuclear capability is that if India had such a capability, the United States would never have dared use Task Force 74 in the manner that it did.

The breakup of Pakistan produced a new power balance in the subcontinent, a fact that Nixon was aware of. He expressed his desire in 1973 "to join with India in a mature relationship founded on equality, reciprocity and mutual interests." [42] This policy statement did not result in any commensurate change in policy in either the Nixon or Ford administrations. The U.S. did agree to liquidate the rupee credit it had accrued for PL 480 food aid. Of more importance, the U.S. did not consult India when it resumed arms sales in 1973 to Pakistan (case-by-case non-lethal items). Neither did the U.S. consult India prior to deciding to develop Diego Garcia.

C. DIEGO GARCIA 1974-1980

Two Indo-U.S. issues evolved in 1974 that were an outgrowth of the 1971 war.

1. The actions of Task Force 74, while not causing a total reorientation of Indian perceptions of the threat, heightened awareness of the seaward flank as a source of threat. The Enterprise acted as a sudden reminder that the British invasion of India had come from the sea.
2. The 1971 reliance on the Russian nuclear umbrella provided the necessary impetus for pro-nuclear forces in India to receive the go-ahead for an actual detonation which took place in May 1974.

The American decision to expand Diego Garcia was an outgrowth of both the Nixon doctrine and a sudden realization of the criticality of mid-east oil for western economies. The Nixon Doctrine, a product of the Vietnam experience, appreciated that when the United States sought to fight Asian adversaries on the ground, the United States was attacking the adversary's strength. The emphasis on a seaward defense attacked the weakness of Asian countries. By calling upon others to bear the burden of land forces, the United States sought a "more equitable sharing of the material and personal costs of security." [43]

Under the Nixon Doctrine the Navy provided a presence that reminded the Indian Ocean littoral nations of United States commitments and power. That presence and its viability as a fighting force is defined to a large degree by the staying power which is a function of the logistical support system. The advantages of a Diego Garcia base for supporting United States action near the Straits of Hormuz are evident in the steaming times necessary to transfer United States forces from the Mediterranean or Pacific fleets. United States forces from the Seventh Fleet (Pacific) require six days steaming time (at 600 nautical miles per day) to reach the Persian Gulf. They are then limited to their on-hand provisions and replenishment ships. Forces from the Sixth Fleet (Mediterranean) require 7.5 days steaming time, if the Suez Canal is open. Even if the canal is open, it will not support carriers. [44] The presence of a support facility at Diego Garcia allows the stationing of a carrier group in the Indian Ocean. The saving of six to seven days would be critical to United States reactions to
any crisis such as an Iranian invasion of the gulf sheikdoms or a Soviet move through Iran or Pakistan.


Up to 1973, United States planning envisioned only a communications station. The 1973 Arab-Israeli war changed United States strategic thinking. The Indian Ocean (controlling access to the Persian Gulf) was now viewed as being capable of shifting the global balance of power. Persian Gulf oil in 1981 accounted for 50% of Western Europe's oil imports, 90% of Japan's, 65% of Australia's, and 2 million barrels a day for the U.S. [48] A cut-off of oil would have frozen western industry. The FY 1974 military appropriations bill included a $29 million request for an expanded facility to support the added mission of logistical support. The national interests involved and the implications of not funding were listed in the justification for the expenditures when presented to Congress:

Requirement: Recent events in the Middle East, the energy crisis, and the potential for hostilities in an area subject to chronic instability have necessitated a reevaluation of U.S. national interests in the Indian Ocean Area, problems that may affect those interests, and the adequacy of the means now available for their protection. These national interests which could require an occasional increased Navy presence are: 1) free access to and transit in the Indian Ocean, 2) protection of U.S. nationals, and 3) protection of sea lines of communication. These events and interests are the basis of a requirement to provide logistic support facilities to support a task force operating in the Indian Ocean Area. Facilities to be provided are the minimum required to support surface and air operations. . . .

Impact if not provided: If this project is not provided, there will be no fixed site to support carrier task force operations in the Indian Ocean Area. . . . [49]

21
The request was eventually passed in a reduced amount in the FY 1975 appropriations bill. The expansion of Diego Garcia is best portrayed by a review of FY 1971-1978 appropriations and their uses as shown in Table I.

India's response to United States plans for a build-up was quite negative. Foreign Minister Singh called the issue "a matter of great concern to India" and voiced the government's "total opposition" to the establishment of an American naval base in the Indian Ocean. Mr. Singh went on to say, "Our view is quite clear. We have told the Americans that the bringing in of naval units, including aircraft carriers, in this region without any ostensible objectives, has caused concern to all littoral countries, including India, and that this type of show of force will never be relished by any country in the region. We have adopted a clear and categorical position." [50] Mrs. Gandhi embellished that point by stating that India faced increased external dangers because of the "activities of some powers who are planning to set up a nuclear base in the Indian Ocean." [51]

India took pains to differentiate between the American and Soviet presence in the area:

As for the difference between the Russian presence and the American presence, I think the difference is that the Russians do not have a base. They may be going back and forth, but we hear that the American base at Diego Garcia is going to be a nuclear base. [52]

The Indians fully supported the Russian response to President Ford's assertion that the Soviets maintained bases in Somalia and Southern Yemen, and at Umm Qasr. [53] The Soviet responded that they did not operate bases. This claim is based on the fact that it is not known if the USSR has formal treaties or agreements concerning usage of facilities. The reasoning of this argument is supplied by Terence A. Vali:
## Table I

### Diego Garcia Construction Program - Construction Status

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Project and Appropriation Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973</td>
<td>Dredging - completed 1976, $6.1 million</td>
</tr>
<tr>
<td>1974</td>
<td>none</td>
</tr>
<tr>
<td>1977</td>
<td>none</td>
</tr>
</tbody>
</table>

However, the informal character of the facilities which Moscow enjoys in a number of harbors permits it to deny having bases at all and encourages critics in the regional countries to practice a "double standard." Accordingly, these critics condemn the West for its military and naval presence, made tangible by the existence of genuine bases, while closing their eyes to the Soviet presence, which lacks sovereign or leased base facilities. [54]

India was a major force in the Indian Ocean Zone of Peace movement. While the concept was first given voice by Prime Minister Bandaranaike of Sri Lanka on 21 January 1971, India has enthusiastically supported calls in the UN for a Zone of Peace and is a member of the Ad Hoc Committee on the Indian Ocean. [55] While supporting diplomatic moves calling for a Zone of Peace, India has done little to implement viable alternatives to a superpower presence. India refused to talk with Australia on a joint-security collaboration and categorically rejected the idea of a Canberra-Tokyo-Delhi alignment. [56] India has made substantial progress in its naval program, as shown in Chapter III, but she still does not possess the capability in the view of western planners to act as a guarantor of stability in the region. Similarly, India has shown no desire for assuming such a role, or of accepting the western view of what constitutes a threat. In the absence of some form of regional order, the United States under President Reagan has strengthened its commitment to an American presence in the Indian Ocean. The United States currently is maintaining an aircraft carrier task force in the Indian Ocean on a permanent, rotational basis. Diego Garcia has been upgraded to the point of being capable of accepting and supporting B-52's and several ships. [57]

The United States build-up in the Indian Ocean remained a point of contention between the United States and India throughout the 1970's. The United States, acting out of a global perspective, sought to fill a critical need. India
was perceived as making no effort to understand the differing American and Soviet needs. The navy was, and still is, the primary means of the United States for influencing the region militarily. The Soviet Union on the other hand can easily introduce massive land and air power into the region. Americans further perceived India as being hypocritical by blaming the United States for the increased level of activity when an increased Soviet presence (as determined by ship days) clearly preceded American build-ups. American discontent with India was further strengthened because of India's insistence on differentiating between United States and Soviet bases.

The Indian objections centered around a decrease in Indian influence with the littoral states. Also the use of Diego Garcia, rented from the British, significantly diminished United States need to consult with India and increased the United States ability to act unilaterally. The Indians additionally blamed the United States for raising India's external threat level, thereby necessitating increased Indian defense expenditures.

<table>
<thead>
<tr>
<th>Year</th>
<th>USSR</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968</td>
<td>1,760</td>
<td>1,788</td>
</tr>
<tr>
<td>1969</td>
<td>4,099</td>
<td>1,312</td>
</tr>
<tr>
<td>1970</td>
<td>4,023</td>
<td>1,246</td>
</tr>
<tr>
<td>1971</td>
<td>8,854</td>
<td>1,448</td>
</tr>
<tr>
<td>1972</td>
<td>8,895</td>
<td>2,156</td>
</tr>
<tr>
<td>1973</td>
<td>7,591</td>
<td>2,619</td>
</tr>
<tr>
<td>1974</td>
<td>7,171</td>
<td>1,921</td>
</tr>
<tr>
<td>1975</td>
<td>7,300</td>
<td>1,750</td>
</tr>
</tbody>
</table>

Source: Bezboruah, p. 97.
Diego Garcia as an issue in Indo-U.S. relations, is quite similar to the United States involvement with Pakistan. Again, as with Pakistan, the United States acted out of a global perspective while India reacted out of a totally regional perspective.

D. NUCLEAR NONPROLIFERATION 1974-1980

The issue of nuclear nonproliferation replaced containment of communist expansion as the motivating force of United States policy in the subcontinent in the mid and late 1970's. This was in large part due to the earlier mentioned shift in United States perceptions of the importance of the subcontinent.

The 1974 detonation of the PNE was met by immediate and categorical condemnation by the United States. American reaction was concerned with the reaction of other near-nuclear countries. An American official is quoted as saying, "If there isn't some cost to India for doing this, other countries will go ahead." [58] The first concrete action by the United States was to threaten a cut-off of nuclear fuel for India. This was not carried out when India was convinced to give assurances that any plutonium produced in the reactor would be used only as fuel in the Tarapur power plant. This ruled out any diversion of fissionable material into an explosive device.

The primacy of the nonproliferation issue was given a boost with the election of President Carter in 1976. Under President Carter, the global issues cluster came to be centered around human rights, arms sales, and nuclear nonproliferation. [59] The Carter administration had at its disposal two powerful, but blunt weapons in its strategy for nonproliferation. These were the Non-Proliferation Act of 1977 and the Glenn and Symington Amendments to the Foreign Assistance Act.
The Indo-U.S. confrontation revolved around the Non-Proliferation Act and its application to the Tarapur plant. The United States and India signed an August 1963 agreement for the construction of the Tarapur nuclear power station. The essence of the agreement was that the United States would supply the plant and a guaranteed supply of fuel. India in turn, was to accept safeguards at the plant and buy only United States fuel. [60] Another agreement, signed on May 17, 1966, extended the guaranteed fuel supply to cover the life of the station. [61] When the PNE was detonated, the termination provisions were not put into effect because United States fuel was not used.

The Nonproliferation Act of 1977 further tightened United States nonproliferation rules. S.127-S.129 established the additional criteria. A.G. Noorani summarizes the new criteria starting with S.127 which called for:

Application of IAEA safeguards to material exported; a ban on their use in PNE's as well as on "research or development of any nuclear explosive devices"; adequate physical security measures; a ban on the transfer, export, and reprocessing. S.128(a) imposed yet another and more drastic condition, namely "full-scope safeguards." That is, IAEA safeguards are maintained with respect on all peaceful nuclear activities in, under the jurisdiction of, or carried out under the control of such (non-nuclear-weapon) state at the time of export.

S.128(b) allowed a grace period of 18 months with respect to any application for the export of special nuclear material (September 9, 1979) and of 24 months for any such application "under which the first export would occur." S.129 listed acts which would result in the termination of exports: detonation of a nuclear explosive device; termination of IAEA safeguards; violation of an IAEA safeguards agreement; or even if the recipient state has "engaged in activities involving source or special nuclear material and having direct significance for the manufacture or acquisition of nuclear explosive devices" and has failed to mend its ways by taking steps that the President regards as "sufficient progress towards terminating such activities." [62]

The President is authorized to waive S.128 or S.129 but his waiver is subject to Congressional veto.

27
In April 1978, President Carter allowed shipment of 7.63 tons of fuel. Another shipment was allowed in March 1979. In 1980 however, when the president authorized two shipments, congressional approval was obtained only when Secretary of State Muskie assured the Foreign Relations Committee that shipment of the second load would be delayed a year. [63] In view of the difficulty of getting approval of licenses requested prior to September 1979, the Administration did not even attempt to get approval of applications requested during the grace period.

The Indian reaction to United States actions (starting with the U.S. reaction to the 1974 PNE) were those of an injured party. In May 1974, Prime Minister Gandhi complained that India was "a favorite and convenient whipping boy." [64] India felt it was being unjustly accused of three things: 1) Indian protestations of peaceful use were not true, 2) India had raised tensions with the blast, and 3) India was squandering money that could be put to much better use. [65]

India maintained throughout that her test was legal. It was underground and India was not (and still isn't) a signatory of the 1968 Non-Proliferation Treaty. India views the NPT as being unequal and unfair, asserting that the NPT addresses only horizontal proliferation and not vertical proliferation. Prime Minister Gandhi, in defending the test, said India would sign a ban to all nuclear tests if everyone were to agree, however the current treaty allowed some nations to stockpile weapons while other nations were "not even allowed to experiment for peaceful purposes." [66] India argues that they should not have to be subject to full scope safeguards as long as the nuclear weapons states do not submit to safeguards.

Indian objections to the holding up of fuel supplies center around breach of contract, need, and a discriminatory
U.S. policy. India does not consider the PME as placing it in breach of the 1963 contract. Indeed, the absence of United States action in reference to the 1963 agreement in 1974 would substantiate the Indian position. Article 27 of the Vienna Convention of the Law of Treaties, 1969, stipulates, "A party may not invoke the provisions of its internal law as justification for its failure to perform a treaty." [67] That is exactly what the United States was attempting to do as evidenced in a rider attached to S.1439, 1976, by Senators Glenn, Percy and Ribicoff:

Because these agreements for cooperations remain in effect for 30 to 40 years, and do not contain formal provisions for renegotiation, we feel strongly that it would be highly irresponsible for the United States to rely solely upon the conditions and circumstances that existed when an agreement for cooperation was originally negotiated in determining whether or not a current application for a specific export pursuant to the agreement is inimical to the common defence and security. [68]

Arguments seeking to justify the hold-up/cut-off of nuclear supplies in Congress first centered on an argument based on the 1971 amendment of the 1966 fuel agreement. This argument was refuted by Dixon B. Hoyle, the chief negotiator of the agreement. The second argument centered on India's need for fuel. This line of reasoning posited that the United States fuel supply obligation was on an as-needed basis and India didn't currently need it. This argument ignored the fact that Tarapur had been operating at 60% capacity since 1977 in order to stretch out supplies. [69]

Nuclear nonproliferation through the mid and late 1970's was a major block to Indo-U.S. relations. In the United States the question of the fuel supply was a divisive internal issue, while nonproliferation overall was a major foreign policy goal. In India, U.S. actions were viewed as an attempt by the U.S. to coerce her and infringe on India's sovereignty.
I. ECONOMIC POLICY

Economics has played an important role in shaping relations between India and the United States. Between 1956 and 1975 India received more than $10 billion in assistance from the United States. About half of American aid was in the form of F1 480 food aid. This program had two advantages for India. It provided food and loaned back the rupees paid for the food to the Indian government for development assistance. Rs16.64 billion ($2.03 billion) of the rupee funds were converted to a grant in February 1974. [70] Despite the massive infusions of food and capital, United States aid and economic policy has been a source of contention between the two countries. The Indian and United States disillusionment with aid was boiled down in the following extract from a New York Times editorial:

The standard indictment of aid in Washington used to be that it failed to buy influence and gratitude. The Indians complained that aid was an attempt to buy influence and gratitude and, besides, that it saddled them with a monumental debt without appreciably relieving their huge burden of poverty. [77]

Much of the contention over economic policy derived from differing objectives. Myron Weiner deduced from AID presentations to Congress and State Department presentations to the same body during the period 1960-76 that that there were five explicit political objectives the United States hoped to gain from its aid to India:

1. Help India maintain her democratic institutions
2. Indian self-reliance in her planning and capital formation for development
3. Strengthening of the private sector
4. Keep India in the "free world"
5. Equity in income distribution (emerges as a goal circa 1971)
To this list should be added one more objective that became apparent through United States policies such as the "short-tether" policy for PL 480 during the Johnson era. This sixth objective was a desire to gain influence over Indian foreign policy actions. It was due to efforts such as the short-tether and the United States promotion of private sector over public sector development that a great deal of Indo-U.S. antagonism developed.

1. Public Sector Investment

Indian priorities are best exemplified in her five-year plans. In the First Plan, India emphasized the agricultural sector and included land reforms, farmer education and large-scale irrigation investment. [72] With the Second Plan, India adopted a program of developing her large-scale heavy industries. The strategy, attributed to P.C. Mahalanotis, sought through capital investment to spark further capital production which would eventually result in increasing production of consumer products. The United States disagreed with heavy-industries strategy on two accounts: 1) it did not address the wide-spread poverty and hunger in India and 2) it relied heavily on public sector development.

United States opposition to the public sector is evident in the events surrounding the Bokaro steel plant construction. India approached the United States in 1962 for assistance in building the Bokaro Steel Plant because of the United States's technological lead in steel production at the time. By May 1962, the Agency for International Development (AID) requested United States Steel to do a feasibility study. [73] American participation in the project had the support of both President Kennedy and Ambassador Galbraith. Rajan Menon cites Galbraith's diary for September 23, 1961:
This project (Bokarc) is very important. It is needed, useful and symbolic. Many of the things we are doing are rather anonymous -- we provide copper and nonferrous metals which are needed and useful but not very dramatic. And our past help to private sector plants, such as Tatas, has evoked the comment, "The Americans help the Tatas and Birlas who are already rich. By contrast, the Soviets or British build plants that belong to the people." Now we are in the same league -- provided we can perform. [74]

The United States proposed a $512 million turn-key effort in which the United States would build and operate the plant for ten years and then turn it over to the Indian government. [75] Indian planners sought Indian participation throughout. United States Steel felt that additional planning was required to solve supply and market problems and suggested in 1963 two additional years of planning. In the meantime, the project was being attacked from other quarters on the basis of it being a public sector project. The report of the presidential committee studying foreign aid, headed by General Lucius Clay, recommended that aid not be granted for projects which ran counter to the American preference for the private sector. The report stated that "the United States should not aid a foreign government in projects establishing government-owned industries and commercial enterprises which compete with existing private endeavors." [76] The Clay report contributed to the strength of the anti-loan forces in Congress. The Brookfield Amendment to the foreign aid bill required Congressional approval of any project over $100 million. This requirement combined with the Clay report to cause India to withdraw its request in 1963. [77]

The effect of the United States unwillingness to fund the public sector was evident in Sudhir Ghosh's memoirs. Ghosh contrasted United States reticence with USSR willingness to support Indian objectives to the detriment of the United States. [78] This American behavior was not an
isolated case. American support of private enterprise was a pattern followed in the petroleum and fertilizer sectors also, two of India's critical industries. The affect of the unwillingness of the United States to support the Indian public sector efforts was compounded by the exorbitant terms that the multinationals proposed for their projects.

2. **PI 480 and the Short-Tether**

A second American objection to the Indian heavy-industry, capital-intensive development plan centered on the shortcomings of the Indian agricultural sector. With this in mind the United States adopted a self-help requirement for food aid to India. This was done in large part to end an increasing Indian dependence on United States grain supplies. Continued food assistance allowed India to continue its heavy industry strategy. A comment by a ranking Indian official in 1961 illustrates the Indian attitude. When asked about grain reserves, he replied, "Oh, they're in Kansas." [79]

The policy of self-help was written into law as the preamble of the revised PI 480 in 1966:

The Congress hereby declares it to be the policy of the United States to expand international trade; to develop and expand export markets for United States agricultural commodities; to use the abundant agricultural productivity of the United States to combat hunger and malnutrition, and to encourage economic development in the developing countries, with particular emphasis on assistance to those countries that are determined to improve their own agricultural production; and to promote in other ways the foreign policy of the United States. (7 U.S.C. 1691) [80]

Some of the self-help criteria written into subsequent PI-480 Agreements included: 1) proportion of national budget allocated to agriculture, 2) emphasis on provision of chemical fertilizers, either through foreign imports or domestic production, and 3) extension of power generation and electrification. [81]
In India, with the accession of Chidambaram Subramaniam to the post of Food Minister, agricultural development regained a position of importance. [82] Self-help was made an integral prerequisite for the reestablishment of United States aid to India in 1966 (it had been halted at the start of the 1965 War). In 1966, India undertook an economic liberalization in response to United States and World Bank pressure. This included a restructuring of the food zones, liberalized imports, purchase of a fertilizer plant from American International Oil Company and a one-third devaluation of the rupee. [83] For its part, the United States announced a $150 million loan in February; committed itself to 3.5 million tons more grain, $33 million for the Beas Dam Project, and $50 million for power generation projects in June; and in July promised another $150 million for further industrial and agricultural production. [84]

The Indian concessions, particularly the rupee devaluation, were taken by many Indians as a sign of increasing western influence in determining Indian development strategy. [85] Indian mistrust of U.S. aid received a real boost when President Johnson initiated the short-tether policy. As early as 1965, President Johnson had been using a short-tether in order to force the Indians to show they meant business about boosting food production. The policy took on political overtones when in July 1966, Gandhi signed a communique in Moscow criticizing the "imperialists in South East Asia." [86] Johnson strictly applied the short-tether policy from August onwards. Throughout 1967, President Johnson approved repeated PL-480 shipments, but only after each one was held up long enough to register displeasure with Indian actions such as the Indian position on the Arab-Israeli War and Gandhi's attendance at the 50th anniversary celebrations of the Russian Revolution in
Moscow. The whole self-help policy came to be recognized as being tied to political events and not to economic performance.

The legacy of United States opposition to public sector investment and attempts at using it for political leverage is a feeling of mistrust on both sides. While the American perceives ingratitude on the part of the Indian, the Indian saw the aid as a tool of neo-colonialism.

F. THE REAGAN APPROACH

The 1979 invasion of Afghanistan reestablished Soviet containment as the prime activating force behind United States policy towards the subcontinent. The shift was apparent even during the twilight of the Carter administration when the "peanuts" offer of $400 million was made to Pakistan. The current policy towards the subcontinent aims at three fundamental objectives: 1) rearm Pakistan against external aggression, 2) address the economic sources of Pakistan's national strength, and 3) conduct a rapprochement with India.

1. Arming and Stabilizing Pakistan

After a decade of minimal interest, the United States has revitalized its relationship with Pakistan. The U.S. formulated a $3 billion aid package for FY 1983-1987. Of the total, $1.56 billion was oriented towards military aid and $1.48 billion was oriented towards economic aid (see Table III).

The political conditions exacted by the Pakistanis are significant. No U.S. limitations on arms use are attached to the weapons being provided. This means that Pakistan is not limited from using them against India. There seem to be three reasons for the U.S. accepting this
TABLE III
Proposed U.S. Assistance to Pakistan, Fiscal Years 1982-87
(In millions of U.S. dollars)

<table>
<thead>
<tr>
<th>FY</th>
<th>FMS</th>
<th>IMET</th>
<th>ESF</th>
<th>DA</th>
<th>PL480</th>
<th>Total MIL</th>
<th>Econ lay</th>
<th>Total Out</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983</td>
<td>275</td>
<td>0.8</td>
<td>125</td>
<td>75</td>
<td>50</td>
<td>275.8</td>
<td>250</td>
<td>250.8</td>
<td>625.8</td>
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<tr>
<td>1984</td>
<td>300</td>
<td>0.8</td>
<td>125</td>
<td>100</td>
<td>50</td>
<td>300.8</td>
<td>275</td>
<td>275.8</td>
<td>575.8</td>
</tr>
<tr>
<td>1985</td>
<td>325</td>
<td>1.0</td>
<td>125</td>
<td>125</td>
<td>50</td>
<td>326.0</td>
<td>300</td>
<td>301.0</td>
<td>626.0</td>
</tr>
<tr>
<td>1986</td>
<td>325</td>
<td>1.0</td>
<td>125</td>
<td>150</td>
<td>50</td>
<td>326.0</td>
<td>325</td>
<td>326.0</td>
<td>651.0</td>
</tr>
<tr>
<td>1987</td>
<td>325</td>
<td>1.0</td>
<td>125</td>
<td>150</td>
<td>50</td>
<td>326.0</td>
<td>325</td>
<td>326.0</td>
<td>651.0</td>
</tr>
<tr>
<td>Total</td>
<td>1550</td>
<td>4.6</td>
<td>625</td>
<td>600</td>
<td>250</td>
<td>1554.6</td>
<td>1475</td>
<td>1479.6</td>
<td>3029.6</td>
</tr>
</tbody>
</table>


condition. First, the current overall military balance, even when the new Pakistani arms are counted, is so overwhelmingly in India's favor as to seem to preclude a Pakistani attack on India. This seems to be recognized in Pakistan's various proposals for a no-war pact and other rapprochement policies adopted by Pakistan. The second reason for U.S. acceptance is that there is substantial reason to doubt if the Zia government would accept a package that openly limited their sovereignty. A final consideration is that just such a condition was attached to U.S. arms prior to 1965 and it manifestly failed to accomplish its purpose. The example of the Symington Amendment can also be called on as a case which shows how U.S. leverage doesn't work when it runs counter to Pakistan's primary security problems.

The U.S. also agreed to accept Pakistan's status as a nonaligned nation and as one with a respected position in the Islamic world. [87] In return for the aid and the lack of U.S. conditions attached to it, Pakistan has refused to accept the Soviet occupation of Afghanistan. Pakistan refuses to recognize the Babrak Karmal regime and funnels
economic and military aid to the Afghan insurgents arrayed against the Soviets and Karmal. Pakistan also accepts implicitly by allowing a continuing of the arms flow, a continuing of the refugee burden. This carries a heavy economic price and severe political costs. [88] The Afghans, armed as they are, could become a potent force in internal Pakistani politics. Their increasingly heavy draw on scarce Pakistani resources is also bound to aggravate the existing ethnic and tribal frictions in Pakistan.

The military package is not designed to halt a determined Soviet push into Pakistan. Its purpose is to increase the costs of a Soviet invasion and to enable Pakistan to handle the isolated air and ground incursions that are occurring. [89] The make-up of the military aid package was the primary focus of Congressional debate. The actual piece of equipment that caused the most debate was the F-16. The underlying concern of the F-16 issue was the offensive capability of the F-16 and other weaponry being proposed. Concern focused on the applicability of the weaponry to Pakistan's northern border (stopping the USSR) and its possible uses against the eastern border Pakistan shares with India. [90] Pakistan clearly attached a symbolic significance to the F-16 that far exceeded its actual capabilities or affect on the strategic balance in the region. The Reagan administration fully accepted this position and argued that the inclusion of the 40 F-16's was critical to Pakistani acceptance of the package. The Congressional Staff Study phrased it as follows:

In official Pakistani thinking the F-16 has assumed an overwhelming symbolism far beyond the aircraft's actual numbers or capability. As seen by the Pakistanis the aircraft are the keystone of the U.S. aid package. Accordingly, U.S. willingness to provide them in the numbers and scheduled time frames specified is a litmus test of U.S. credibility. In short, Pakistan's image of U.S. trust and reliability hinges primarily on the F-16. Any move to reduce the number of aircraft from 40 or otherwise to modify the package would probably cause
Pakistan to review its entire relationship with the United States, including the possibility of cancelling the entire package. [91]

An additional argument used was the need for Pakistan to leap-frog the current level of aircraft technology in the subcontinent since Pakistan would have to use these planes for the next 20 years for economic reasons. India's immense military advantage was also quoted to support the irrationality of the weapons ever being used against India. [92] Various Congressional witnesses quoted ratios of aircraft ranging from 3:1 to 6:1 in India's favor. The administration projected a 4:1 Indian advantage would still be in effect after Pakistan received the 40 F-16's. Other major weapons systems include the M48A5 tank, self-propelled 155mm artillery, the AH1S Cobra (with TOW), and FOWs for the ground forces. An important point to notice is that the first six F-16's were paid for in cash. The source of the funds is believed to be Saudi Arabia.

The economic package proposed for FY 1982-7 is designed to attack the problems contributing to the internal instability of Pakistan. An additional goal is to provide short-term balance of payments support. The estimation of the Pakistan economy by the 1981 Congressional Staff Study was that the economy has significant problems but the problems are manageable.

The U.S. aid package is heavily oriented towards the agricultural sector. Projects such as the road to market fund will increase agricultural output and provide for the overall growth of the agricultural sector. This will contribute to a greater affluence in the various tribal areas with a resulting lessening of separatist pressure. The ability to market farm products also has a direct bearing on the success of the government programs designed to shift farmers out of the narcotics business.
### TABLE IV

Proposed Economic Assistance Program - Pakistan

<table>
<thead>
<tr>
<th>PROPOSED USE</th>
<th>FY 1982</th>
<th>FY 1982-87</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural Inputs</td>
<td>60</td>
<td>300</td>
</tr>
<tr>
<td>Fertilizer</td>
<td>50</td>
<td>200</td>
</tr>
<tr>
<td>Agricultural Machinery</td>
<td>10</td>
<td>50</td>
</tr>
<tr>
<td>Agricultural Production, Distribution</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Farm to Market Roads</td>
<td>0</td>
<td>50</td>
</tr>
<tr>
<td>Energy Development</td>
<td>25</td>
<td>200</td>
</tr>
<tr>
<td>Water Management</td>
<td>15</td>
<td>100</td>
</tr>
<tr>
<td>On-farm Water Management</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>Irrigation Canal Rehabilitation, Anti-waterlogging and Salinity</td>
<td>8</td>
<td>90</td>
</tr>
<tr>
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The Baluchistan and Tribal Areas funds can also be pointed to as direct U.S. efforts to increase stability. Many of the Pashtu and Baluch complaints emphasize a disproportionate amount of government projects being oriented towards the Punjab or being controlled by Punjabis. The result over time has been a vastly underdeveloped infrastructure particularly in Baluchistan. U.S. direct designation of funds for these areas with emphasis on local participation again addresses the reduction of separatist movements.

The current nuclear nonproliferation policy as applied to Pakistan works from the dictum that we can do more from the inside than the outside. Deputy Secretary of State Howard B. Schaffer states, "We believe that a program of support which provides Pakistan with a continuing relationship with a significant security partner and enhances its own sense of security may also help remove the principal underlying incentive for the acquisition of a nuclear
weapons capability." [93] U.S. planners realize that using the threat of an aid cut-off is a bankrupt policy. Not only did it not achieve its goals in the past, but it also decreased U.S. influence. It is a policy much like nuclear deterrence, its use signals its failure. The more accepted belief now is that hopefully the U.S. can slow development by decreasing Pakistani need and eventually develop the leverage to halt the program.

2. The Indian Response

India has articulated two basic arguments against the American aid package. One centers on the F-16 and the other on nuclear nonproliferation.

Opposition to the F-16 focuses on the added capability it has given Pakistan to strike deep into India. India refuses to admit its pronounced military superiority over Pakistan. Both of these facets of threat perception are evident in an interview by U.S. News and World Report with Mrs. Gandhi:

Q. Isn't India more powerful militarily than Pakistan?
A. It's not. That also is an image that is now being built up. And in today's world the question is not being powerful militarily; the question is that Pakistan now will have planes which can reach up to any part of India—and our installations are all over India.

Q. Yet your armed forces are twice the size of Pakistan's—
A. What can the armed forces do when an F-16 comes and destroys something in Madras or Bombay or anywhere? [94]

The sale of the F-16 is also blamed for causing increases in the Indian Defense budget. The $3 billion purchase of the Mirage 2000 was presented to the Lok Sabha by Defense Minister Venkataraman as being India's answer to the F-16. [95]
While India has reacted adversely to the arms package, its reaction has not been to the degree that was anticipated by various Congressional witnesses during hearings on the arms package. There is an acknowledgement on the part of India's leadership of Pakistan's right to defend itself. This right is tempered by a concern that India might become the target of those capabilities. Foreign Minister P.V. Narasimha Rao, in an interview with Far Eastern Economic Review, stated, "Pakistan, like any other sovereign country, has the right to acquire arms for her legitimate self-defence. However, when Pakistan goes in for a massive acquisition of highly sophisticated armaments, it becomes a matter of legitimate concern for India. The question that becomes relevant is: self-defense against whom?" [96] This contrasts to a previous attitude which could be described as "becoming hysterical every time Pakistan bought a pistol." [97] An editorial by the Indian Herald, a moderate newspaper, actually sought to defend the aid package by pointing out the balance between military and economic aid. The editorial noted that Pakistan did have a demonstrated need for greater armored forces. The article also stated that the U.S.-Pak arms deal does not constitute aid; the Pakistanis are paying market prices. [98]

The on-going problem of fuel and spares for Tarapur has sparked Indian cries of discrimination by the United States. The Indians are quite aware of the Pakistani nuclear program and view it as militarily oriented. Pakistan, like India, is not a signatory to the NPT. Pakistan also does not currently accept full-scope safeguards, just like India. [99] India's cries of discrimination are based on the United States strictly adhering to the Non-Proliferation Act in its relations with India while submitting to Congress a request to change section 669 of the Foreign Assistance Act. [100] The purpose of the change
was to allow the resumption of United States aid to Pakistan. The Indians fail to acknowledge that the United States did cut-off all aid to Pakistan in April 1979 because of that country's efforts to acquire a uranium enrichment facility. They also fail to recognize that the cut-off was manifestly unsuccessful in attaining its objective. Interestingly enough, Pakistan feels that it is also being subjected to a double-standard. They argue that "although the Symington amendment was enacted by Congress chiefly as a result of India's 1974 nuclear detonation, it is Pakistan against whom the prohibition on assistance has been exercised, while India has continued to receive U.S. assistance, including nuclear fuel and equipment." [101]

3. Tarapur

The Reagan Administration recognizes that the issue of Tarapur constitutes an obstacle of considerable magnitude standing in the way of improved relations with India. At the August 1982 summit in Washington between President Reagan and Prime Minister Gandhi, the Tarapur nuclear fuel issue was solved without forcing either side to back down from their positions in this contentious issue. By agreeing to let France supply the low-enriched uranium fuel for Tarapur, [102] India did not have to abandon her stand on not accepting full-scope safeguards and the United States was not placed in a position of saying it can't meet its external commitments due to internal laws. Significantly, the details of the agreement left open an area of dispute. The United States interpreted the agreement as meaning nuclear fuel could not be reprocessed without United States permission. [103] The Indians meantime, in a press release by the Foreign Office, stated that India retained its right to reprocess fuel. [104] However the appearance of progress had been achieved and the problem of supplying the fuel and the status of spent fuel became a French problem.
Tarapur remained a problem in 1983 for other reasons. India needs approximately 30 types of spare parts to insure the safe operation of the plant. The United States has agreed to try and get non-United States suppliers in West Germany and Italy to provide the needed parts. [105] India understood from the initial discussions with the United States that parts would be supplied under the terms of the 1963 agreement. As a result, West Germany informed India that it would supply the parts on the same terms that the French have applied towards the fuel shipments. This would mean that there would be no pursuit and perpetuity clauses. Since then, West Germany has asked for stricter safeguards at the prompting of the United States according to Indian sources. [106] The same sources reveal that the United States has informally requested the continuance of safeguards upon the expiration of the 1963 agreement in order to insure Congressional passage of any spare parts that cannot be obtained outside the U.S. It remains to be seen as to whether the administration will be able to force the Congress to accept shipment of nuclear parts to India. Tarapur remains an issue. It is however, not of the same scope or tone as previously. This is largely a result of the conciliatory and positive attitude of both governments, demonstrated during the 1982 summit meetings in Washington.

4. Foreign Aid to India

Actual bilateral aid to India in FY1984 consists of $86 million in development assistance, $123 million in PL 480 Title II, and $200,000 in IMET. [107] This is substantially the same level as FY1983.

The United States position on foreign aid assistance to India is part of a world-wide policy that promotes the private sector. A Treasury Department study stated the United States aid position quite well. It called for the
promotion of private enterprise in the Third World. The study recommended that development banks seek changes in the economic policies of borrowing countries and that development banks phase out loans to borrowers that are no longer in severe need. [108] The study favored the International Finance Corporation as a means of aid. This is due to the IFC's charging of market rates and the IFC's practice of retaining equity in the companies it helps create until the companies are making steady profits. The IFC then sells its shares to local stockholders. President Reagan stated, "We want to enhance the IFC activities, which foster private sector debt and equity financing of investments in the developing countries." [109] The United States implemented an institutional change with the creation of the Bureau for Private Enterprise in the State Department. The objective of the Bureau is to increase foreign aid and investment through the private sector.

The United States is retrenching its aid effort. The American contribution to the Asian Development Bank went up in absolute dollars but down in percentage of total ADB funds (from 22% to 17%) [110] in 1982. The United States scaled back its commitment to the International Development Agency from $1.08 billion to $700 million. [111] The United States also was recalcitrant about raising its International Monetary Fund quota which currently constitutes 20% of that agency's funds. The initial American position in early 1982 was that there be no increase. After the Mexican debt crisis, this was changed to an acceptance of a modest (25%) change in quotas. The United States position compared to a developing nations stance asking for a substantial (50-100%) increase in commitments. [112] The American position was further adjusted to a 40% increase in November [113] and finally arrived at an agreement with the other industrial and developing nations for a 50% quota increase. [114] The
50% increase represents an additional $8.4 billion that must be approved in Congress. By October of 1983, the increase was still facing heavy opposition in Congress and passage remained in doubt.

The United States has not been particularly supportive of Indian ventures into the aid market. The United States openly opposed the November 1982 World Bank energy loan of $165.5 million to India. The United States has been pushing for more active private sector investment in India's oil development program and the absence of multilateral aid is one way of forwarding that goal. The United States has also opposed India's moves to borrow from the ADB. India hoped to borrow $2 billion during the period 1983-87. This would constitute 11.3% of the ADB's ordinary capital resources and Asian Development Fund III and IV. The ADB is currently negotiating with its major lenders for a third general capital increase (GCI III). The United States is using the threat of not taking part in the GCI III as a means of preventing India from getting the loan. [115] The United States executive director asked that there be no lending to India while the GCI III is in effect. The United States opposition is based on the premise that India can afford hard loans and the ADB's soft loans should be afforded to countries in worse financial need than India. Another United States consideration is the emergence of China as a major borrower. China currently receives aid at a level well below that enjoyed by India. The convergence of American and Chinese global interests vis-a-vis the Russians is producing strong U.S. support for an increased percentage of aid being committed to China.

The United States is not opposed to aid to India; its position is that the Indians can afford loans at market rates. This policy is demonstrated by the January 1983 offer by the Export-Import Bank to loan $1.6 billion to
finance purchases of American machinery and services ($600 million for oil exploration). The terms were for a 10-year credit at an interest rate of 10%. [116]

The Reagan administration has been quite clear about its formula for external aid. This runs counter to Indian needs. As discussed in Chapter III, India needs soft loans as a source of capital in order to pursue a nationalistic development course based on self-sufficiency. The question remains whether a change in the American position to support of India's aspirations will bring about a more positive Indian attitude towards the United States or whether a changed United States policy will merely result in a morally self-righteous India declaring "it's about time."

6. CURRENT POLICY ASSESSMENT AND THE LEGACY

The American policy on key issues such as Pakistan, nuclear nonproliferation and external aid would seem to have set the stage for worsening Indo-American relations. Each one of these issues form an obstacle to better relations. The overall drift of the relationship however, seems to be towards rapprochement. This apparent contradiction can largely be attributed to the Afghanistan invasion, Indian attempts to achieve a position of leadership in the Nonaligned Movement, and efforts by both governments to limit the damage caused by points of disagreement. The impact of the F-16 deal was limited by the small number of planes involved, consultations with India throughout the negotiating process, and the offering of the same aircraft to India. [117] The United States has also offered India the M198 self-propelled howitzer, the TOW anti-tank missile system, and the C-130 Hercules transport aircraft. These deals are currently hung up on United States export laws, but the offering of the weapons opened a new chapter in
United States arms transfer policy for South Asia. The solving of the Tarapur fuel issue is another example of a desire to solve problems and was the result of both sides attempting to find a conciliatory position compatible with the other's.

On some basic issues, current Indian and American policy remains diametrically opposed. The United States continues to develop the Diego Garcia base and strengthen its presence in the Indian Ocean. The United States is also continuing its support of the Afghan insurgency which perpetuates the need for active American involvement in Pakistan.

In addition to opposing Indo-U.S. views on many current issues, the modern policymaker will have to account for the mistrusts built over 36 years. India holds the United States in large part responsible for the wars of 1965 and 1971 because only through United States support was Pakistan able to build up to a position where it could challenge India. India remembers the short-tether aid policy of the mid-1960's. The problems of Tarapur will not be easily forgotten either.

Many Americans see India as a beggar who takes aid and then doesn't show gratitude. India, from the American viewpoint, can be seen as hypocritical: proclaiming nonalignment, yet signing treaties with the USSR; decrying nuclear armament yet detonating a "peaceful" nuclear explosion; and making acral pronouncements about human rights, yet declaring the Emergency. Congressional leaders, ever-mindful of getting their dollars worth, can also question the value of aid to India. India has received billions of dollars in international aid, yet the continued mass poverty leads to a negative image.

The policymaker will have to work in an environment where better relations are desired but national interests do not always converge. Any future policy will also have to
take into account the various memories referred to above. This policy review has not attached a moral judgement to either country's position. Each acted out of its own national interest. The key to a future policy will be to seek out areas of agreement in the two countries respective national interests and minimize areas of disagreement.
II. SOVIET EXPANSION INTO INDIA

The Soviet Union has acted as a focal point for United States involvement in the subcontinent. America became involved in 1953 in order to contain communism. The United States changed policies in 1959-64 in order to adjust to a new communist threat. An important consideration in the United States' disengaging from the subcontinent during the period 1965-79 was an understanding that the subcontinent for various internal reasons was not likely to go communist. The next significant shift in American policy occurred as a result of the Soviet invasion of Afghanistan. While many can argue that today's policies are oriented at the containment of Soviet power, not communism, the point remains that the predominant driving force of American policy in South Asia since 1947 has been the Soviet Union.

The Soviet Union currently occupies a favored position in India. Economic involvement is extensive with the USSR currently India's largest single-trading partner. The formal interchange of governmental delegations continues at a heavy rate with numerous resultant protocols. A majority of the equipment in the Indian armed forces is of Soviet origin or design. Internationally, the Soviets and India are in agreement on many of the dominant issues such as the Mid-East, Kampuchea, and the Law of the Sea. India is not however, a satellite of the Soviet Union. In many ways her policies, such as rapprochement with the PRC, are in direct opposition to Soviet objectives.

An understanding of the Soviet objectives and policies in the general areas of economics, security and diplomacy will serve as a valuable tool for the United States policy-maker. The success or failure of various Soviet policies
can be studied to determine the reasons for the outcome with the eventual purpose of applying this knowledge to American policy formulation and implementation.

A. SOVIET OBJECTIVES IN INDIA

Analysis of Soviet pronouncements and policies towards India produces six general Soviet objectives in India:

1. Enlist Indian participation as a counterweight to China in the Asian balance-of-power game. This includes exclusion of Chinese influence from India and Bangladesh, and minimization of Chinese influence in Pakistan; enlistment of the Indians as partners in the deterrence of Chinese military action in Asia; and encouragement of positive Indian diplomatic efforts which assist in the containment of China.

2. Enlist Indian participation in the limitation of American (and western) presence and influence in Asia. To the degree that Chinese and American influence is limited, Soviet influence can expand.

3. Encourage the Indian government, as a leader in the Third World, to take international positions as close as possible to those of the Soviet Union. The Soviets seek to promote the image of a Soviet-Indian identity of views, for its impact both in Washington and Peking, and in the Third World.

4. To encourage India's political, social and economic development in the direction of a socialist economy (the noncapitalist path) and a progressive polity (the national-democratic state).

5. To build strong and lasting commercial ties with India. The reorientation of India's trade away from the capitalist markets of the west and toward the Comecon markets can serve to reinforce India's
diplomatic orientation and exert an influence on the
direction of her internal development.

6. To create attitudes among the Indian elite and mass
which are favorable to the Soviet Union and the
attainment of its objectives. [118]

The Soviets have pursued these objectives through economic,
security and diplomatic initiatives which are discussed in
the following sections.

B. SOVIET DIPLOMACY IN INDIA

The degree and intent of pre-independence interaction
between the Soviet Union and India is subject to wide inter-
pretation. Generally three arguments are presented.
Chattar Singh Samra in his book India and Anglo-Soviet
Relations, presents a case in which Soviet actions were
predicated on the flow of Anglo-Soviet interaction. His
case is based on policy actions such as the Anglo-Soviet
Trade Agreement of March 16, 1921, in which the two nations
agreed:

That each party refrains from hostile actions or under-
taking against the other and from conducting outside of
its own borders any official propaganda, direct or indi-
rect, against the institutions of the British Empire or
the Russian Soviet Republic respectively, and more
particularly that the Russian Soviet Government refrains
from any attempt, by military or diplomatic or any other
form of action or propaganda, to encourage any of the
peoples of Asia in any form of hostile action against
British interest or the British Empire, especially in
India and the Independent State of Afghanistan. The
British Government gives a similar particular under-
taking to the Russian Soviet Government in respect of
the countries which formed part of the former Russian
Empire and which has now become independent. [118]

Samra's case is further strengthened by the Soviet direction
of the Communist Party of India (CPI) during WWII to support
the British war effort in contrast to the "Quit India" move-
ment of the Congress Party.

51
A second argument is presented by J.A. Naik. Naik asserts that official Soviet interest in pre-independence India was nil. Naik bases his argument on the lack of mention of India by Lenin and Stalin in their letters and speeches. Naik writes, "If Lenin's references to India were rare and far apart Stalin's were even more so. A survey of Stalin's writings showed that throughout his long stay for more than thirty years at the helm of the CPSU and Soviet state, Stalin referred to colonial India only six times." [120] Naik does recognize a continuing interest in India on the part of the Comintern, but concludes that the Soviet government had little interest in the formulation of the Comintern's India policies. [121]

The third interpretation of pre-independence Indo-Soviet relations is provided by authors seeking to stress the strength of the relationship. These authors stress private Soviet writers and the actions of the Comintern. [122]

The three arguments each present a facet of the relationship. Comintern concern for India was high as is evidenced by the prominence of M.N. Roy through 1929 and the attention paid to the India question at the Sixth and Seventh Congresses. At the same time, Stalin was interested in nation-building and securing the Soviet Union's borders, not in exporting revolution to India. His priorities focused on securing some modus vivendi with the western powers, repulsing Germany and developing internal cohesion. If the actions of the Stalinist government towards India from 1947-1953 have any continuity with pre-war attitudes, this also would lead one to conclude that India ranked well down the priorities of the Soviet Union prior to independence.
Stalin's lack of interest in India continued after 1947. Two reasons contributed to this. Firstly, Stalin's priorities now were the rebuilding of a war-devastated Russia and securing Russia from any external threat. Stalin's security concerns emanated from Europe and America, not Asia. The second factor attributing to Stalin's lack of interest in India was his subscribing to Andre Zhdanov's theory of the division of the world into two political camps, "imperialistic and anti-democratic camp on one side, and anti-imperialistic and democratic camp on the other side." [123]

Which camp the Soviets thought India was in is clear in various articles in the Soviet press of which the following is representative.

The last year-and-a-half since the "transfer of power to Indian hands" has made it quite plain that the national bourgeois leadership of the Congress obtained the reins of power by signing a treacherous deal with British imperialism. The subservient big bourgeoisie with their close ties with British and American monopolies, and their Congress champions, sold India's freedom for a deal with British imperialism in order to save their parasitic privileges from the advancing sweep of democratic forces. [124]

Rejection of the policy of nonalignment is evident in the following quotations concerning neutrality and the Third Camp:

His programme for his 'Third Camp' shows that the latter is in fact nothing other than the aggressive pacific pact which the American imperialists have so long been trying to engineer and which the British labour leaders support. [125]

Stalin's Kashmir policy is a reflection of the status he awarded India. During the period 1949-1953, the Soviet delegate to the United Nations spoke only twice on
the Kashmir issue. [126] On both of these occasions, the clear purpose of the speech was not to advance any Indian cause, but to attack Anglo-American intervention. [127] The Kashmir issue served as nothing more than a tool to further the Soviet position in the East-West confrontation. At no time during this period did the Soviet Union take sides with India or Pakistan. On practically every occasion the matter was brought to vote, Russia abstained.

The preceding is not meant to say that the Soviet attitude towards India did not evolve during Stalin's tenure. Much of the reason for any evolution in Soviet Indian policy is due to a change in Soviet priorities. The Korean War shifted Soviet attention from Europe, where Asian and neutral powers have little influence, to Asia, where their opinion and influence was much greater. Indian opposition to the sending of United Nations troops across the 38th Parallel and the Indian peace initiatives gained Stalin's attention. A changing Soviet perspective is evidenced in Soviet support for Indian inclusion in the Political Conference established in Paragraph 60 of the Korean Armistice Agreement. [128] Indian support for seating the PRC in the United Nations created another convergence of Indian and Soviet objectives. This changing view of Indian influence did not necessarily mean that Stalin believed India was any the less in the western camp. The remark by Soviet United Nations delegate Vyshinsky epitomizes the Soviet attitude under Stalin.

At best, you [Indians] are dreamers and idealists; at worst you don't understand your own position and camouflage horrible American policy. [129]
2. Khrushchev and Hindi-Russi Bhai-Bhai

With the rise of Khrushchev to power in the Soviet Union, a new Indian policy was formulated. This was based on recognition of the fact that the two-camp policy had not worked. It realized that the Soviet Union, by adopting the two-camp approach, was forcing neutrals into the western camp since the global economic and military reach of the U.S. and European powers was so much greater than that of the USSR.

Khrushchev recognized that a nation could be nonaligned. He also recognized that the nationalistic, anti-imperialistic view of many of the nonaligned former colonies would cause them to quite often adopt anti-western positions. Khrushchev sought to enlarge the role of the nonaligned. In the case of India, he accepted India's view of India being a great power.

Khrushchev worked for the inclusion of India in several international forums. These included the Korean Conference already mentioned, the Geneva Conference on Indochina in 1954, [130] a proposed 1956 Conference of the Big Four plus India on nuclear disarmament, [131] the 1957 5-Power Disarmament Conference in London, [132] a proposed summit council in July 1958 on the Lebanon Crisis, [133] and the 18 nation Disarmament Conference in 1961. This contrasts with an American position which opposed Indian involvement in most of the above forums. While the U.S. continued to adopt an East-West attitude, Russia recognized the forces behind nonalignment and sought to use them. The contrasting U.S.-USSR positions contributed heavily towards the formulation of theories such as Nayar's balance-of-power approach outlined in Chapter I.

Soviet support in forwarding Indian pretensions of greatness were accompanied by Soviet support of Indian
Soviet Kashmir policy made a complete turnaround during Khrushchev's three-week November 1955 visit to India. While in Srinagar, he proclaimed, "The question of Kashmir as one of the states of the Republic of India has been settled by the Kashmir people themselves." [134] Three days later he stated the citizens of Kashmir "have welcomed their national liberation, regarding their territory as an integral part of the Republic of India." [135] The Soviet position went beyond mere pronouncements. The Soviets exercised their veto power in the United Nations in both 1957 and 1962 in support of Indian positions. [136]

The Soviets adopted a firm position of support for India on the Goa issue. When the United Nations moved against the Indian invasion and absorption of Goa, the Soviet Union again exercised its veto to protect the Indian position. India and the Soviets also adopted very complimentary positions on the 1956 Suez Crisis. The Indian position at the United Nations during the Hungarian invasion in 1956, was noted for the Indian unwillingness to condemn the USSR. India abstained on the vote condemning the USSR. Follow-on official Indian criticism was very light, as was the Soviet response to the Indian criticism.

It should be noted that the Soviet adoption of pro-Indian positions on Kashmir, Goa, and Suez, was in line with broader Soviet objectives and did not incur any real costs for the Soviets. The Sino-Indian conflict of 1962 provided the first instance where Indian and Soviet political goals radically differed. India naturally sought a purely anti-PRC policy. The Soviets on the other hand, were still seeking to close the Sino-Soviet rift. The relative positions of India and China in Soviet priorities, was clearly evident in the initial stance taken by the Soviets. In an editorial by Pravda on 25 October 1962, the McMahon Line, upon which India based its territorial claims, was attacked.
The problem of the Chinese-Indian border is a legacy from the days when India was under the sway of the British colonialists who carved and recarved the map of Asia at their pleasure. The notorious "McMahon Line" was imposed on the Chinese and Indian peoples; it was never recognized by China. [137]

The editorial went on to recommend Indian acceptance of the Chinese call for a withdrawal of 20 kilometers from the de facto line of control. In November Pravda adopted a more balanced approach which stressed peaceful negotiation. [138] The damage of the initial editorial had been done however. This was magnified when the western armslift to India was contrasted with Soviet nonaction. The Soviet lack of support caused one columnist to write:

Yet another, a Dullesian, truth brought home to us is that in this world sharply divided between the Communist and non-Communist blocs, there is no room for neutrals -- not when the chips are down. [139]

With the exception of the Sino-Indian War, the Khrushchev period was one in which the Soviet Union's policies supported Indian aspirations. When this is combined with the economic policy followed during the same period (discussed in Section 2.3), there emerges a strong Indo-Soviet relationship based on mutual objectives. When contrasted to American political opposition, the favorable attitude of India towards the USSR becomes understandable.

3. Bresheev Attempts a Balance

Khrushchev's policy of committing the USSR to India so heavily carried with it certain costs. Primary among these costs are the continued animosity of the PRC and Pakistan. Bresheev initiated a program of rapprochement with Pakistan. The visit of Pakistani President Ayub Khan in April 1965 was replete with agreements to double or treble USSR-Pakistan trade. During the 1965 War, the
Soviets took care not to take sides as is shown in a Pravda article which stated:

An armed conflict has broken out between the two neighbouring states. The Indian and Pakistani press give different versions of the situation. We will not go into a discussion here of which of these versions more precisely reflects the course of events. The main thing is to find a way to stop the bloodshed immediately and to liquidate the conflict. \[140\]

The Soviet sponsorship of the Tashkent Conference in January 1966 was noticeable for its evenhandedness. It is believed that Kosygin was responsible for pressuring PM Shastri to yield Haji Pir and Kargil back to Pakistan. \[141\]

The changing priority between India and Pakistan in the eyes of the Soviets was apparent in the official Soviet slogans for the two countries. Each year, the USSR developed official slogans for all of its allies and friends. The ranking of the slogans is indicative of the position a country occupies in Soviet priorities. During Khrushchev's era, the Indian slogan was ranked immediately after those of the Warsaw Pact countries and was worded to reflect such a ranking. In 1967 the wording of the slogan for India was downgraded to match that of Pakistan and was ranked immediately above Pakistan's. Pakistan had received their first slogan only two years prior. Symbolic measures were matched with hard action. In April 1968, Premier Kosygin made the first state tour by a Soviet leader to Pakistan. The USSR agreed to finance 21 projects in Pakistan including assistance in the construction of a steel mill, and a 140 megawatt power station in East Pakistan. The Soviets provided Rs. 865 million towards the Third Five Year Plan (1965-70). On April 1968, a Cultural and Scientific Cooperation Pact was concluded. In probably the most meaningful action, the Soviets agreed in the summer of 1968 to supply Pakistan with 100 T-54/55 tanks, 22 130mm
artillery pieces and spare parts for the Mig-19, Mig-21, and IL-28 aircraft. [142]

While the Soviets adopted an evenhanded approach to Kashmir (which they still maintain), their growing detente with Pakistan was slowed when vigorous Indian protests were made concerning the Soviet sale of arms to Pakistan. [143] With the cessation of US arms sales in 1965, and USSR arms sales being halted after 1969, Pakistan turned towards her most reliable source of arms, the PRC. This effectively ended any hopes for rapprochement between Pakistan and the Soviet Union.

4. Treaty of Friendship and Cooperation

The Indo-Soviet relationship received its next major diplomatic testing in 1971 with the Bangladesh Crisis. The April 2, 1971 letter by President Podgorny to Ayub Khan, laid out the initial Soviet position. It called upon Pakistan to solve its problem peaceably and not by force of arms. Importantly, it referred to East Pakistan as East Pakistan and not Bangladesh. References to the "vital interests of the entire people of Pakistan" indicated a desire to see Pakistan remain whole. [144] Actions such as a clearing of the technical plans in April 1971 for the steel mill in Karachi are further evidence of a balanced Soviet approach.

The Soviet position's divergence from the Indian position was evident during Swaran Singh's June 1971 visit to Moscow. The joint communique noticeably did not lay out any specific measures for settling the conflict, and it continued to refer to the area in question as East Pakistan. [145] Indian leaders by that time were habitually referring to the area as East Bengal and Bangladesh. The Indians were also openly engaged in support of the Mukti Bahini guerrilla movement in East Pakistan.
The Soviet approach to the conflict changed radically with the announcement on July 15 of Henry Kissenger's trip to Beijing via Islamabad and President Nixon's announcement of a proposed presidential trip to Beijing prior to May 1972. [146] India responded with an announcement of recognition of the provisional government of Bangladesh. On the same day the Treaty of Peace, Friendship and Cooperation, 1971, was signed between India and the Soviet Union. [147] The twenty-year pact enjoined the two countries to cooperate in multinational arenas and in economic and cultural forums. More importantly were the stipulations of Articles VII-XI.

Article VIII

In accordance with the traditional friendship established between the two countries, each of the High Contracting Parties solemnly declares that it shall not enter into or participate in any military alliance directed against the other Party.

Each High Contracting Party undertakes to abstain from any aggression against the other Party and to prevent the use of its territory for the commission of any act which might inflict military damage on the other High Contracting Party.

Article IX

Each High Contracting Party undertakes to abstain from providing any assistance to any third party that engages in armed conflict with the other Party. In the event of either Party being subjected to an attack or a threat thereof, the High Contracting Parties shall immediately enter into mutual consultations in order to remove such threat and to take appropriate effective measures to ensure peace and the security of their countries.

Article X

Each High Contracting Party solemnly declares that it shall not enter into any obligation, secret or public, with one or more states, which is incompatible with this Treaty. Each High Contracting Party declares that no obligation exists, nor shall any obligation be entered into, between itself and any other state or states, which might cause military damage to the other Party.

Article XI

This Treaty is concluded for the duration of twenty years and will be automatically extended to each successive period of five years unless either High Contracting Party declares its desire to terminate by giving notice to the other High Contracting Party twelve months prior to the expiration of the Treaty.
India accrued tremendous advantages from the Treaty. Primarily, it no longer had to fear an Islamabad-Beijing-Washington axis. It also precluded the Soviets from assisting Pakistan while not ruling out unilateral Indian action against Pakistan. The other major advantage was that Soviet assistance was gained without India having to subscribe to a system of collective security as outlined by Brezhnev in June of 1959. [148]

The Soviet swing to the Indian side was further evidenced by Soviet actions in the United Nations. U Thant's proposal for United Nations action to stem "clandestine raids and acts of sabotage" was blocked by the Soviets. The Soviets however continued to call for a solution that would not dismember Pakistan. The Pakistani decision to continue with the trial of Mujib and continued Pakistani efforts to obtain Chinese assurances of support were factors in the Soviet decision to adopt a pro-Indian stance after fighting broke out on December 3, 1971.

In the 5 December 1971 speech of the Soviet delegate to the United Nations Security Council, the subject of secession by East Pakistan was declared to be the right of the "elected representatives" of East Pakistan to decide. [149] Those elected representatives had been identified during a speech on 3 December as the representatives of the Awami League, elected in December 1970. On 4 December, the Soviets vetoed a Security Council Resolution calling for a ceasefire. The Soviet veto was exercised again on 5 and 15 December.

The presence of a Soviet fleet in the Indian Ocean, which the Soviets stated would prevent any intervention by the Enterprise, [150] deepened and heightened the visibility of the Soviet involvement.
5. Nonaligned or Ally?

The Indian dependence on Soviet arms, diplomatic influence and nuclear umbrella, combines with the Friendship Treaty to present the image that India is an ally of the Soviet Union. Subsequent Indian efforts to downplay the treaty, would suggest that the treaty was a tactical move designed to meet the exigencies of the moment. Robert Donaldson, in his study of Soviet influence, notes that the second anniversary of the treaty received only "pro forma" statements by Indian officials and restrained notice in the press despite Soviet attempts to play it up. [151] Donaldson cites interviews by PM Gandhi to reinforce this point. The Janata's treatment of the treaty stressed that the treaty "does not hamper in any way the development of their relations with third countries." [152] This pattern continued through the 10th anniversary of the treaty when India gave only perfunctory recognition to the occasion. [153]

Indian diplomatic and security policy actions have shown a willingness to act against Soviet interests. This is evident in the Peaceful Nuclear Explosion, [154] the Janata Party's proclamation of following a truer nonalignment, the policy of rapprochement with the PRC started by the Janata and continued by the current Gandhi administration, and the post-1980 efforts to improve relations with the United States.

India has not subordinated her foreign policy to the Soviet Union, but the Indo-Soviet relationship does continue to reap benefits for the Soviets as India does take Soviet desires into consideration. This is evident in the Indian policy towards the invasion of Afghanistan. India was very noticeably silent when the Soviets invaded Afghanistan. Indira Gandhi continues to contend that the Soviets were invited in. [155] When she is questioned about Indian
silence on Afghanistan, she immediately throws up an accusation of double standards (in reference to the US in El Salvador, Chile, and Vietnam). [156] While India’s stance on this issue has definitely not met the acid test of independence as conducted by western and Moslem standards, she has not been acquiescent to the Soviet position either. PM Gandhi states: “We have said to the Russians, and we have said it publicly, that we don’t like foreign troops in there.” [157] Indian independence was asserted again when PM Gandhi reminded a meeting of the Soviet-Indian Friendship Society, in Moscow, that there were “two sides to the problem.” [158]

India’s position on Afghanistan appears to be a mixture of 1) a firm belief that the Soviets have legitimate interests in Afghanistan, 2) that the Soviets want to and should remove their troops from Afghanistan, 3) they will not leave if they feel their interests are not protected and 4) the best way to achieve the above is through quiet negotiation, not noisy public diplomacy. Such an approach has a certain legitimacy. Just because India does not engage in strident denunciations of the Soviet Union does not mean she is subordinate to the wishes of the USSR. One must take note however, that India has been very quiet on several issues for which the USSR was roundly condemned by western and third world countries alike. These include the incidents in Hungary, Czechoslovakia, Kampuchea, Poland, and most recently, the Korean Air Lines jet shot down by the USSR. These all were met by the claim that quiet diplomacy is best. The history of silence against the USSR is not matched by a history of silence against the US. The comparison of US action in El Salvador (55 US advisors) and USSR actions in Afghanistan (105,000 Soviet troops) is an example. When this is matched against the lessons of history, Indian policy on Afghanistan appears at a minimum, to be based on a sensitivity to Soviet concerns.
Soviet support of India appears to have reaped benefits in the United Nations also. A review of the voting record of India in the United Nations from 1965-1972 showed that on issues where the U.S. and USSR disagreed and India did not abstain, her voting heavily favored the USSR.

**TABLE V**

Indian Voting Agreement with the U.S. and USSR 1965-72

<table>
<thead>
<tr>
<th>Year</th>
<th>% With USA</th>
<th>% With USSR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965</td>
<td>23.6</td>
<td>76.4</td>
</tr>
<tr>
<td>1966</td>
<td>15.8</td>
<td>84.2</td>
</tr>
<tr>
<td>1967</td>
<td>0.0</td>
<td>100.0</td>
</tr>
<tr>
<td>1968</td>
<td>17.0</td>
<td>83.0</td>
</tr>
<tr>
<td>1969</td>
<td>24.5</td>
<td>75.5</td>
</tr>
<tr>
<td>1970</td>
<td>25.8</td>
<td>74.2</td>
</tr>
<tr>
<td>1971</td>
<td>15.2</td>
<td>84.8</td>
</tr>
<tr>
<td>1972</td>
<td>20.4</td>
<td>79.6</td>
</tr>
</tbody>
</table>


The pattern of Indian support of Soviet positions continued in 1983. In a record of votes on the 20 issues the U.S. considered most important, India voted with the Soviets and against the United States on 13 of them. [159] Overall Indian percentage of vote agreement with the U.S. for 1982 was only 16.8%. [160]

The record of Indo-Soviet diplomatic relations has indicated a long-standing support for Indian diplomatic objectives. During Khrushchev's period, India's desire for great power status was recognized and supported. No doubt the Soviets had reasons other than altruism, nonetheless India discerned a support for her aspirations noticeably absent in American actions. The USSR has provided critical support against India's two major threats, Pakistan and the PRC. Soviet support in the United Nations on the Kashmir issue allowed India to avoid a plebiscite and a United
Nations force. While remaining neutral in 1965, the Soviets decisively entered the fray on the Indian side in 1971. Soviet warnings to the Chinese in 1965 and the Soviet nuclear umbrella in 1971 provided India with the necessary maneuverability to allow her to permanently alter the strategic balance of the subcontinent. In almost all these instances, the U.S. adopted a position that either opposed Indian objectives or was nonsupportive in some other way. The major exception, the 1962 Sino-Indian war, was negated by American actions in 1965. The key to Indian support of Soviet initiatives has been an equal Russian support of Indian objectives.

C. USING THE ROUBLE

1. **Soviet External Assistance**

Soviet assistance to the Indian economy has been a powerful instrument in creating a favorable image of the Soviet Union in India. In a poll conducted in September 1974, 25 percent of the respondents who thought Indian and USSR basic interests were in agreement, attributed it to Indo-Soviet economic and technological cooperation while 22 percent felt it was because they were both socialist countries. Only 19 percent of the respondents, university students, thought the United States had given India "a great deal" of economic aid. 48 percent felt that the Soviets had given "a great deal". Similarly, 22 percent felt the United States had given "very little" aid and only 2 percent expressed the same sentiment concerning the Soviet Union. [161] While actual aid figures prove the falsity of this perception, the question remains why it exists. The primary answer is the high visibility of Soviet aid and the compatibility of Soviet aid with the Indian objective of self-sufficiency.
Soviet economic aid commenced with the Bhilai Steel Plant agreement in February 1955. The aid was a product of Khrushchev's realization that unless the nonaligned countries were able to create some form of economic independence from the industrialized West, their economies would remain subordinated to the West with attendant diplomatic and security implications. Soviet aid sought a double reward—increased influence with the elite and masses, and a reorientation of the economy away from the inter-linked capitalist economies of the West.

The presence of the public sector is not due to Russian influence. The boundaries for the public sector were established in 1948 by the Industrial Policy Resolution which provided for the distribution of industries between the public and private sector. Its companion, the Planning Commission, was established in 1950. [162] Both of these seminal events took place while India was being scorned by Stalin. Further evidence of India's predilection for socialism is contained in Jawaharlal Nehru's 1942 declaration: "...socialism is for me not merely an economic doctrine which I favour; it is a vital need which I held with all my head and heart." [163]

Soviet aid to India between 1954 and 1975 totalled 1,943 million dollars. This accounted for 18% of the USSR's total aid during this period. The bulk of the aid occurred between 1955 and 1966. During the period 1954-1966, India ranked as the foremost recipient of Soviet aid. [164] A major difference between Soviet and American aid, is the heavy commitment to the public sector by the Russians. A review of the major aid agreements signed between 1955 and 1966 bears this out.

As Ambassador Galbraith noted, the willingness of the Soviets to fund the public sector gave them a very visible, highly favorable image before the Indian people.
**TABLE VI**

**Soviet Economic Credits Extended to India**

<table>
<thead>
<tr>
<th>Date of Agreement</th>
<th>Value</th>
<th>Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-2-1955</td>
<td>1,019.6</td>
<td>Bhilai Steel Plant</td>
</tr>
<tr>
<td>11-9-1957</td>
<td>937.5</td>
<td>Ranchi Heavy Machinery Plant</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Durgapur Mining Machinery Plant</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Korba Coal Mining Project</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Neyveli Thermal Power Station</td>
</tr>
<tr>
<td>5-29-1957</td>
<td>149.9</td>
<td>Pharmaceutical Project</td>
</tr>
<tr>
<td>9-12-1959</td>
<td>2,812.4</td>
<td>Credits for Third Five Year Plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Expansion of Bhilai Steel Plant</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Expansion of Neyveli Siangruli Power Station</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Expansion of Ranchi Plant</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kotah Precision Instruments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Expansion of Durgapur</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Expansion of Korba</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Barauni Petroleum Refinery</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hardwar Heavy Electrical Plant</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Petroleum and Gas Exploration</td>
</tr>
<tr>
<td>9-28-1959</td>
<td>187.5</td>
<td>Barauni Petroleum Refinery</td>
</tr>
<tr>
<td>2-21-1961</td>
<td>937.9</td>
<td>Second Credit for Third Five Year Plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bhakra Hydroelectric Power Station</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Koyali Petroleum Refinery</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kathara Coal Washery</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Refractories Plant</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ONGC</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Production of pumps and compressors</td>
</tr>
<tr>
<td>1-25-1965</td>
<td>1,666.7</td>
<td>Bokaro Steel Plant</td>
</tr>
<tr>
<td>12-10-1966</td>
<td>2,500.0</td>
<td>Credits for Fourth Five Year Plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sileru Hydroelectric Power Station</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Expansion Neyveli</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Korba Aluminum Plant</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ONGC</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Air Magnetic Survey</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Training of Technical Personnel</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Design Institute for the Metallurgical Industries</td>
</tr>
</tbody>
</table>

**Note:** All loans were carried at 2.5% for a period of 12 years with the exception of the pharmaceutical project which was a 7 year loan at 2.5% interest.

**Source:** Government of India, Ministry of Finance, External
The handling of the Bhilai Steel Project enhanced this image even more. Soviet commitment was evident in their dispatching their engineer minister to personally direct the project. [165] Articles V and VI of the agreement for Bhilai contained provisions for training of Indian personnel and Indian participation in the construction of the plant.

**Article V**

The Soviet organisations shall associate at all stages of the work in India and in the USSR pertaining to the planning, construction, erection, operation, and other matters relating to the works and the township and the associated facilities a sufficient number of Indian nationals selected by the Indian authorities with the object both of utilising the services of such Indians as well as for training them in such work. The Soviet organisations shall carry out as much of the work in connection with the project and the planning, designing and drawing up of specifications as possible in India.

**Article VI**

The division of works between the Indian authorities and the Soviet organisations pertaining to the designing of the construction of buildings, roads, foundations, waterways and other similar things as well as pertaining to the erection of the works will be decided by mutual consultation and agreement from time to time. [166]

The result of the Indian participation was reflected in John P. Lewis' assessment of the project:

What struck me most forcefully at Bhilai, having come directly from other mills...was the extraordinary high morale of the Indian participants in the project. They were not only enormously proud of the relative good record that the work at Bhilai had made; they were completely convinced that this was substantially their accomplishment. [167]

The quality of work was explicit in Earl C. Smith’s evaluation of the plant: (Bhilai is) "better designed for continuous production than anything I have seen either in the USA or in Russia proper." [168]
The Soviet Union was also critical in developing the Indian oil industry. After western experts had made only perfunctory attempts at drilling for oil and determined that India was a non-starter as far as oil potential was concerned, the Indians made significant discoveries in Assam, Gujarat, and Punjab. Also, when the three big western multinationals refused to refine imported crude, the Soviets assisted in the construction of refineries at Koyali and Barauni. Soviet technological assistance in the critical field of energy development remains high even today as the number of 1982 Indo-Soviet protocols indicates. Protocols provided for:

1. Oil exploration and drilling.
2. Construction of a magnetohydronamic plant.
3. Assistance in enhanced oil recovery from inactive wells.
4. Assistance in doubling Indian coal production.
5. Co-productions of mining equipment.
6. Cooperation on development of a coal into liquid fuel capability.
7. Establishment of a hydroelectric power working group.

A major consideration in Soviet aid is the financial terms preferred. The terms of the Bhilai agreement, equivalent to those for other projects and stipulated in Article XIII of the contract, called for "12 equal annual installments payable on or before the 15th day of March of each and every year..." [169] This compared quite favorably to the terms of Krupp and Demag, approached prior to the Russians for construction of Bhilai, of 12 percent and a share of equity capital. [170] The German deal for the Rourkela plant was closed at 6.3 percent.

The second major advantage to the Soviet terms is that "All payments to be made by the Indian authorities as
aforesaid shall be in Indian rupees to a separate account in favour of the Soviet organizations to be opened with the Reserve Bank of India. . . The amounts credited to this account may be utilised by the Soviet organizations for the purchase of goods in India and/or be freely convertible into pounds sterling." [171] This produces two advantages for India. India is able to conserve its convertible currencies and at the same time gain a secure market for Indian goods.

Soviet assistance since the 1950's and 1960's has been sharply curtailed. The Government of India's Economic Survey 1982-83, lists only two loans being extended by the Soviets in the decade of the 1970's -- one for Rs208.3 crore in 1977-78, and one for Rs 485.7 crore in 1980-81. [172] To this must be added an emergency wheat loan of $350 million in 1973. Russia provided no grants during this decade. Actual loan utilization between 1970-71 and 1981-82 inclusive, totalled Rs569.0 crore. This equalled 3.5 percent of Indian aid utilization during the same period.

Soviet aid has never commanded a dominating position in India's external assistance program. Through 1970, the Soviets accounted for 11.6 percent of the total loans to India and 1.3 percent of the total grants. That placed the USSR as the second largest source of loans but she ranked behind Canada, Australia, the Ford Foundation, West Germany, and Norway in the extension of grants. The Soviet loan effort of Rs10211.0 million up to 1970, is dwarfed next to the American contribution of Rs66021.9 million which accounted for 56 percent of all external assistance. Even when food aid is discounted, U.S. aid still equals 35 percent of all external assistance received prior to 1970. [173]

The favorable impression of Soviet aid in India cannot be traced to the quantities of Soviet aid extended. In that category the Soviets are at an obvious disadvantage.
Their advantage derives from the placement of their funds into highly visible and critical public sectors. It also derives from the credit terms offered and the stability the Soviet program achieved through linking it to the Five Year Plans. The Soviet image has not suffered from a lack of extending grants or from the unwillingness to reschedule debt servicing.

2. Indo-Soviet Trade

Khrushchev's strategy of reorienting the Indian economy away from the West could not succeed solely on the basis of providing India with an independent means of production. It also had to supply markets for Indian exports and sources for Indian imports.

The growth of Indo-Soviet trade since it was first formalized in the Indo-Russian Trade Agreement, 2 December 1953, is reflected in both quantity and percentages of the Indian import-export market.

The 1953 agreement stipulated that trade be in rupees and this stipulation is still in effect. [174] The current rate is fixed at 12.5 rupees to one rouble. Surpluses and deficits accrued in trade are kept distinct from external aid debits. Surpluses garnered under the barter trade agreements may not be applied to India aid debits.

Indo-Soviet trade has changed in composition from India's initial position as primarily an importer of finished products and exporter of raw materials. The 1953 Trade Agreement stipulated 39 commodity areas for Indian import. The bulk of these were finished products. The schedule for Indian exports listed 20 commodity areas, all of which were raw materials with the exception of leather manufactures, rope, chemicals, and cinematic films. By the 1970 Trade Agreement, the Indian export market basket had
TABLE VII
Soviet Trade as a Percentage of Indian Market

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Import</th>
<th>Fr USSR</th>
<th>% Fr</th>
<th>Total Export</th>
<th>To USSR</th>
<th>% To</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>1792.0</td>
<td>1.6</td>
<td>.02</td>
<td>1645.8</td>
<td>13.6</td>
<td>.86</td>
</tr>
<tr>
<td>1955</td>
<td>1208.7</td>
<td>6.4</td>
<td>.4</td>
<td>1116.2</td>
<td>7.7</td>
<td>.96</td>
</tr>
<tr>
<td>1958</td>
<td>1814.8</td>
<td>45.6</td>
<td>2.5</td>
<td>1215.8</td>
<td>49.0</td>
<td>4.2</td>
</tr>
<tr>
<td>1960</td>
<td>2327.0</td>
<td>33.3</td>
<td>1.4</td>
<td>1331.0</td>
<td>60.4</td>
<td>4.3</td>
</tr>
<tr>
<td>1965</td>
<td>2912.0</td>
<td>173.7</td>
<td>6.0</td>
<td>1688.0</td>
<td>194.0</td>
<td>11.5</td>
</tr>
<tr>
<td>1970</td>
<td>2125.0</td>
<td>164.4</td>
<td>7.8</td>
<td>2026.0</td>
<td>271.5</td>
<td>13.4</td>
</tr>
<tr>
<td>1975</td>
<td>6178.2</td>
<td>394.4</td>
<td>6.3</td>
<td>4355.1</td>
<td>511.5</td>
<td>11.7</td>
</tr>
<tr>
<td>1976</td>
<td>5665.0</td>
<td>235.0</td>
<td>4.1</td>
<td>5549.0</td>
<td>476.0</td>
<td>8.6</td>
</tr>
<tr>
<td>1977</td>
<td>6647.0</td>
<td>474.0</td>
<td>7.1</td>
<td>6378.0</td>
<td>691.0</td>
<td>10.8</td>
</tr>
<tr>
<td>1978</td>
<td>7865.0</td>
<td>472.0</td>
<td>6.0</td>
<td>6671.0</td>
<td>564.0</td>
<td>8.4</td>
</tr>
<tr>
<td>1979</td>
<td>9828.0</td>
<td>805.0</td>
<td>8.2</td>
<td>7806.0</td>
<td>647.0</td>
<td>8.3</td>
</tr>
<tr>
<td>1980</td>
<td>14341.0</td>
<td>1138.0</td>
<td>8.0</td>
<td>8242.0</td>
<td>731.0</td>
<td>8.9</td>
</tr>
<tr>
<td>1981</td>
<td>13907.0</td>
<td>1138.0</td>
<td>8.1</td>
<td>7300.0</td>
<td>731.0</td>
<td>10.0</td>
</tr>
</tbody>
</table>


Note: Figures are in millions of US dollars. IFS figure is used for totals. 1980, 1981 import-export figures are estimates. For Government of India figures, see Tables XIV-XVI.

been expanded to 64 different commodities including excavators, cranes, railway wagons, electric motors, rolled steel products, medicine, and surgical instruments. [175] As early as 1966, finished goods accounted for 45 percent of India's exports to the USSR (13 percent in 1956). [176]

Limitations to Indo-Soviet trade were being discussed as early as the mid-1960's. Both major limitations discussed were of a structural nature. The nature of Indian imports were such that they primarily were consumed by the government in the public sector. On the other hand, a majority of Indian exports originated in the private sector and were not included in the planning process. A second problem centered around the evolution of the Indian economy. As the Indian economy became independent, it would not need the massive capital equipment inputs that
characterized Indian imports from the USSR in the 1960's (1965 - 46.9% of Indian imports from the USSR were equipment and materials for complete factories). [177] This argument has been fortified lately with the addition of the question of Soviet ability to supply the level of technology that India requires. With the exception of 1978-79, in every year since 1963, India has carried a balance of trade surplus with the USSR. The current aggregate surplus is estimated at $862.5 million. [178] This surplus caused the USSR to cut its level of imports in early 1983. The 1983 trade protocol called for an expansion of trade, but currently India has only placed orders for 71% of her 1983 commitment and is waiting for additional Soviet orders. [179] The Soviets have held off purchase of Indian goods (they have only ordered 60% of their commitment) pending a rise in Soviet exports to India. Even though India has not developed alternate markets for many of her goods, India has not purchased the Soviet goods.

The Soviets are capable of providing India a certain quality of goods that is becoming less appropriate for the Indian market as Indian industry develops and Indian tastes mature. More simply put India does not want Soviet goods beyond a certain point. [180] This is the root cause of the trade imbalance. The recent agreement for the USSR to sell Rs600 million of oil to India, in excess of previous agreements, is an attempt to redress this problem.

3. Getting Your Roubles Worth

The Soviets have been able through aid to create a favorable impression in India. When Indira Gandhi in February 1982, was asked, "Why has India moved so close to Russia?" she replied, "...the Soviet Union helps us when we are in trouble, and the Soviet Union has stood by us in times of difficulty." She then went on to support her
assertion with the examples of steel and oil development. [181] Has Russia succeeded in turning India away from western markets? Results have been mixed, but the general answer is no.

Indian trade-flow statistics show that while the Soviets had become the largest single trading partner by 1981-82, trade with the West (North America, EEC, ESCAP) still accounted for 52 percent of India's export markets and 49 percent of India's imports. When OPEC, which is linked into the free-market system, is added, the figures jump to 64 percent and 80 percent respectively. A large portion of the Soviet gain in market percentage appears to actually come out of Eastern Europe's share of the market. The Eastern European share of the Indian export market (minus the USSR) was 10 percent in 1970-71. In 1981-82, it was down to 4 percent. During the same period, the Soviet share increased from 14 to 19 percent. Likewise, in the Indian import market, Eastern Europe's share decreased from 8 percent to 2 percent while Russian trade increased from 6 to 9 percent. [182] The Russian increases are impressive, nonetheless a shifting of Comecon's share between Comecon members does not constitute a shifting from capitalistic to socialistic markets by India.

Another indicator of a failure on the part of the Soviets to achieve a reorientation of the Indian market is the Indian response in times of economic crisis. While much of the governmental controls of the economy are a result of bureaucratic inertia, India's response to the economic ills of 1966, 1974, and the current balance of payments problem has been to liberalize the economy. The 1966 actions were discussed briefly in the last chapter. In 1974, after the OPEC price hikes, there appeared in response to inflation and lower production a policy of loosening the socialistic reins on the economy. The 1974-75 import policy called for
a halt to the practice of adding new items to the list of commodities that must be cleared for import. [183] The wholesale wheat trade was returned to the private sector and plans for the nationalization of the rice trade were cancelled. Other indicators of a turning towards a pro-business, free enterprise system included the income tax level being cut, lock-outs being declared in two public sector strikes, the railway strike being busted, less restriction on the growth of the large business houses and the announced decision to not take over any more banks. [184] The import liberalizations of 1981-82, discussed in Chapter IV, are oriented directly at obtaining needed technologies from the West so that India can compete in Western markets. The private sector continues to be a greater source of employment and revenue than the public sector.

The Indo-Soviet aid/trade connection cannot be measured solely in terms of reorientation of the Indian economy. It also forms an important linkage and point of contact between the two governments. The number of USSR-Indian protocols signed between the two countries in 1982 as recorded in Foreign Broadcast Information Service (see Table VIII), shows a dominant economic theme. There continues to be a steady flow of delegations between the two countries. This connection cannot be overrated in assessing the development of shared interests between the two countries.

D. THE ARMING OF INDIA

1. Indian Arms Transfer Policy

An understanding of the Soviet arms link to India necessitates first an understanding of Indian arms transfer policy and the relationship of purchases from the Soviets to other sources of arms.
TABLE VIII
USSR-Indian Protocols 1982

<table>
<thead>
<tr>
<th>Collaboration in Dam Construction</th>
<th>1 January</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cooperation in Nonferrous Metallurgy</td>
<td>26 January</td>
</tr>
<tr>
<td>Development Assistance in Fusion Technology Agreement for Joint Manned Space Flight</td>
<td>1 February</td>
</tr>
<tr>
<td>Irrigation and Water Management Cooperation</td>
<td>4 March</td>
</tr>
<tr>
<td>Powder Metallurgy Cooperation</td>
<td>27 March</td>
</tr>
<tr>
<td>USSR to Launch Indian Satellite</td>
<td>30 April</td>
</tr>
<tr>
<td>Construction of Magnetohydraulonic Plant</td>
<td>2 May</td>
</tr>
<tr>
<td>Assistance in Upgrading Enhanced Oil Recovery</td>
<td>1 May</td>
</tr>
<tr>
<td>Assistance in Doubling Indian Coal Production (including Rs960 million financing)</td>
<td>20 June</td>
</tr>
<tr>
<td>Irrigation and Water Conservation</td>
<td>12 September</td>
</tr>
<tr>
<td>Science and Technology Cooperation</td>
<td>17 September</td>
</tr>
<tr>
<td>Computer Technology and Electronics</td>
<td>22 October</td>
</tr>
<tr>
<td>USSR to Supply 4.75 million Tons of Oil in 1983</td>
<td>10 November</td>
</tr>
<tr>
<td>Agricultural Science and Technology</td>
<td>19 November</td>
</tr>
<tr>
<td>Joint Working Group on Hydroelectric</td>
<td>24 November</td>
</tr>
<tr>
<td>1983 Trade Protocol</td>
<td>29 December</td>
</tr>
</tbody>
</table>

Indian defense needs are set through three programs. These are direct arms purchases, licensed production and indigenous production. Quite often the first two will be included in the same arms transfer. The licensed production is then used to gain the technological expertise necessary for follow-on indigenous projects.

India has basically been through three periods in which the balance maintained between suppliers has varied. Prior to the 1965 war there was a very heavy dependence on non-superpower, western suppliers. This responded to two Indian motivations. First the services were equipped with western style equipment at independence. The officers were trained on western equipment and tactics and they were part of the tradition of the services. Also the logistics system was set up to support western equipment. The second factor influencing heavy reliance on the UK and France was India's policy of nonalignment. Nehru's version of this precluded arms purchases from either of the superpowers.
Two principal events combined to cause the first shift in Indian acquisition policy. The Sino-Indian War in 1962 discredited Indian foreign policy as it had been practiced. Nonalignment was shown to be a sham unless you have sufficient military force to back it up. The result was India's initiating acquisition of substantial amounts of arms. In the midst of the war the US started supplying equipment that eventually would fully equip six mountain divisions and establish an ADA system in the Himalayas. [185] The deterioration of the situation with the PRC led to an agreement being signed with the USSR for 12 Mig-21's in 1962. Thus the policy of not purchasing from the superpowers was broken.

It took one more event in 1965 to start India on a path of heavy dependence on the USSR. When the 1965 Indo-Pak War broke out, the United States declared an arms embargo for the subcontinent. Initially it was a total embargo. In 1966 non-lethal items were approved for sale and in 1967 ammunition sales were approved on a cash basis. In 1970 a one-time exception of 300 M113 APC's was approved for Pakistan. A full embargo was reimposed in 1971 which was amended in March 1973 to the same level as 1967. Finally in February 1975 the arms embargo was ended. In the future, arms sales were to be made on a case by case basis for cash only. [186] The result of this was that the US effectively removed itself from consideration as a source of arms. Britain also temporarily placed an arms embargo after the 1965 war.

The combination of needing a counterbalance to the Chinese and the US removing itself from consideration produced a heavy reliance on the Soviet Union. The extent of the reliance was exemplified by the 1971 Treaty. The opposition parties in India however did not support the policy of signing treaties of friendship and 15-year
economic cooperation agreements. This was not viewed by the 
opposition as being compatible with a policy of true nona-
lignment. A series of internal developments, not the least 
of which was opposition to the Emergency, resulted in the 
Janata Coalition coming to power in 1977. While the Janata 
reaffirmed relations with the USSR, they took steps to 
balance the nonalignment policy. One of the steps was to 
start diversifying arms purchases. The 1978 purchase of 150 
Jaguars was the start of a third period in Indian arms 
purchases, a period of diversified arms transfers. 

The Indian purchase of aircraft probably best exem-
plifies the three periods. Table IX reflects all of the 
arms purchases made by India from 1955-62. The numbers 
reflect amounts contracted for, both direct purchase and 
licensed production. In constructing this table, I viewed 
the contract itself as an instrument of policy. I was 
interested not in the actual delivery date of the equipment, 
but rather when the decision was made and the scope of the 
decision.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>885</td>
<td>627</td>
<td>100</td>
<td>158</td>
</tr>
<tr>
<td>FR</td>
<td>369</td>
<td>219</td>
<td>53</td>
<td>150</td>
</tr>
<tr>
<td>CAN</td>
<td>368</td>
<td>219</td>
<td>53</td>
<td>150</td>
</tr>
<tr>
<td>FRG</td>
<td>70</td>
<td>35</td>
<td>35</td>
<td>150</td>
</tr>
<tr>
<td>NZ</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>150</td>
</tr>
<tr>
<td>USSR</td>
<td>1332</td>
<td>314</td>
<td>711</td>
<td>307</td>
</tr>
</tbody>
</table>

Table IX clearly shows the shifting of policy. In the 
pre-1965 period there was over a 3:1 ratio of western vs. 
Russian aircraft purchases. This shows a dramatic reversal
to almost a 5:1 ratio in the Russian's favor from 1966-1977. Starting with the Jaguar deal in 1978, there appears a balancing between purchases from European sources and Russia. A similar pattern is true for the navy. Initially the Navy was very British in its origins. This gave way to an almost total dominance by the Soviets. The purchase of the Type 209 submarine from West Germany signals a limited move towards diversification of ship purchases. The shift is not as great as occurred with the aircraft.

It would be incorrect to say that the three arms transfer periods have affected all major types of weapons systems similarly. The helicopter market has been balanced throughout. French licensed production of the Aerospatiale SA-315 and SA-316 have balanced against direct purchases of the MI-4 and the MI-8. Purchases of the UK's Sea King for ASW have surpassed purchases of the KA-25 Hormone. Other types of systems have shown a tilt towards the Soviets that has never been corrected. An example of this is main battle tanks. The Vijayanta MBT is a UK designed tank that is licensed produced in India. Licensed production for the Vijayanta was contracted in 1965. Since this single purchase (which now accounts for 50% of India's current tank inventory) Indian purchases have been totally Russian (except for a small AMX-13 buy in 1970). They have purchased the PT-76 (a light tank), the T-54/55, and the T-72. The recent decision to license produce the T-72 would indicate there is not going to be a switch in sources in the future. Finally, some areas show a total Russian dominance such as that apparent in armored personnel carriers/armored fighting vehicles. The Indians have license produced the OT 62/64 (the Czech version of the BTR 50/60) and are now setting up production of the BMP-1.

The shifts of policy do not have clear-cut boundaries and are not implemented across the board. The trend is
obvious only when you consider the total picture. The overall declaration of policy is clearer in economic terms than it is when one discusses mere numbers of weapons systems.

The decision to buy the Jaguar and the Mirage 2000 had a tremendous impact on the Indian economy. The Jaguar purchase totalled $1.7 billion. This was at a unit price of $7.2-9.7 million. The Soviets in an attempt to dissuade India from purchasing the Jaguar offered the Mig-23 at a unit cost of $2.5 million (figured at Rs10 to the dollar). At that price, the same number of Mig-23's would have cost $375 million. [187] A further consideration is that Soviet deals are paid through Indian export of specified goods. This means that foreign exchange is not needed and can be used for other items. In FY 1977-78, when the decision was being made, the Indian balance of trade was approximately $200 million in the black. This was the only year between 1961 and 1982 when India had a trade surplus. Also in 1977-78 foreign exchange reserves were approximately $4,499 million. Taken in this context, the decision to purchase the Jaguar assumes a magnitude that numbers of aircraft do not portray.

2. Indo-USSR Arms Trade

The Indian-USSR arms relationship started in 1955 with the gift of two IL-14 transports to India. This was followed by a purchase of 24 IL-24's in 1960. In 1961, 10 Mi-4 helicopters, eight An-12 transports and six jet engines for the JF-24 Marut Mark I were purchased. This was followed by the purchase of 16 Mi-4's and 8 An-12's in 1962. [188] This would seem to contradict the earlier statement concerning India not buying arms from the superpowers prior to 1962. The above aircraft purchases were not for military use. They were purchased for the Border Roads Development
The only piece of military equipment was the aircraft engines. These purchases did serve to give India a taste of the USSR's aircraft.

The first major arms transfer from the USSR was the Mig-21. An initial agreement was reached in August 1962 for twelve of the Mig-21's (delivered in 1964) and for eventual licensed manufacture in India. By 1964 the Soviets, after much delay, had agreed to deliver 38 Mig-21's to India and to help set up the Hindustan Aeronautics Limited (HAL) plants at Nasik, Hyderabad and Koraput. It must be emphasized that the Indians backed into this deal. Previously they had been engaged in negotiations for the UK's Lightning (offered at 1/2 price), but were turned down on their request for licensed production. As stated earlier, when the Indians sought to purchase three squadrons of F-104's, the United States turned them down. P.R. Chari asserts in his article that India turned to the Soviet Union out of dire necessity. Chari points out that there was no major lobbying group advocating the USSR as an arms source except the far left which had no political clout. He concludes "...it was basically the nonavailability of Western arms that led to India's shift towards the Soviet Union." [189]

Even though the relationship started as a second choice, it flowered into a full scale client-partner relationship. Indian purchases from the USSR are depicted below. [190]

A couple of points should be addressed. Notice that there is no licensed production of naval vessels. The only license production in this area has been from the UK and FRG. Most license production has centered on the aircraft industry. There appears in the late 1970's to be a branching into armored vehicles. The BMP is to be license produced at a factory being set up in Andhra Pradesh. [191] The rectoing of the Avadi Tank Works (the only tank works
TABLE X
Indo-USSR Arms Transfers

<table>
<thead>
<tr>
<th>Year</th>
<th>Item</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1962</td>
<td>Mig-21</td>
<td>12</td>
</tr>
<tr>
<td>1963</td>
<td>Mig-21</td>
<td>Purchase of 38. Licensed production. 1967-72: 130</td>
</tr>
<tr>
<td>1963</td>
<td>Atoll AAM</td>
<td>Licensed Production. 1973-1979: 130</td>
</tr>
<tr>
<td>1965</td>
<td>F-Class</td>
<td>Submarine. 4 ordered, delivered by 1970</td>
</tr>
<tr>
<td>1968</td>
<td>Su-7</td>
<td>Fighter. 100 ordered</td>
</tr>
<tr>
<td>1968</td>
<td>Petka Class</td>
<td>Destroyer. 3 ordered. 8 delivered by 1972</td>
</tr>
<tr>
<td>1968</td>
<td>Osa Class</td>
<td>Torpedo Boat. 6 delivered</td>
</tr>
<tr>
<td>1968</td>
<td>Pelnochny Class</td>
<td>Landing Ship. 2</td>
</tr>
<tr>
<td>1968</td>
<td>T-54</td>
<td>MBT. 450 delivered 1968-70</td>
</tr>
<tr>
<td>1969</td>
<td>Su-7</td>
<td>50 ordered. Military Balance states total for 68-69 as 130</td>
</tr>
<tr>
<td>1971</td>
<td>Mig-21M</td>
<td>Licensed Production. 1972-78: 91</td>
</tr>
<tr>
<td>1971</td>
<td>SA-2</td>
<td>Guideline. Unit reported operational</td>
</tr>
<tr>
<td>1971</td>
<td>PT-76</td>
<td>Amphibious Tank. 150 delivered in 1971</td>
</tr>
<tr>
<td>1971</td>
<td>MIG-21MP</td>
<td>7 delivered 1972</td>
</tr>
<tr>
<td>1971</td>
<td>Styx</td>
<td>SSM. To arm Osa Class</td>
</tr>
<tr>
<td>1971</td>
<td>Osa Class</td>
<td>8 delivered 1971-72</td>
</tr>
<tr>
<td>1973</td>
<td>F-Class</td>
<td>Submarine. 4 ordered, 7 delivered in 1974, 2 in 1975</td>
</tr>
<tr>
<td>1974</td>
<td>Sam-6</td>
<td>Delivery 1975</td>
</tr>
<tr>
<td>1974</td>
<td>Petka Class</td>
<td>1 delivered 1974 in addition to 9 previously</td>
</tr>
<tr>
<td>1975</td>
<td>IL-38</td>
<td>4 delivered 1977. Maritime recce</td>
</tr>
<tr>
<td>1975</td>
<td>SSN-9</td>
<td>SSM to arm Nanutchka Class</td>
</tr>
<tr>
<td>1975</td>
<td>SSN-4</td>
<td>Styx: 48 delivered 1976-77</td>
</tr>
<tr>
<td>1975</td>
<td>Nanutchka Class</td>
<td>Missile Corvette. 8 delivered 1977-80</td>
</tr>
<tr>
<td>1975</td>
<td>Osa Class</td>
<td>8 ordered. 2 delivered 1977</td>
</tr>
<tr>
<td>1975</td>
<td>Polnochny Class</td>
<td>Landing Ship. 4 delivered 1975-76. Total now of 6</td>
</tr>
<tr>
<td>1975</td>
<td>BMP</td>
<td>Quantity unknown</td>
</tr>
<tr>
<td>1975</td>
<td>SA-6</td>
<td>Quantity unknown. Licensed production</td>
</tr>
<tr>
<td>1975</td>
<td>SA-7</td>
<td>Same as SA-6</td>
</tr>
<tr>
<td>1976</td>
<td>Mig-21bis</td>
<td>Licensed production for 150</td>
</tr>
<tr>
<td>1976</td>
<td>Kazhin Class</td>
<td>ASW destroyer. 3 delivered by 1980</td>
</tr>
<tr>
<td>1976</td>
<td>KA-25 Hormone</td>
<td>ASW helicopter. 5 delivered 1978</td>
</tr>
<tr>
<td>1976</td>
<td>SSN-11</td>
<td>ASW helicopter. 5 delivered 1978</td>
</tr>
<tr>
<td>1977</td>
<td>SA-3</td>
<td>To replace SSN-9. 96 delivered 1977-78</td>
</tr>
<tr>
<td>1977</td>
<td>IL-38</td>
<td>GCA. 500 delivered 1978</td>
</tr>
<tr>
<td>1977</td>
<td>Natya Class</td>
<td>ASW patrol. 2 delivered 1978</td>
</tr>
<tr>
<td>1978</td>
<td>T-72</td>
<td>Minesweeper. 6 delivered by 1980</td>
</tr>
<tr>
<td>1979</td>
<td>HI-6</td>
<td>Helicopter. 60 delivered 1980-81</td>
</tr>
<tr>
<td>1979</td>
<td>Kriyak Class</td>
<td>Frigate</td>
</tr>
<tr>
<td>1979</td>
<td>Mig-25A</td>
<td>2 sqdrns? Delivery</td>
</tr>
<tr>
<td>1980</td>
<td>Mig-23</td>
<td>Order of 85. Lic product.</td>
</tr>
<tr>
<td>Year</td>
<td>Equipment</td>
<td>Description</td>
</tr>
<tr>
<td>------</td>
<td>-----------</td>
<td>-------------</td>
</tr>
<tr>
<td>1980</td>
<td>T-72</td>
<td>100 delivered 1980. License production of 600</td>
</tr>
<tr>
<td>1980</td>
<td>AA2</td>
<td>AAM to arm Mig-23s</td>
</tr>
<tr>
<td>1980</td>
<td>AA5</td>
<td>AAM to arm Mig-23s</td>
</tr>
<tr>
<td>1980</td>
<td>AT-3</td>
<td>Sagger. Anti-tank missile</td>
</tr>
<tr>
<td>1980</td>
<td>FROG-7</td>
<td>Unknown quantity</td>
</tr>
<tr>
<td>1980</td>
<td>Petya Class</td>
<td>Transport</td>
</tr>
<tr>
<td>1981</td>
<td>IL-76</td>
<td>18 ordered. Delivery complete</td>
</tr>
<tr>
<td>1982</td>
<td>Mig-25</td>
<td>Transport. 50</td>
</tr>
<tr>
<td>1983</td>
<td>AN-32</td>
<td>Licensed production of 150</td>
</tr>
<tr>
<td>1983</td>
<td>Mig-27</td>
<td></td>
</tr>
</tbody>
</table>

Note: 1982 and 1983 entries were reported in *Foreign Broadcast Information Service* and *International Defense Review*.

The Indo-Soviet arms trade accounts for the vast majority of equipment on line in all three services. The establishment of logistics systems, training of technical personnel and officers is a tremendous argument for continuing the relationship. Another factor influencing continued arms purchases is the economic aspect.

3. **1980-83, Diversification or Dependence**

Since returning to power in 1979, the administration of Indira Gandhi has pursued a program of combining diversification with increased dependence on the Soviets. Indian arms purchases for 1980-1983 are reflected in Table XII.

The table shows a very heavy reliance by the administration on Russian equipment in 1980-81 that then gave way to some rather substantial purchases from the UK, France and the FRG in 1981-83. Negotiations were ongoing for the purchase of the TOW and the M198 from the United States. [192]

During the period considered, the Indians made significant strides forward in their drive for self-sufficiency. For the Air Force they negotiated the licensed production of Mig-23's, Mig-27's and Mirage 2000's. Armored vehicle production has been enhanced with the agreement to
### TABLE XI
Indian Arms Purchases 1980-83

<table>
<thead>
<tr>
<th>Country</th>
<th>Equipment</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>USSR 1981</td>
<td>Mig-23</td>
<td>Licensed Production of 85.</td>
</tr>
<tr>
<td></td>
<td>T-72</td>
<td>Main battle tank. Licensed production of 600. 100 delivered in 1980</td>
</tr>
<tr>
<td></td>
<td>AA2</td>
<td>AAM for Mig-23</td>
</tr>
<tr>
<td></td>
<td>AA5</td>
<td>AAM for Mig-23</td>
</tr>
<tr>
<td></td>
<td>AT-3</td>
<td>Sagger anti-tank missile</td>
</tr>
<tr>
<td></td>
<td>Pog-7</td>
<td>SSN. Landmobile</td>
</tr>
<tr>
<td></td>
<td>Petya Class</td>
<td>Frigate</td>
</tr>
<tr>
<td></td>
<td>Mig-25</td>
<td>Mi-24 Helicopter</td>
</tr>
<tr>
<td>FRG 1981</td>
<td>Type 209</td>
<td>Submarine. 2 direct purchase, 2 licensed production</td>
</tr>
<tr>
<td>FR 1982</td>
<td>Mirage 2000</td>
<td>Direct purchase 40, licensed production of 110</td>
</tr>
<tr>
<td>USSR</td>
<td>SAM-9</td>
<td>Reported by Indian press.</td>
</tr>
<tr>
<td>USSR 1983</td>
<td>AN-32</td>
<td>Transport. 50</td>
</tr>
<tr>
<td>USSR 1983</td>
<td>Mig-27</td>
<td>Licensed production of 150</td>
</tr>
<tr>
<td>UK</td>
<td>SeaKing</td>
<td>ASW helicopter. Reports vary - 12 or 20</td>
</tr>
<tr>
<td>UK</td>
<td>SeaEagle</td>
<td>ASM to arm the SeaKing</td>
</tr>
<tr>
<td>UK</td>
<td>Sea Harrier</td>
<td>VTOL. Six order with two trainer versions. Option on six more.</td>
</tr>
</tbody>
</table>


License produce the T-72 and the BMP. [193] Forward progress in the navy was recorded through the agreement to license produce the Type 209 submarine.

Trends can be pointed to in many of the purchases. The Mirage 2000 deal would appear to point to a diversification of aircraft as far as suppliers are concerned. This assertion does not hold up however due to the Jaguar licensed-production being cancelled at roughly the same time. [194] Other considerations include the Soviet Mig-25R replacing the UK Canberra as the primary reconnaissance aircraft and the Soviet AN-32 replacing the Dakotas and Packets as the primary transport capability.

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84
In the Army there appears to be a lessening of diversification. Previously the Indian Army's tank procurement was balanced as is evidenced by the current inventory of roughly 1000 Vijayantas (Indian produced, UK design) and 1200 T54/55s. The decision to produce the T-72 effectively ends any western input into the armored vehicle program. Future plans include a continuing of the refitting of the Vijayanta, gradual replacement of the obsolete T-54, production of the T-72, and production of an indigenous tank, the Chetak. [195] The Chetak's initial production is currently planned with a European engine. Moscow is holding up technology transfer of the T-72's spaced armor on the condition that the Chetak's power plant be Soviet. [196] The result will be a totally Soviet oriented tank program. This trend is fortified by the continued Indian dependence on the Soviets for infantry vehicles. BMP licensed production is scheduled to begin soon.

An exception to the trend in the Army is the licensed production of the Milan. This continues a reliance on French AT missiles. The previously produced missile was the French SS-11. An additional exception is the ongoing negotiations for a 155mm self-propelled (SP) howitzer. The only howitzers reportedly under consideration have been the US M198, the Anglo-French-German FH-70, the Swedish Bofors FH-77B, the Canadian GC45 and the Austrian GHN-45. [197] At one time the sale of the M-198 appeared complete but it foundered on US export laws and the unwillingness of Secretary Schultz to give a firm commitment to New Delhi that the Administration would waive its right to cancel the order for political considerations. [198] In view of the systems under consideration, a western purchase would appear to be probable. India's current SP howitzer is the 105mm Abbott (UK). A change in buying policy thus has not occurred. There is not increase in diversification, only a
continuance of past policy for this weapon type. Nonetheless, the purchase does retain some western technology in the Army.

In the navy, the purchase of the Type 239 submarine is the first major non-USSR naval purchase since the 1960's. Due to its being a licensed production, this will entail a restructuring of India's shipbuilding. Moreover, this involves western technology, not Soviet. Currently she is capable only of overhauling F-Class submarines, not production. The Type 209 was chosen in competition with another German design, Swedish, Italian, and Soviet ships. [199] The trend towards diversification in this field appears to have motivated the Soviets to change their 1974 stance on not licensing production of submarines. The Soviets reportedly offered licensed production of a nuclear submarine but were turned down by the Indians due to Soviet technicians being attached to the boat. [200] There was also an agreement in December, 1982 signed by the Soviet Minister for Shipbuilding agreeing to cooperate in the design and manufacture of naval ships and patrol boats. [201]

Economically, the diversification of Indian purchases is much more significant. The purchase of the Mirage 2000 ($3 billion), the Type 209 ($350 million), and the SeaKings ($459 million) totals $3.8 billion. The total purchase from the USSR in 1980 only totalled $1.6 billion. This is during a period in which the foreign exchange reserves have been falling, the balance of trade deficit was increasing, and India was forced to seek out the SDR 5 billion Extended Fund Facility. The disadvantage that this posed for western suppliers was summarized by an Indian defense official when he said:

"...the United States imposes too many ad hoc conditions, particularly on equipment usage, spare parts and ammunition supply. In some cases we can accept them but not very often. In addition they are expensive. The
Europeans do not impose such conditions but they are pricing themselves out of the market." [202]

Despite all of the above, India nonetheless made a heavy economic commitment to the west. Diversification is clear in monetary terms. It is not so clear in terms of weapons systems.

The Soviet presence is extensive throughout the Indian military by virtue of the equipment provided and current production facilities set up for Soviet military technology. The current policies have done much to further this with the increased dependence on Soviet arms in the Army and Air Force. The Naval diversification has acted to balance that service somewhat. In view of the cost of western arms, the degree of Indian dependence on Soviet arms will depend to a large degree on Indian ability to develop an indigenous, modern, arms industry.

E. THE CASE OF INFLUENCE

The Soviets in India have shown that they have a multitude of weapons to employ in their pursuit of Soviet objectives in India. In many cases, diplomatic, economic, and security-related initiatives have been employed quite successfully. Soviet support of Indian diplomatic objectives has been chronicled. The Soviets were instrumental in the development of the public sector in India and India's current degree of economic independence. The Soviets noted and supported the Indian desires for production capability of advanced equipment in both the Air Force and Army. Has the Russian achieved the six goals delineated at the start of the chapter?

The USSR has only been partially successful in excluding Chinese influence in India. India does support the Soviet backed Heng Samrin regime in Kampuchea and has failed to
solve her border problem with the PRC. At the same time, India is engaged in talks with the PRC aimed at normalizing the Sino-Indian conflict posture. The Soviets, by increased identification with India, have contributed to an even closer relationship between Pakistan and China. Chinese support for the guerrillas in Afghanistan is another instance of increased Chinese influence in the subcontinent due to Soviet actions.

The American presence in India proper is significantly lower than it was in the 1960's. This is tempered by Indian actions over the past year designed to create a warmer relationship with the United States. Russia must also take into consideration the heightened U.S. involvement in the Indian Ocean and Pakistan, again caused in large part by Soviet actions.

The United Nations voting pattern of India in 1982 is proof of the similarity of Indian and Soviet diplomatic positions. Again, Soviet success in the United Nations is somewhat moderated by Indian attempts to steer the Nonaligned Movement on a middle course. The Indian position towards the USSR, even in the Nonaligned Movement, still remains much more hospitable than that displayed towards the United States.

The Indian economy has not made any great strides towards socialization beyond those initiated in the 1950's. Her economy remains strongly linked with the western economy while trade with the East as a percentage of total trade, has shown decreases in both imports and exports over the past decade. The political process remains committed to a parliamentary form of government.

The Soviets have succeeded in creating a favorable impression of the USSR in India both among the elite and the masses. They have constructed considerable ties of a permanent nature between the two countries. The economy has in
some ways become dependent on Soviet markets. The military is currently equipped substantially with Soviet equipment. The Soviet diplomatic/nuclear umbrella continues to afford India necessary protection from adverse American and Chinese actions.

Studies of Soviet influence in India produce a surprisingly negative picture of Soviet influence, considering the political and economic capital the Soviets have expended in India. Rajan Menon, in his study of the Kashmir crisis from 1947-1966, deduced three cases of influence:

i) India's ability to contribute to the Soviet Union's adoption of a pro-Indian position on the Kashmir dispute from November, 1955; ii) Moscow's impact on India's behavior during the Hungarian crisis of 1956, and; iii) the Soviet Union's ability to arrange, and successfully bring to a close, the Tashkent Conference of 1966. [203]

When studying the 1971 conflict, he again concluded three instances of influence:

i) the Soviet Union's ability to gain India's adherence to a security-oriented bilateral treaty; ii) the Soviet Union's success in securing India's consent to joint statements whose perspective on the East Pakistan crisis differed in significant respects from the positions publicly adopted by the Indian government; and iii) New Delhi's success in getting the USSR to endorse the Indian position after the outbreak of the Indo-Pakistan war. [204]

Lastly, the Soviet economic and military programs resulted in three additional cases of influence:

i) India's role in bringing about a reassessment of the negative perspective that the Soviets adopted toward the Congress government's economic policies; ii) the impact of the Soviet Union on India's behavior during the Czechoslovak crisis; and iii) the quick re-affirmation of India's ties with the Soviet Union by the Janata government that came to power as a consequence of the Indian elections of March, 1977. [205]
Menon's conclusions demonstrate that while the Indians are influenced to a degree by the USSR, they in turn exhibit an influence on the Soviet actions.

Robert Donaldson's conclusions of influence are even less positive for the Soviets. Donaldson writes, "But in the overwhelming majority of cases, the Soviet Union has been rebuffed in its efforts to influence Indian behavior." Donaldson reports that in the specific cases he studied, he found not a single instance of influence being successfully applied to Indian votes in the United Nations from 1965-72.

The Soviet Union holds a mixed bag in India. She is seen and treated as a friend. At the same time, she has not succeeded in placing India in a subordinate, dependency relationship. A major advantage to the Soviet position is that through years of recognizing and supporting Indian goals, she has assured consideration of Soviet objectives and aims on the part of the Indians.
III. INDIA: AN EMERGING POWER?

It has become quite evident in the last two chapters that the primary concern of the US in South Asia has been the east-west balance of power. Our position vis-a-vis the USSR has set the parameters of our options and has driven our resultant policies. While our concern for the spread of Soviet influence will and must continue to be a major factor, another strategic interest is developing. This interest, unlike the motivation to halt Soviet expansionism, is inherent to India and South Asia. I refer to India's emergence as a major power. India currently possesses the world's ninth largest economy, the third largest army, the third largest pool of technical personnel, and is the current chairman of the Nonaligned Movement. In addition, she is reaching into space, has detonated the Peaceful Nuclear Explosion and has been projected to have an IRBM capability by 1990. India's capabilities are such that the United States must enter the present and growing strength of India into its policy equation.

This chapter will probe the question of whether or not India has emerged as a regional power and whether she has the capability or potential to seriously affect superpower actions in the Indian Ocean area. This will be done by determining the requirements for being a regional power and then examining India's ability to meet those requirements.

Whether a country is a regional power is a function of its ability to pursue and achieve its national objectives. A good starting point then would be to determine what India's goals are. As outlined by Robert H. Donaldson, India has five major foreign policy objectives. They are:

1. To secure herself from military threat.
2. To secure her own independence, maintain her non-alignement, and avoid undue dependence on any one outside power.

3. To insulate the Indian Ocean from great power military activity.

4. To promote the maintenance of friendly (preferably democratic) governments, free of outside dominance, in neighboring states.

5. To receive material assistance, on the most favorable terms, in the development of her economy. [207]

It is obvious that the achievement of the above goals concerns not only the military capabilities of India, but also her ability to assert herself diplomatically, both on a regional and a global basis. Her internal stability and economic strength are further measures of power status.

A. INDIA'S MILITARY CAPABILITY

India's ability to secure herself from external threat has grown significantly. Writing in 1978, Stephen Cohen and Richard Park assert:

India's military power, even at its weakest may be more than adequate for certain regional relationships, and its potential power, even at its greatest, may be inadequate for confrontations with a superpower. [208]

A review of India's military forces support the validity of Cohen and Park's assessment.

1. The Indian Army

India's army is composed of 944,000 men. The force structure consists of two armored divisions, 18 infantry divisions, 11 mountain divisions, 5 independent armored brigades, 7 independent infantry brigades, a parachute brigade, 17 independent artillery brigades, and about 20
anti-aircraft regiments. Indian army equipment includes 78 T-72 main battle tanks, 950 T-54/55 main battle tanks, 1,100 Vijayanta main battle tanks, BMP-1 armored fighting vehicles, 700 OT-62/64 and BTR 50/60 armored personnel carriers and artillery ranging from 75mm pack howitzers to 105mm self-propelled howitzers. India also has 200,000 reserve troops, 200,000 paramilitary forces and one million home guards who are all drilled with military weapons and in military formations. Some of these formations such as the Border Security Force are formed into units identical to infantry battalions with their own supporting artillery battalions. There also exist three ex-service units, a national cadet corps, a territorial army and a national volunteer force which together number in excess of 500,000. India fields quite an impressive number of soldiers, equipment, and tactical formations.

When India's force structure is compared to her most likely enemy, Pakistan, both a quantitative and qualitative advantage in India's favor is obvious. There is a 2:1 manpower ratio in India's favor. There also exists a 2:1 ratio of tanks in India's favor. The qualitative difference is apparent when comparing the M48A5, Pakistan's most modern tank, with the T-72, India's most modern tank. While Pakistan has contracted with the US for a direct purchase of 100 M48A5's, the Indians have contracted to license produce 600 T-72's. Additionally India is discussing with the USSR the license-production of the T-82 "when these more advanced versions are available." When compared to the PRC there is no massive imbalance in numbers of total troop formations and equipment as there was with Pakistan. India did constitute 10 mountain divisions after the 1962 debacle and has a vastly improved capability on its northern border. A major consideration in balancing India's capability against that of the PRC's is
China's commitments against Vietnam and the USSR. Also the
relative ease of shifting forces from east to west (and
vice-versa) across the Gangetic Plain when compared to the
Chinese lateral movement ability in Tibet is a factor in
India's favor. Both forces would encounter difficulties
from the terrain in the immediate battle area. The diffi-
culty of the terrain in the east in Arunachel Pradesh was
demonstrated in the 1962 war when the Indians had a six day
forced march from the furthest point traversable by trucks
at Tawang to the Indian forward positions at the Thag La
Ridge. [216] India has improved the road network in both the
Arunachal Pradesh and the Ladakh areas since 1962, but it is
still a very rudimentary system. India's real advantage
lies in its ability to move forces to the general area of
the conflict and then support those forces through much
shorter supply lines. The Karakoram highway was opened
through the Khunjareb Pass in Azad Kashmir in 1982 [217]
and thus provides a route for Chinese troops to flank Indian
troops in Kashmir. This must be tempered by the fact that
it traverses extremely difficult terrain and, as is true of
any mountain highway, it could easily be interdicted.

2. Indian Air Force

India's Air Force is even more impressive when
compared to her potential adversaries. India possesses 635
combat aircraft in service which compares to 219 combat
aircraft for the Pakistanis. A comparison of type aircraft
shows a greater disparity in quality between the air forces
than was demonstrated in the armies. India currently has in
its inventory the MIG-21/H/Bis, the Hunter P56/56A, the HF24
Marut, the MIG-23, the MIG-25, the HAL Gnat Mark 2 Ajeet,
the Jaguar, and the Harrier. The Hunter P56/56A and HF 24
Marut are being phased out and are being replaced by the
Jaguar and HAL Ajeet respectively. [218] The Jaguar purchase
MICROCOPY RESOLUTION TEST CHART
NATIONAL BUREAU OF STANDARDS 1961 A
Initially totalled 150 planes of which 40 were direct purchase, 45 were assembled and the remainder were to be license produced. [219] Although the production stage has apparently been cancelled, additional Jaguars are being considered for assembly in India. [220] The Indians also purchased the Mirage 2000 in a deal similar to the Jaguar purchase. Again it involved 150 aircraft of which 40 were direct purchase, and 110 will be assembled manufactured in India. These aircraft will be equipped with the latest "French Air Force standard Mirage avionics and armament." [221] Other aircraft coming into the inventory include the MIG-23 and the MIG-27. India has contracted for licenced production of both of these aircraft. The licenced production of the MIG-27 is for about 150 aircraft. [222]

The Pakistani Air Force's Mirage III's, Mirage 5's and MIG-19's are not only outnumbered but are quite clearly qualitatively inferior. The Pakistani purchase of 40 F-16's [223] does give Pakistan a new capability which worries India. This capability is offset by the much larger purchases of the air defense version of the Mirage 2000, Jaguars, MIG-23's, MIG-25's, and MIG-27's. A similar quality gap applies to the PRC air force when it is compared to the Indian Air Force. Most of its aircraft consist of MIG-17's and MIG-19's. [224] Of China's 5000 combat aircraft, 4000 are MIG-17/19's. It has only 80 MIG-21's and some F-9 fighters. This qualitative difference is also coupled with the Indian ability to deploy greater numbers of aircraft where they would affect any potential Sino-Indian confrontation. The Indians could use all of northern India with its well-developed logistics base. The Chinese would be forced to employ their forces in a much less developed and environmentally hostile Tibet.
3. **Indian Navy**

India has managed to build the most significant naval force in the littoral countries of the Indian Ocean as the table below indicates. [225] The Vikrant, India's aircraft carrier completed a complete overhaul on 3 Jan 1982 that is designed to give the ship an additional 10-year life-span. It is currently being outfitted with the Sea

<table>
<thead>
<tr>
<th>TABLE XII</th>
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<tbody>
<tr>
<td>Major Combatants of Selected Indian Ocean Navies</td>
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<tr>
<td><strong>India</strong></td>
</tr>
<tr>
<td>Carriers</td>
</tr>
<tr>
<td>Cruisers</td>
</tr>
<tr>
<td>Destroyers</td>
</tr>
<tr>
<td>Frigates</td>
</tr>
<tr>
<td>Corvettes</td>
</tr>
<tr>
<td>Fast Att Craft</td>
</tr>
<tr>
<td>Submarines</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Barrier VTOL. Many of the Navy's destroyers, frigates and fast attack craft are under 10 years of age and carry surface to air missiles and ship to ship missiles. [226]

India, with its destroyers, frigates, submarines and aircraft carrier is capable of a forward defense. A major naval base is being developed at Port Blair in the Andaman Islands. It is in a position to command the Malacca Straits and makes India's capability a strategic concern to all nations traversing the Indian Ocean. [227] Gary Sojka in his article maintains that the Indian navy has developed a deterrent capability towards the littoral nations, but not the capability to deter superpower activity in the Indian Ocean. The Indian navy is capable of defense of its coastal waters and territory except under a major attack by one of the superpowers. It can exercise sea control against the littoral navies. This was demonstrated in the 1971
Indo-Pakistan War when India's navy successfully bottled up the Pakistani navy. India is also able to establish a presence around the Indian Ocean through its navy. Significantly for the superpowers, the inclusion of Indian forces on one side or the other in a superpower confrontation would require a recomputation of force requirements by the superpower. [228]

4. **Indian Defense Production**

An advantage which India enjoys when compared to her neighbors is her defense production capability. Of all the littoral states and China, only China has a defense production industry comparable to India's. India has achieved near self-sufficiency in small arms and ordnance. In the Industrial Policy Statement of 1948, eighteen crucial sectors of industry, including defense were reserved for the government. Today approximately 40% of all industrial assets in the country are state owned or directed. India's defense production complex is now the second largest sector of the industrial economy. Its turnover in 1979 was $1.33 billion. [229]

The defense production base, run by the Ministry of Defense (MOD), includes the Department of Research and Development (DRD). DRD is responsible for the Defense Research and Development Organization (DRDO) which controls 35 laboratories and establishments. The second major organization in the MOD dealing with the defense industrial complex is the Department of Defense Production (DDP). It controls the nine Defense Public Sector Undertakings (DPSU) and the more than 30 Ordnance Factories in service. [230]

Major Indian licensed-production agreements include those listed in the table below. [231]
# TABLE XIII
Major Licensed-Production Agreements

<table>
<thead>
<tr>
<th>Country</th>
<th>Type</th>
<th>Equipment</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>USSR</td>
<td>MIG-21</td>
<td>FL fighter</td>
<td>1964</td>
</tr>
<tr>
<td>USSR</td>
<td>MIG-21</td>
<td>fighter</td>
<td>1969</td>
</tr>
<tr>
<td>USSR</td>
<td>MIG-21 Bis</td>
<td></td>
<td>1976</td>
</tr>
<tr>
<td>UK</td>
<td>HAL</td>
<td>Gnat Mark 1 fighter</td>
<td>1956</td>
</tr>
<tr>
<td>UK</td>
<td>HAL</td>
<td>Gnat Mark 2 &quot;Ajeet&quot; fighter</td>
<td>1972</td>
</tr>
<tr>
<td>UK</td>
<td>HAL HS-748</td>
<td>Series 1 and 2 Transport</td>
<td>1959</td>
</tr>
<tr>
<td>UK</td>
<td>HAL HS-748</td>
<td>MF Transport</td>
<td>1971</td>
</tr>
<tr>
<td>UK</td>
<td>Jaguar</td>
<td></td>
<td>1978</td>
</tr>
<tr>
<td>USSR</td>
<td>AN-32</td>
<td>Cline Transport</td>
<td>1979</td>
</tr>
<tr>
<td>USSR</td>
<td>MIG-23</td>
<td></td>
<td>1980</td>
</tr>
<tr>
<td>USSR</td>
<td>MIG-27</td>
<td></td>
<td>1983</td>
</tr>
<tr>
<td>FR</td>
<td>HAL</td>
<td>Alouette III (SA-316B Chetak)</td>
<td>1962</td>
</tr>
<tr>
<td>FR</td>
<td>HAL</td>
<td>SA-315 Cheetah Helicopter</td>
<td>1970</td>
</tr>
<tr>
<td>USSR</td>
<td>HAL</td>
<td>K-13A Atoll AAM</td>
<td>1964</td>
</tr>
<tr>
<td>FR</td>
<td>Bharat</td>
<td>SS-31 ATM</td>
<td>1970</td>
</tr>
<tr>
<td>FR</td>
<td>Matra</td>
<td>R-550 Magic AAM</td>
<td>1977</td>
</tr>
<tr>
<td>UK</td>
<td>Vijayanta</td>
<td>Medium Battle Tank</td>
<td>1965</td>
</tr>
<tr>
<td>USSR</td>
<td>T-72</td>
<td>Main Battle Tank</td>
<td>1982</td>
</tr>
<tr>
<td>CZ</td>
<td>OT-62</td>
<td>Armored Personnel Carrier</td>
<td>1970</td>
</tr>
<tr>
<td>USSR</td>
<td>BMP</td>
<td>Infantry Fighting Vehicle</td>
<td>1983</td>
</tr>
<tr>
<td>UK</td>
<td>Leander Class Frigate</td>
<td></td>
<td>1965</td>
</tr>
<tr>
<td>FRG</td>
<td>Type 209</td>
<td>Submarine</td>
<td>1980</td>
</tr>
</tbody>
</table>

A general characteristic of the licensed production agreements is that they are phased. A direct purchase of the equipment takes care of short-term defense requirements. This is accompanied by an initial phase involving assembly of major components in India. This in turn is followed by gradual manufacture of the components in India. This indigenization of the product has experienced varying degrees of success as an overall policy. The HAL HS-748 transport aircraft never got past the assembly stage. [232] Conversely the MIG-21FL achieved an 80% indigenous content. [233] The Vijayanta tank moved from an indigenous content of 60% in 1972 to 95% in 1975. [234] The HAL Alouette III/SA-316B Chetak and the HAL SA-315 Cheetah helicopters achieved indigenous production rates of 93% that included reexport of components to the licensor. [235] India's most significant achievement in the naval arena was the construction of six Leander Class frigates at the Mazagon Docks in Bombay. This
project achieved an indigenous rate of 53%. [236] With the licensed production of the Type 209 submarine, India will be branching out into yet another field of licensed production.

In addition to India's licensed production, she has pursued a vigorous indigenous design program. Indigenously designed equipment includes the HF-24 Marut 1 and 2 aircraft, the HJT 16 Mark 1 Kiran, the Mark II Seaward Defense Boat and a 105mm towed howitzer. A major ongoing project is the Chetak main battle tank which will have spaced armor, special ammunition and a 122mm rifled gun. The Chetak is expected to commence trials at the end of 1983. [237] Additionally India is working on a light combat aircraft for 1990, a light observation helicopter, laser-guided missiles (AAM, ASM, SAM), and solid and liquid propellents. [238] The Godavari Class frigates currently under construction at the Mazagon Docks are probably the signal achievement of India's indigenous research and development program. Using the same Indian propulsion system as the Leander Class, they are 25% larger with a 20% increase in deck space and are actually faster than the Leander Class. [239] India is also moving forward in avionics, tank fire control systems, metallurgy and radar.

All of the above shows remarkable progress for India from the levels of 1947 when all India possessed was a limited ability to produce some ammunition and military supplies such as uniforms. The advantages afforded India through its program of self-sufficiency were evident as early as 1965 when the US arms embargo crippled the Pakistanis while causing far less problems for the Indians. There do exist several limitations to India's self-sufficiency in arms production. When one notes all of the weapons systems listed in SIPRI as indigenously designed or license produced, you notice that not a single all-Indian major weapons system has gone into production. [240] India
has yet to place a jet engine into production. The HF-24 Mark 2 for example went out of production prior to the problems with the engine being solved. [241] The Chetak MBT mentioned earlier will have to initially be fielded with an imported engine due to the indigenous engine having only achieved a 350Kw rating. Its planned rating is 1125Kw. [242]

The failure to be able to put into production state-of-the-art aircraft, missiles and armored vehicles has resulted in India having to spend foreign exchange reserves to procure foreign technology. With India's defense budget totalling only 3.8% of the GNP, any diversion of resources for direct purchases or licensed production is bound to cut into the resources available for research and development. [243] As it stands only 2% of the defense budget is allocated for research and development. Even when this is combined with DPSU R+D funds, this remains well below the R+D levels of the major arms exporting nations which set the standard for the state-of-the-art. [244] If one accepts the old adage that one must spend money to make money, India will have to dramatically increase the amount of money it is spending on R+D if it hopes to achieve the goal of self-sufficiency at a technology level equal to the European middle powers. It will most assuredly have to exceed expenditures levels such as the budget allocated to the Gas Turbine Research Establishment (GTRE - holds primary responsibility for developing aero-engines) which had a total budget of $24 million from 1961-1978. [245]

5. Power Projection - India's IRRM

India has the ability to protect her territorial integrity when compared to potential regional rivals. There are two areas however where India is demonstrably inferior to not only to the superpowers but also the PRC. Firstly,
India does not possess the ability to project significant power beyond the immediate periphery of her territory. Secondly, the lack of an Indian nuclear force precludes India from total parity in dealing with the US, USSR or the PRC.

India does not possess an amphibious marine force. [246] The transport capability of the Indian Air Force is limited as are railway nets out of the country. This lack of power projection capability can be redressed through the development of an IREB with nuclear capabilities. This is an achievement that India is well on her way towards through programs that are professed to be civilian-usage oriented.

The 18 July 1980 launch of the Rohini I satellite marked India's entry into an exclusive club; they became the sixth nation to orbit a satellite using an indigenous launch vehicle. [247] The SLV-3 four stage, solid-fuel rocket made its unsuccessful maiden flight on 10 Aug 1979. By the following July it had been perfected to the point where it was able to put the 35kg Rohini I into near-earth orbit. The Rohini II was placed into orbit in 1981 for 9 days. The PSLV, designed to place a 1000kg payload into a 900 km polar sunsynchronous orbit is expected to be operational by 1987. [248] The head of India's launch vehicle development program, Dr. Abdul Kalam, declared that by 1990, India will be able to position a 2500kg communications satellite into geosynchronous orbit at 36,000km. [249] While the Indian leadership has consistently asserted that the Department of Space's activities are nonmilitary, the Chairman of the Space Commission and Secretary to the Government in the Department of Space, Professor Satish Dhawan, asserted in 1979 that the SLV-3 could be converted into an IREB with a range of approximately 1500 kilometers. [250] Elkin and Fredericks assert in their article that if India were to make the prerequisite decisions to develop nuclear weapons
and a missile delivery system, she could have an ICBM force by the end of the decade. [251] A decision to do so however will require significantly higher expenditures than the $70.3 million per annum programmed in the 1980-1985 Sixth Plan. [252]

In addition to the obvious increase in the ability to project force, the government of India will gain other military advantages from its satellite program. Even if India should decide not to develop a nuclear strike capability, she will gain in command and control capabilities, reconnaissance and weather forecasting.

The other half of the nuclear force is the ability to put together a nuclear weapon. With India's detonation of the 10-15kt Peaceful Nuclear Explosion (PNE) on 18 May 1974, India became the sixth nation to have exploded a nuclear device. [253] India's motivation for detonating the PNE were mixed; two rationales are clearly discernable. One rationale relates to the present security threat posed by the PRC and Pakistan while the other concerns the political advantages vis-a-vis the superpowers.

While the public debate was triggered by the Chinese detonation of 1964, many saw the opportunity to press for a weapon which would establish Indian strategic superiority over Pakistan once and for all. Later, and more subtly, it became clear that nuclear weapons could be put to another use; as part of a more general campaign to restore India to a position of regional and global influence. This became the dominant motif in Indian strategic thinking. In this case, the "target" was neither China nor Pakistan but the United States and the USSR, and the objective was not military deterrence but political influence. [254]

Without a nuclear capability India is forced to seek external assistance in order to counter-balance a potential foe's nuclear capability. This was most evident in 1971.
As the Bangladesh crisis developed, India found itself increasingly diplomatically isolated. The United States signalled by its announcement on 15 July 1971 of Kissenger's trip to China that the US could not be counted on as a counterweight to China. [255] With Pakistan receiving limited military aid from the US while at the same time pressing China for a commitment to intervene if India attacked, India needed a protector against possible Chinese action. The fear of an emerging Washington-Islamabad-Peking axis aligned against India, resulted in the Soviet-Indian Treaty of Friendship of 1971, signed on 9 August 1971. Would India have needed the Treaty of Friendship if the PRC did not possess a nuclear capability? [256] The ease with which India won the 1971 Indo-Pak war and the weather conditions in the Himalayas during the conflict would very quickly question any assertion that China could have affected the war with conventional forces to any significant degree. India needed to counterbalance the nuclear strength of the PRC not its conventional arm. The need for a nuclear capability was reiterated in the same war when Task Force 74, headed by the aircraft carrier Enterprise, steamed into the Bay of Bengal the day before Dacca fell. Van Hollen cites K. Subrahmanyam, an Indian defense analyst as saying "had India possessed nuclear weapons, the Enterprise would not have steamed into the Bay of Bengal during the Indian-Pakistan war in what appeared from New Delhi to constitute atomic gunboat diplomacy." [257]

India's motivations would appear to still have two streams of rationales although their balance is shifting. India continues to need the nuclear capability to insure the superpowers taking her seriously. This is most evident in the Indian Ocean where the US presence has not only continued but has grown in its size and permanance since 1974. If India is to ever succeed in achieving the
objective of an Indian Ocean Zone of Peace, she must be able to provide the superpower navies an incentive to leave and also the assurance of being able to maintain stability in the area.

The rationale for nuclear development encountered most often is the need for a deterrent force against Pakistan. India views with alarm the ongoing nuclear program in Pakistan. Sources close to the Indian Defense Ministry stated that Pakistan may be about to explode a bomb. Members of the parliamentary consultative committee attached to the Ministry of Defense asserted that Pakistan was 2/3s of the way to completion of an atomic bomb. [258] The *Indian Express* in editorializing about two seminars on India's security environment and nuclear options stated that "just as in conventional so in nuclear weapons, India must maintain a telling superiority over Pakistan, and for the same reason, deterrence." Earlier in the same article when referring to the seminars, it cited "a second point of near unanimity was that should Pakistan go nuclear, no party and no government in India would be able to resist the demand that India must go nuclear too." [259] The seminars in question were attended by academics, politicians and senior retired military. The cross-cutting nature of the second quote is substantiated by the *Patriot* (a widely read, far-left paper), in an editorial where it substantially states that if Pakistan goes nuclear, so must India. [260]

It is apparent that the lack of a nuclear capability in the past has severely limited India's options both as a global actor in her relationships with the US and the USSR and as a regional actor in her interaction with China and Pakistan. What then are India's policy and capabilities? Have they changed since the 1971 War? Is she still hostage to the nuclear threat?
India initially forcefully maintained that her research and development of nuclear energy was totally peaceful in intent. [261] This has been modified in Prime Minister Gandhi's statements. On 13 March 1980, in response to questions, she stated in the Rajya Sabha:

India was committed to the peaceful use of nuclear energy, but would not hesitate to undertake explosions or implosions if such were "in the national interest." ...India must make an in-depth study of programs in neighboring countries. [262]

In July 1980, speaking before the Lok Sabha she reaffirmed India's commitment to the development of nuclear energy, regardless of problems in procuring fuel and heavy water, an indicated the government was planning for self-sufficiency in the nuclear field. She said the government was not considering a PNE at the time but that "we shall go ahead with it if it is believed to be necessary. [263]

As of December 1980 India had three nuclear powerplants in operation and another five in various stages of construction. Construction is expected to be completed by 1984 at which time nuclear generating capacity will be 1,684 megawatts or 4% of India's electrical power. [264] India's goal is to have 10,000 megawatts of nuclear derived energy by the end of the century. [265] India also has operational two spent fuel reprocessing plants and four heavy water plants. [266] Her first plutonium-based fast breeder test reactor is 90% complete and is expected to become operational in 1983. [267] A third nuclear reprocessing plant is being designed for construction at Kalpakkam. [268] Heavy water production, one of the shortcomings of India's nuclear program, [269] is scheduled to double with the solving of technical problems and additional plants. [270] Proposed reactor construction includes two units at Narora of 235 megawatts each, [271] and four additional new atomic power
plants of 235 megawatts each (later to be converted to 500 megawatts). [272] India has developed the ability to produce nuclear fuel at the Nuclear Fuel Complex where the entire process from raw material to completed fuel bundles is performed. [273] The current production level of 100 tons is to be raised to 200 tons annually. [274] The above listed capabilities demonstrate a diversified base in India that includes plant design, fuel processing and fuel enrichment capability. In comparing India’s nuclear base to China’s, Onkar Marwah notes that 1) India builds its own commercial power stations while China does not, 2) India completed Asia’s largest (and first indigenous) variable energy cyclotron while China contracted in 1979 for one from the US, and 3) India has begun the construction of the first "Tokamak" machine for fusion experiments in the Third World. [275]

The PNE attested to India’s ability to put together a nuclear device. Her increasing experience in working with nuclear energy and the developing design base indicate an ability to "go nuclear" if India should so decide. When coupled with the progress being made in space research, India has a very credible potential for creating a strategic nuclear force capable of threatening the Indian Ocean littoral and Asian land mass.

If the political decision is made to develop a nuclear force of a strategic nature, a major appropriation of funds will be necessary. India’s expenditure for research, design and development in the Government Department of Atomic Energy from 1969 to 1974 (the PNE) was $173 million. [276] One paper at the above seminar used the French "Frappe de Force" as an example for determining the cost to India of developing a strategic strike force of its own. The paper points out:
Between 1955-1980 France spent approximately US $20,000 million to achieve a force of approximately 120 strategic launchers and was expected to spend $4 billion more in 1981 alone. In completing its programme for this force through 1995, France will end up with a bill of $60,000 million. To achieve a similar nuclear capability, India would need to spend the equivalent of $75,000 million in the next 15 years because it would have to start from a lower technological base. This means the budget for nuclear defense alone for the next 15 years would be US $5,000 million or just under Rs5,000 crore a year, which is equal to the present, significantly stepped up, annual defense budget. [277]

Even a force designed just to match that of the PRC's would incur a significant expenditure.

Does India have the capacity to double her defense budget? If one looks at the defense budget as a percentage of the GNP, a historical example of India doubling her defense budget percentage is apparent. In 1961 the expenditure level was 1.9% and in 1963 it was 3.8%. It gradually decreased through 1970 to 3.0% until 1971 and 1972 when it jumped back up to 3.7%. By 1982 this had reached a level of 3.7%. The 1961-1963 increase, while showing a doubling in expenditures, must be viewed from the perspective that it was an exceptionally low expenditure level to begin with. Another aspect to consider is that a strategic nuclear arm would also have to compete for defense funds with the conventional forces. The defense budget is already undergoing an expansion due to the massive amounts of aircraft, armored vehicles and naval vessels being purchased to modernize the conventional arm. In 1982/83 the defense budget was raised to Rs51,000 million, a 20% increase. [278] This initial budget was raised by an additional Rs2,500 million. The 1983-84 budget is Rs59,710 million and is expected to rise. [279] This amounts to a 13.5% increase over 1982-83. This compares to inflation rates of 12% and 10% for 1982 and 1983 respectively. [280] The increases in the defense budget thus show that real growth is already occurring. The 15.9% increase in the government investment
in the public sector for 1982-83 illustrates the point that there will be increasing demands on limited resources from non-defense sectors also. [281]

The demand on government funds is apparent in the mid-term appraisal of the Sixth Plan carried out by the Planning Commission and presented to Parliament by the Commission Deputy Chairman and Planning Minister S. B. Chavan. The thrust of the report was that the country's tax base will have to be expanded (although no specific target areas were mentioned) in order to support a lower expenditure level. The appraisal said that the recommended expansion of the tax base should go hand in hand with a significant curb in the current consumption expenditure of the government. It is quoted as saying, "...some economy in Government's current consumption expenditure will be necessary both to achieve the maximum possible in physical terms in the Sixth Plan and to establish a firm basis for the Seventh Plan." [282] It is apparent then that the Planning Commission, responsible for development of the Central Government's economic plans, is seeking a shrinking of government expenditures. This is the exact opposite of what would be needed to develop a strike force.

The combination of expanding conventional expenditure and a doubling of expenditures to support a strategic force would require the Indian government to engage in either extensive deficit financing or expand its tax base. This is further reinforced when major non-defense needs such as $33 billion for the oil program are considered. Deficit financing is already a fact with the 1981-82 central deficit totalling Rs1539 crore and the 1982-83 deficit equaling Rs1375 crore. [283] There is a real question as to whether India can expand her tax base significantly over and above the levels the Planning Commission is already calling for. The states have jurisdiction over the land and on
agricultural income. [284] This provides 40 to 45% of the national income. Vested interests in the states exert pressure on the states not to exercise their jurisdiction and at the same time fight any move that would revert control to the union government. An attempt to tax the private industrial sector more heavily would run counter to the current program aimed at revitalizing that sector in order to make it more competitive on the international market. [285] If these two sectors are ruled out as sources for increasing the tax base, one for political reasons and one for economic policy reasons, there remains little else to absorb a significant expansion of the tax rate.

A review of India's space program and atomic energy program has shown that India possesses the technical capability to develop and field both a nuclear weapon and a delivery vehicle. A review of the financial aspects of developing a strategic nuclear capability illustrates that it would impose a tremendous fiscal burden on India should she opt for development. This negative aspect must be weighed along with the opprobrium that India would surely suffer in the international forum if she were to adopt such a course. In the opposite corner however stands the increased stature that India would gain in the international arena and her ability to strike a more independent path free of the need for superpower nuclear umbrellas (except in a confrontation with a superpower). The primary motivation to "go nuclear" or not however will be Pakistan's nuclear program. A Pakistani bomb would most definitely make the Indians swallow the financial costs in order to retain her territorial integrity and regional dominance.

Currently, interaction with India need only take into account a nuclear potential combined with a delivery potential. A farsighted policy will realize that these potentialities are going to grow regardless of India's...
decision to go nuclear or not, based on her non-military exploitation of space and nuclear energy. There exists in these potentials the ability for India to move from a mere regional power to one capable of having extra-regional influence.

B. THE ECONOMY AS A SOURCE OF INTERNATIONAL POWER

India's goal of regional dominance and eventual extra-regional influence is directly dependent on the soundness of the Indian economy. International power is based on the economy in three ways: 1) the size of the military-industrial complex and its ability to absorb the loss of military industrial imports, 2) the extent to which control of consumption and domestic production can offset lost access to imported food, and 3) the extent to which trade relationships minimize dependence on major powers. The previous section addressed the question of the ongoing drive for self-sufficiency in the military-industrial complex. The problem of resource availability and allocation was shown to be a basic consideration for both arms procurement and research and development. This section will address the two subjects of India's agricultural independence and India's ability to avoid undue economic dependence on any one source.

1. Indian Trade Dependence

India's image of being an international mendicant is neither accurate nor is it a sound basis for developing policy. India's economy is the world's ninth largest and ranks thirteenth in industrial output. \[286\] The GNP increased 842% between 1950-51 and 1977-78. Industrial output increased five-fold in the same period. \[287\] In 1978, India's 1,187,500 engineers and scientists and 419,000
technicians [288] gave her the third largest pool of scientists and technicians in the world. India's population density relative to cropland, even at the forecasted level of 1.4 billion is less than present-day West Germany and one-third that of Japan. India's educational and research facilities include 108 universities organized along British lines, nine institutions of national importance and ten institutions deemed as universities. India has available for the training of high-level engineers and technologists, five Institutes of Technology, the Indian Institute of Science in Bangalore, and 89 other institutions offering postgraduate and research courses. [289]

The compound annual rate of growth has averaged 27.3% for petroleum products, 21.1% in aluminum ingots, 18.6% in diesel engines, and 8.7% in steel and cement. India can make its own machinery for steel plants, fertilizer plants, and refineries. India is nearly self-sufficient in railway locomotives and produced 9,220 railcars in the first eight months of 1982-83. [290] Motor vehicles are 90% locally produced. The production rate of vehicles is targeted to reach 100,000 vehicles in 1988. [291]

The above achievements have been accomplished through a largely indigenous effort. Nonalignment and nationalism contributed to a policy that emphasized self-sufficiency and independence of action over rapid, inexpensive development. Selig Harrison summarizes:

Measured by nationalist standards, public sector industrial development often takes clear preference, despite a record of relative inefficiency, because it lends itself to a greater degree of national control than private sector development as well as a greater eventual payoff in the state power needed for national security. It symbolizes national progress, equally shared, as against unbalanced development in which disparities in wealth multiply. It is seen as a pillar of self-reliance and independence. [292]
India has been very successful in retaining national control of her economy. Through 1977 India signed roughly 5,200 foreign collaboration agreements that provided for technology transfer. India has managed to control development of her petroleum resources through the Oil and Natural Gas Commission (ONGC). The steel, cement, and fertilizer sectors are in the public domain and under firm national control. This is notable considering the efforts by some foreign governments and multinationals to gain entrance into the steel, fertilizer and oil fields. India has succeeded in her efforts by going to other sources that accepted public sector development. One of the most often touted examples of this is the Bokaro Steel Plant. Another method used by India has been to ban imports such as automobiles. This has allowed indigenous manufacturers such as Hindustan Motors to sell products that otherwise would not meet foreign competition. Efficiency and quality have been sacrificed to retain economic independence. This is not to say that all Indian products are shoddy. India is currently an exporter of machine tools to the US, she has launched satellites, and she is capable of nuclear design and production. These examples attest to India's ability to produce a high quality product.

India realizes that her development cannot take place in a vacuum. Development of an industrial infrastructure requires the importation of capital goods and technology. The operation of the industrial plant once established requires high levels of energy input. This in turn requires India to maintain an active export program in order to earn the hard currencies necessary to purchase imports. India's trade patterns over the past decade indicate that she has been able to maintain a diversified market for her exports. Similarly, she has not developed a dependence on any one particular source of imports.
TABLE XIV
Sources of Indian Imports by Percentage

<table>
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<tr>
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<td>04</td>
<td>02</td>
<td>02</td>
</tr>
<tr>
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<td>11</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>ESCAP</td>
<td>11</td>
<td>22</td>
<td>26</td>
<td>29</td>
</tr>
<tr>
<td>OPEC</td>
<td>08</td>
<td>11</td>
<td>12</td>
<td>11</td>
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<tr>
<td>East Europe (w/</td>
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<td>09</td>
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<td>USSR</td>
<td>06</td>
<td>06</td>
<td>10</td>
<td>08</td>
</tr>
<tr>
<td>Others</td>
<td>13</td>
<td>06</td>
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TABLE XV
Indian Export Markets by Percentage

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<td>Canada</td>
<td>02</td>
<td>01</td>
<td>01</td>
<td>01</td>
</tr>
<tr>
<td>EEC</td>
<td>19</td>
<td>21</td>
<td>27</td>
<td>20</td>
</tr>
<tr>
<td>ESCAP</td>
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<td>22</td>
<td>15</td>
<td>12</td>
</tr>
<tr>
<td>OPEC</td>
<td>24</td>
<td>17</td>
<td>13</td>
<td>23</td>
</tr>
<tr>
<td>East Europe (w/</td>
<td>14</td>
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<td>10</td>
<td>19</td>
</tr>
<tr>
<td>USSR)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USSR</td>
<td>11</td>
<td>11</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>Others</td>
<td>11</td>
<td>11</td>
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</tr>
</tbody>
</table>

TABLE XVI
Percentages of Overall Indian Trade

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>21</td>
<td>19</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Canada</td>
<td>05</td>
<td>03</td>
<td>02</td>
<td>02</td>
</tr>
<tr>
<td>EEC</td>
<td>19</td>
<td>21</td>
<td>25</td>
<td>21</td>
</tr>
<tr>
<td>ESCAP</td>
<td>17</td>
<td>16</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>OPEC</td>
<td>07</td>
<td>19</td>
<td>20</td>
<td>22</td>
</tr>
<tr>
<td>East Europe (w/</td>
<td>19</td>
<td>14</td>
<td>12</td>
<td>15</td>
</tr>
<tr>
<td>USSR)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USSR</td>
<td>10</td>
<td>08</td>
<td>09</td>
<td>12</td>
</tr>
<tr>
<td>Others</td>
<td>12</td>
<td>08</td>
<td>11</td>
<td>10</td>
</tr>
</tbody>
</table>
India's trade in relation to the superpowers shows the US percentage of trade declining by half while trade with the USSR increased. The open courting of American business that took place during PM Gandhi's trip to the US along with the liberalized import policy together should act to arrest the current decline in Indo-US trade. [296] Economic analysts also question how viable further increases in Indo-Soviet trade would be. They point to a growing incompatibility between USSR technology and quality levels, and those required by a modernizing Indian industrial base. The modernization of the Bokaro steel plant is pointed to as an example. USSR credits and assistance offered for construction of the second stage of the Bokaro complex were turned down reportedly because Soviet technology was inferior. [297]

India does appear to have two economic dependencies: one specific and one general in nature. The most telling change in Indian trade patterns over the past decade has been the increased trade with the OPEC nations. Indo-OPEC trade accounted for only 7% of India's foreign trade in 1970-71. It now stands at 22%. India's annual oil import requirement is currently 15.4 million tons of crude oil and 6.13 million tons of petroleum products. [298] Current production capability is 14.52 million tons. [299] In 1982 9.5 million tons of the import requirement came from Iran, Iraq, Saudi Arabia and the UAE. [300] This equals thirty-two percent of India's current total crude oil requirement (including indigenous production). This dependency has been somewhat offset by an increase in exports to OPEC and remittances sent to India by Indian laborers in those nations. Exports nonetheless are outpaced by imports by roughly a 4:1 ratio. [301] India has diversified her oil purchases somewhat by contracting with the USSR for 2.5 million tons in 1982 and 4.75 million tons in 1983. [302] India's dependence on Mid-East oil remains high.
The other dependency India is developing is for western technology. Indian goods must be able to compete on the world market if India is to ever enjoy a favorable balance of trade. The quickest route to competitiveness is through technology importation. Prime Minister Gandhi states, "It (Indian industry) must ultimately be competitive and that is why we have liberalized imports, improved our procedures and made it easier for licenses to be granted." [303] A drawback of the liberalized import policy is the short-term increase in the balance of payments deficit. Dependence on technology transfer has an additional drawback. If technology can and is imported, that removes the incentive to develop an indigenous research and development infrastructure. Currently 0.6% of India's GNP is spent on research and development. Sixty percent of this effort is geared towards space, defense and nuclear energy. It has been projected that a level of 2.5% is needed in order to address India's future needs. [304]

a. External Assistance

The massive development program of the past thirty-five years could not be solely financed by Indian capital. Extensive borrowing was and still is necessary. In November 1981 India took out a loan of SDR 5 billion from the International Monetary Fund in order to address balance of payment problems. The decision on India's part to draw only SDR1200 million of its allotted SDR1500 million as the third installment of the 3-year IMF loan, would seem to auger well for India's overall financial status. [305] When this is combined with an upsurge in foreign exchange reserves, [306] it would seem India's import policy is improving and her need for future loans would diminish. This does not appear however to be the case. In a 27 August 1982 editorial the Indian Express predicted trade deficits
by 1984 reaching $9 billion due to the global recession, uncompetitiveness of India's exports, domestic supply constraints, and the import policy. This will result in a need for $11 billion in external aid in order to stave off bankruptcy. [307] A year later Far Eastern Economic Review echoed this sentiment when it reported that "It is doubtful whether India can narrow its trade gap (56% of total exports in 1982-83) substantially by the end of 1985 when the IMF loan will have run out. It is estimated that India's repayment burden will rise sharply after 1985 and it will have to find US$10-12 billion to meet the repayment and interest obligations by the end of the decade. [308]

India continues to seek loans at concessional rates. Estimated aid utilization for 1982-83 is reflected below. The aid figures are listed as Rupees crores.

**TABLE XVII**

Estimated Aid Utilization 1982-83

<table>
<thead>
<tr>
<th>SOURCE</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>131.21</td>
</tr>
<tr>
<td>USSR</td>
<td>100.21</td>
</tr>
<tr>
<td>EEC</td>
<td>92.1</td>
</tr>
<tr>
<td>IBRD</td>
<td>368.96</td>
</tr>
<tr>
<td>IDA</td>
<td>912.83</td>
</tr>
<tr>
<td>KUWAIT</td>
<td>58.46</td>
</tr>
<tr>
<td>UN</td>
<td>54.58</td>
</tr>
</tbody>
</table>

As of January 1982, India had at the World Bank requests totalling $5 billion for 36 different projects. [309] The World Bank commitment for 1983 is $2.2 billion. [310]

India's various loan agreements indicate a broad-based attitude towards loan usage. Uses include importation of needed technology and management, purchases
of capital goods, assistance in establishing industries, and providing capital for lending agencies. A profile of external assistance to India as recorded in Foreign Broadcast Information Service for 1982 is listed in Table XVIII.

### TABLE XVIII
1982 External Assistance Usage

<table>
<thead>
<tr>
<th>Country</th>
<th>Amount</th>
<th>Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>FRG</td>
<td>Rs 200 million</td>
<td>Drilling Vessel</td>
</tr>
<tr>
<td>Japan</td>
<td>Rs 440 million</td>
<td>Telecommunication Expansion, Railways</td>
</tr>
<tr>
<td>World Bank</td>
<td>Rs 2,800 million</td>
<td>Agricultural Refinance and Development Corporation for the purpose of agricultural projects</td>
</tr>
<tr>
<td>UK</td>
<td>Rs 1,900 million</td>
<td>1,000 megawatt power station</td>
</tr>
<tr>
<td>World Bank</td>
<td>$200 million</td>
<td>Expand oil refineries</td>
</tr>
<tr>
<td>USSR</td>
<td>Rs 960 million</td>
<td>Double coal production</td>
</tr>
<tr>
<td>World Bank</td>
<td>Rs 2,250 million</td>
<td>Rural electrification</td>
</tr>
<tr>
<td>IFC</td>
<td>Rs 640 million</td>
<td>Man-made fiber expansion</td>
</tr>
<tr>
<td>Italy</td>
<td>$13 million</td>
<td>Import agricultural machines, fertilizer, trucks and chemicals</td>
</tr>
<tr>
<td>Japan</td>
<td>Rs 1,260 million</td>
<td>Tied to four projects</td>
</tr>
<tr>
<td>Japan (grant)</td>
<td>Rs 1.7 million</td>
<td>Cultural ties</td>
</tr>
<tr>
<td>USSR</td>
<td>?</td>
<td>Oil well activation</td>
</tr>
<tr>
<td>French</td>
<td>Rs 700 million</td>
<td>Industrial projects and consultancy, equipment purchase</td>
</tr>
</tbody>
</table>
h. Energy Development

The energy program is directly linked to India's oil dependence, the need for balance of payment support, and the need for western technology. An examination of India's oil development program would serve to illustrate how India deals with the question of retaining economic independence while attaining needed production levels. It will also serve to measure India's potential for solving the double problem of oil dependency and redressing the balance of payments deficit. As stated earlier India currently imports 15.4 million tons of crude oil and 6.13 million tons of petroleum products. This accounts for roughly 40% of her imports. [311] Oil imports pose several problems for India. They consume extensive amounts of scarce foreign exchange and the inability to purchase more leads to energy shortages. The ripple effect this has was illustrated when the Nangel Fertilizer and Heavy Water Production plan had to be closed down due to a power shortage. [312] This in turn affected both atomic energy output and agricultural production.

India's policy for gaining energy independence is based on indigenous productions goals of 60.5 million tons by 1990 and 100 million tons by 2005. [313] Production in 1982-83 was 24 million tons. [314] The Oil and Natural Gas Commission (ONGC) has drawn up a plan costing $33 billion to achieve the production goals. The goals are based on a hydrocarbon reserve of 15 billion tonnes of which 7.7 billion must be converted from theoretical reserves into reserves. [315] The ten-year project will require a massive influx of capital equipment. This includes foreign purchases of 150 new land rigs, 20 offshore rigs, 150 supply and support vessels, and 200 well and process platforms. [316] It has been estimated that 70% of the total outlay
would have to be in foreign exchange. India has gone to the World Bank to finance the development projects. A $165.5 million loan approved in November 1982 for development of the new Krishna Godavari Basin brought to $1 billion the total for India's loans from the World Bank for oil development. The soft loans being afforded by the World Bank has allowed the CNGC and India to pursue a nationalistic development policy. Otherwise India would be forced to deal on more favorable terms with the multi-national oil companies. The World Bank however is seen as changing its policy under US pressure to force commercial development of promising fields such as the Godavari Basin.

India has attempted to involve foreign companies in her oil development program under very stringent conditions. In 1980 India offered 32 blocks to foreign companies. Sixty-seven companies showed interest and this was short-listed to 34. Of these 34 only Chevron Overseas Petroleum actually leased. The oil companies saw the selection of exploration blocks, the terms dealing with "cost oil", the taxation of imported equipment, and taxes on the oil itself as prohibitive. India further insisted on the ONGC having a say in exploration and if oil was struck, the ONGC would become a partner with 51% of the equity. In a second round of talks initiated in August 1982, India liberalized its terms. These included the right for companies to export the "profit" component of oil produced, a reduction of income tax from 75.05% to 56.375% (with a 15% levy on all production as a royalty), and the opening of some blocks in the Godavari Basin. The change in terms is seen as a result of the World Bank's energy loan policy realignment. [317] Only three firms evinced any interest and none of them have signed a contract. The ONGC has reportedly temporarily shelved its plans for foreign involvement until the International oil glut dissipates.
India's self-sufficiency drive is not limited solely to oil. Coal is receiving heavy emphasis as an alternative source of fuel. Extensive investments have been made in the coal sector. Total investment in the coal sector increased 45 percent, 54 percent and 28 percent in 1980-81, 1981-82, and 1982-83. The coal program is running into problems as 68 of the 133 open and underground projects are behind schedule. Delays are attributed to various reasons including difficult geo-mining conditions, inadequate geological surveys, the absence of feasibility studies before commencing projects, land acquisition, and supply of capital equipment by public sector industries.

Coal production rose by 9.7 percent in 1980-81 and 9.7 percent in 1981-82. The question of power availability, particularly in West Bengal and Bihar States is a constraint to further increased production.

The energy program proves that India will accept production setbacks before relinquishing control of even the most important projects. Her use of multilateral capital sources is an example of her tactics. There remains substantial doubt as to whether India will achieve self-sufficiency. As a minimum, it appears a lessening of oil dependency on OPEC is likely.

c. Economic Power?

International power was defined at the beginning of the section as being partly based on the extent to which trade relationships minimize dependence on major powers. The patterns of trade flow indicate a balance being achieved between the two superpowers. India has established diversified sources of imports and markets for her exports in addition to the superpowers thereby giving her added flexibility. The sources of external aid are to a large extent multilateral and untied and as such do not act as
mediums of influence. Most importantly, India has retained operating control of her key industries. An added advantage to having key industries in the public sector is that these industries can be mobilized for emergencies with the effectiveness of planned economies while India retains a democratic political system. India's rate of progress would be slowed significantly if she were to be cut off from import sources. At the same time, due to indigenous manufacturing capability and control, her resilience should prove to be adequate under most circumstances.

2. Agricultural Self-Sufficiency

The efforts of President Johnson in the mid-1960's to redirect Indian development strategy and curb Indian opposition to the US involvement in Vietnam through food aid underscored the importance for India of attaining self-sufficiency in food production. The above situation had been brought about in large part due to the strategy employed in the Second Five Year Plan. In the Second Plan, growth was to be based on an increased supply of capital goods. The allocation of productive resources to the production of capital goods was to create greater productive capability. This in turn was to eventually mean a greater production base for consumer goods. The priority of resources to the industrial sector meant that other sectors such as agriculture were left with minimal resource allocations. Agricultural programs were to be furthered through increased labor mobilization and increased efficiency. Efficiency was to be increased through "exhortation, rationalization and organization." [319] The result was an India that remained heavily dependent on the monsoon and imported food.

The successive droughts of 1964-65 and 1965-66 with the attendant rise in food imports, made it evident that a
new strategy was necessary. In 1965 the High Yielding Variety Programme was initiated with the stated goal of bringing 60 million acres under high-yield plants by 1974. Called the "green revolution," the program was a package of hybrid seeds that needed large quantities of fertilizer, an assured supply of water, and adequate amounts of pesticides. The program, developed with the Rockefeller Foundation, was producing record crops by 1970-71. Wheat production went from 93.4 million tons in 1965-66 to 209.0 million tons in 1970-71. Rice production increased from 90.0 million tons to 124.4 million tons in the same period. The government set a goal of a five million ton buffer stock by the last year (1973-74) of the Fourth Plan. The target was later revised to seven million tons in view of the record crops being produced. The grain shortfalls of 1971-72 and 1972-73 demonstrated the shortcomings of the green revolution. It became apparent that the green revolution was limited by the availability of the three prime ingredients: water, fertilizer, and pesticide. The solving of the dual problem of fertilizer and water availability forms the nexus for future Indian self-sufficiency in agriculture.

a. Irrigation Potential

In 1969-70 approximately 78% of the cultivable area in India was fed by monsoons. Dependence on the monsoon has two drawbacks. The monsoons are undependable since at least one year in five will result in the monsoon failing or coming at the wrong time. The degree of dependence on the monsoon is reflected in the 1982-83 projected crop figures. Following a poor monsoon there was a decrease from the 1981-82 production level of 8.1 million tons. Secondly the monsoon in most sectors will only support single-cropping. Most areas receive 80% of their annual
rainfall in the four months of the summer monsoon. The major exception, Tamil Nadu receives 80% of its rainfall during the northeast monsoon of October and November. [325] The advantages of irrigation in this regard is evidenced in

<table>
<thead>
<tr>
<th>Table XIX</th>
<th>Indian Double-Cropping 1969-70</th>
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<tr>
<td>Area Sown (not irrigated)</td>
<td>Million acres</td>
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<tr>
<td>Area Sown doublecropped</td>
<td>44</td>
</tr>
<tr>
<td>Area Sown (irrigated)</td>
<td>75</td>
</tr>
<tr>
<td>Irrigated area doublecropped</td>
<td>17</td>
</tr>
</tbody>
</table>

Table XIX. [326] The combination of crops lost due to monsoon failure and inability to doublecrop is significant. An equally important factor is related to industrial production. Agricultural contractions directly affect rates of industrial growth by reducing savings, rural buying power for manufactured goods, and the cotton fiber used in textile goods. Agricultural products also account for about 35% of India's exports and act as a major hard currency earner.

Irrigation is a high priority in the current national plan. The total irrigation potential of projects in place of 22.6 million in 1950-51 had been raised to 61.4 million hectares in 1981-82. [327] The target of the Sixth Plan is for 14.0 million additional hectares of irrigation to be added between 1979-80 and 1984-85. The 14.0 million hectare target is an upward revision of the original target. In 1979-80, 1980-81, and 1981-82 the increases were 2.1, 2.3, and 2.5 respectively. The trend would indicate the target being met. Maximum eventual irrigation potential of all minor, medium, and major schemes is forecasted at 113.5 million hectares.
Utilization of current potential is of concern to planners. Through the latter half of the 1970's, utilization of major and medium schemes lagged behind potential by roughly four million hectares. The cost of creating major/medium irrigation schemes has gone from Rs2,770 in the First Plan to Rs5,880 in 1979-80 and Rs6,969 in the Sixth Plan. [328] Considering the constrained resource situation India faces, "optimal utilization of the existing potential may well be more desirable than the taking up of large new schemes." [329] One way that increased potential may be achieved other than new construction is through maintenance actions such as lining the canals. By this action alone an additional 6 million hectares could be irrigated.

The ratio of major/medium irrigation schemes to minor schemes points to a trend that is having major implications for India. Landless labor makes up 20-30% of the population and is increasing. [330] A major factor in the increase is the overall green revolution. The use of the hybrid seeds is geared to the farmer who has enough land to be able to form capital and buy necessary equipment such as tractors, irrigation pumps and fertilizer. Under the government irrigation programs major and medium schemes [331] are fully funded by the government. Minor schemes are partly funded by savings put forth by the individual farmer. In the period 1978-1982 minor irrigation potential increased by 5.6 million hectares while major and medium projects only increased by 3.7 million hectares. This ratio is a product of the constrained resources of the central government. The minor project capital-sharing format is much cheaper to the government and therefore more attractive.

A lessening of emphasis on major and medium schemes will mean leaving the subsistence farmer at the mercy of the monsoons. One might hypothesize that this will eventually result in the subsistence farmer borrowing from
the large landholder or moneylender during drought years with a high probability of eventual foreclosure following successive years of drought. Thus irrigation, so necessary for a stable agricultural sector, could act as an accelerator of inequities in income and land tenure distribution. The ability/willingness of the central government to reverse this trend will depend largely on economics.

b. Fertilizer Usage and Production

The third leg of the green revolution is fertilizer. The use of hybrid seeds designed to significantly increase yield, requires massive amounts of fertilizer. Total consumption of fertilizer increased from 294 thousand tons in 1960-61 to 2.26 million tons in 1970-71 and 5.5 million tons in 1980-81. [332] In terms of volume this makes India the fourth largest consumer of nitrogenous fertilizers in the world and the sixth largest user of phosphatic fertilizers. In terms of per hectare input of nutrients, India ranks far behind many countries with modern food sectors. For example the US uses 112 kg/hectare; the FRG, 471 kg/hectare; and France 294 kg/hectare. These usage rates compare to 31 kg/hectare in India.

India experiences several problems in increasing fertilizer usage. These include education of the farmer, inability of the farmer to afford fertilizer, and the lack of production capability. Steps have been taken to promote consumption of fertilizer. Higher amounts of short-term credits are being provided through co-operative banks in order to enable farmers to purchase fertilizer. A fertilizer promotion campaign is ongoing in 103 districts. This includes identification of manufacturer and consumption targets for each district and the establishment of 15,000 additional retail sales points throughout the districts. Also minikits of 20 kilograms of fertilizer are being
supplied to selected small and marginal farmers. The Food Corporation of India (responsible for imported fertilizer), is setting up its own marketing force and retail outlets in addition to the above.

The production level of fertilizer in India has increased from 150 thousand tons in 1960-61 to 4,093 thousand tons in 1981-82. The gas supplied by fields such as the Bombay High provide India with the raw materials for nitrogenous fertilizer production. India is still dependent on outside sources for 80% of its rock phosphate and all of its sulphur. India currently has the capacity to produce 5.3 million tons of nitrogenous fertilizer and 1.42 million tons of phosphatic fertilizer. Capacity utilization is only 66.9% and 68.2% respectively. This is due to energy shortages, poor management, and lower prices for imported fertilizers. An additional capacity of 4 million tons of nitrogenous fertilizer is expected within eight years as four plants currently under construction and six proposed plants come on line. Phosphatic production is expected to increase to 2.6 million tons by 1989-90.

Even with such dramatic increases in production capacity, India remains a major importer of fertilizer. Indigenous production accounted for 67.5% of the 6.1 million tons of fertilizer used in 1981-82. Self-sufficiency is slowly being achieved. In 1970-71 indigenous production accounted for only 47% of usage. There are problems that stand in the way of further self-sufficiency. One problem is that domestic fertilizer is more expensive than imported fertilizer. Domestic costs are expected to rise as new plants go on line. The monetary difficulties are frankly discussed in the Economic Survey 1982-83 which notes:

High-cost fertilizer in a country with such low levels of fertilizer use is likely to constitute an important constraint in increasing agricultural productivity. It is, therefore, important that maximum attention is
devoted to full utilization of existing capacity and for
timely completion and stabilization of new fertilizer-
plants. New initiatives may also be required in respect
of pricing policy so that a solution could be found to
the problems of high cost units. In view of the overall
resource constraint, the ability of the budget to
support higher and higher rates of subsidy is limited
and cannot be relied upon as a means of providing plan-
tiful supplies of fertilizers at reasonable prices.
Special attention also needs to be given to strength-
ening the institutional mechanism for flow of credit to
the agricultural sector, particularly to small and
marginal farmers. [334]

The green revolution has provided the vehicle
through which India can achieve food self-sufficiency.
Foodgrain production was up to 133.1 million tons in
1981-82. The total stock of foodgrains at the end of
December 1982 was 12.7 million tons of which only four
million tons were imported. [335] Land under irrigation and
fertilizer production have shown tremendous strides since
the mid-1960's. If one just looks at the trends in these
two areas, self-sufficiency seems assured. The constraint
of monetary resources looms large and could along with popu-
lation growth upset the plans for agricultural independence.
The lack of money is threatening the expansion of the fully
funded medium and major irrigation schemes. This carries
with it the threat of an increasingly divided agricultural
sector of landed farmers and landless laborers. Likewise
the lack of money could lead to a lessening of fertilizer
usage, particularly if the balance of payments were to seri-
ously deteriorate.

Population growth is another factor to contend
with. The birth rate as of 1980 was 35 per 1000. [336] At
this rate the population will eventually exceed 1 billion.
As noted earlier, some authorities assert that population
will stabilize at 1.4 billion. Current foodgrain production
estimates do not go beyond 175 million tons. [337] If the
current level of 133.1 million tons is marginally adequate
for a population of 700 million, then 266.2 million tons
will be necessary for a population of 1.4 billion. This equates to a 91.2 million ton shortfall.

India has made significant strides towards agricultural independence. The continuation of this rate of progress is dependent on the allocation of resources. So far the goal of becoming a medium power has called for considerable additional expenditures for conventional force armaments, military research and development, a nuclear energy program, a space program, non-military research and development, and oil exploration. Added to this list now is agricultural programs for fertilizer and irrigation. The question to raise is what programs will be given a high priority and which will absorb cuts in funding.

C. INDIAN DIPLOMATIC INFLUENCE

India has long considered herself an international actor of some import. India's leaders have envisioned a pivotal role for India in the world. Jawaharlal Nehru once stated:

Leaving these three big countries, the United States of America, the Soviet Union and China, aside for the moment, look at the world. There are many advanced, highly cultured countries. But if you peep into the future and if nothing goes wrong, wars and like the obvious fourth country in the world is India. [338]

While many non-Indians would question the validity of Nehru's assertion, it serves to illustrate the Indian perception of India's potential and the ultimate goal of Indian policy. India aspires to be a regionally dominant power, to some day emerge as an extra-regional power, and in the future possibly gain superpower status.

A nation's international position is related to that nation's actual power capabilities. It is also a product of the elites perception of its desired role. The inflated position that India occupied in the international forum
prior to the humiliation of 1962 at the hands of the PRC, is an example of the latter proposition at work. Nehru articulated this position when he said,

The fact of the matter is that in spite of our weaknesses in a military sense - because obviously we are not a great military power, we are not an industrially advanced power - India even today counts in world affairs. [339]

The reduction of India's position post-1962 demonstrated that the elite perception must be based on a realistic appreciation of the national power.

Since 1962 India has established a secure, stable power base. It is based on a vastly improved regionally-capable military and a self-sufficient economy. This has allowed India to once again pursue a policy of seeking a leading role in the international forum.

Broadly stated, India's goals in the international forum revolve around two objectives. Of primary concern to India is removing superpower influence from the subcontinent and the Indian Ocean littoral. A logical assumption is that India's influence in the subcontinent will increase as superpower presence decreases. The physical size, economic strength and military power of India would guarantee a position of regional predominance for India. Of equal importance is India's goal of restructuring the international system. The restructuring has two distinct purposes. If India is to be an eventual extra-regional power, the international system must be capable of accepting additional centers of power. It is in India's interest to encourage the move from the post-World War II world of bi-polarity to multi-polarity. The second aim of restructuring the international order is economic. Only through assured access to loan capital, modern technology, and markets can India hope to continue her modernization of the Indian economy and thus provide the basis for increasing Indian power.
India has been notably unsuccessful in her attempts to exclude the superpowers from the subcontinent. The involvement of the US and China in Pakistan which allowed Pakistan to pursue a policy of equality with India, is the most noticeable failure of Indian policy. The US decision to assist in the rearmament and economic development of Pakistan in 1981 illustrates a continued inability on the part of the Indians to influence US policy in South Asia. It was noted in Chapter I that current US policy is making an effort to take Indian sensibilities into account. Nonetheless, the sale did take place over the objections of India.

A continued American policy of confrontation in Afghanistan runs counter to the Indian interest. Indira Gandhi postulates, "Pakistan would like for the Soviets to stay in Afghanistan so that Pakistan can take advantage of the situation. You see, it's Pakistan's excuse for getting arms." While this might be a somewhat byzantine attitude, it does accurately reflect India's position. Earlier in the same interview the prime minister stated that an increasing flow of arms to the antigovernment forces in Afghanistan was making it "more and more difficult for the Soviets to get out." Observers of the Afghan peace talks sponsored by the UN assert that a settlement is within reach and that "the issue before the United States is no longer whether a settlement in Afghanistan is possible but whether this is the best time for one and whether the type of settlement envisaged in the UN negotiations would be acceptable." The disclosure that the US has stepped up its support for the insurgents both in the quantity and quality of arms supplies would indicate that the US has opted to continue a policy of support for the
insurgency. The influence that India has been able to bring to bear on the issue has been inadequate to achieve Indian objectives.

A second aspect of the Afghanistan problem is that it represents the first stationing of superpower troops in the subcontinent. India did not react strongly to the Afghanistan invasion. India has stated, "we don't like foreign troops there", but when called on to condemn the invasion in the UN, she abstained. [344] There exists within India, a growing recognition of the threat posed by the Soviet troop deployment. Nonetheless, India has been unable to use her considerable influence as a trade partner and arms client to induce a reduction of the Soviet presence.

The Indian Ocean deployments of the superpower navies further illustrate the inability of India to further its ambition of superpower non-presence. The US base at Diego Garcia has gone from being a low-level communications station in the early 1970's to its current status as a major replenishment base. This includes the ability to accept B-52's and provide a protected deepwater port for several ships. US and USSR naval presence has also shown a dramatic increase. The US has gone from a three-ship force (MIDEAST FOR) in 1972 [345] to permanently maintaining a carrier task force in the Indian Ocean. [346] The Soviets have upgraded their presence through deployments such as the 1979 deployment of the Minsk, two guided-missile cruisers, and the Ivan Rogov. [347]

The specific issues of Afghanistan and the Indian Ocean have been addressed in more depth elsewhere in this paper. A short review of Indian objectives and superpower actions has shown that India has been and remains fairly unsuccessful in her attempts to exclude the US and USSR from the region.
2. **Restructuring the International System**

**Jawaharlal Nehru 1947**

We have proclaimed during this past year that we will not attach ourselves to any particular group. This has nothing to do with neutrality or passivity or anything else. We are not going to join a war if we can help it; and we are going to join the side which is to our interest when the time comes to make the choice. [348]

**Indira Gandhi 1972**

It (nonalignment) was and is an assertion of our freedom of judgement and action...Successive US administrations have ignored the fact that India must see her problems and her relationships in a different perspective. They have insisted on interpreting our nonalignment within the confines which they imagined to be slanted in favor of Russia. [349]

Starting with independence India has pursued a policy of political nonalignment. There has been one continuing thesis to India's foreign policy: the centrality of securing and safeguarding an independent center of power with foreign policy autonomy. [350] In the 1950's India attempted to play a subject role in the international system. [351] India suffered from an imbalance between the role it sought and its capabilities. She attempted to overcome her weaknesses by politically mobilizing the other nations of Asia and Africa that were emerging from the colonial system. The development of the nonaligned movement, in which India played a leading role, was an attempt to break out of the bipolar system and create a situation where India could benefit from both major blocks.

India continues today to strive for a position of leadership in the Nonaligned Movement. India is currently the chairman of the Nonaligned Movement. Mrs. Gandhi's
The stewardship of the February 1982 New Delhi Conference was significant in that it demonstrated a lower degree of anti-US rhetoric and a more balanced approach to the east-west confrontation. Unlike Havana, there was no declaration of the Soviets being "the natural ally" of the Nonaligned Movement.

India's positions were outlined in a draft political declaration that she prepared for the conference. In it when calling for disarmament, India addresses both superpowers. Throughout the document there were no mentions of the Soviets by name and three of the US. One was a call upon the US to "adopt a constructive position in favor of peace and dialogue" in Nicaragua. Another was indirect in calling for self-determination in Puerto Rico. The third contended that a US law was incompatible with the Panama Canal Treaty. The US was not mentioned by name but its support for Israel was condemned. References to the Indian Ocean called for removal of bases (Diego Garcia was mentioned by name) and called on both superpowers to halt the arms build-up taking place there. The Soviets were not mentioned by name in the paragraphs on Afghanistan although there was a call for a withdrawal of foreign troops. The above may not appear as a balanced treatment of the two superpowers, but when it is compared to the Havana Accord and the final text of the conference, it is much more balanced. It should be remembered that the draft India was preparing was for the use of the Nonaligned Conference. As a draft, it had to placate and coopt the extreme factions if there was to be any hope that it would be used as a working draft.

The final text is somewhat of a measure of the effectiveness of India in the Nonaligned Movement. The final text was much more condemnatory of the US than the draft. In it the US was chastized eleven times compared to
Once for the USSR. [357] It is significant that the one time the USSR is mentioned is in reference to the Indian Ocean. The working committee on the Indian Ocean was chaired by India. It appears initially that India and the other moderate nations were not able to bring about a moderation of the movement. A deeper investigation reveals that the vast majority of the anti-US statements were contained in the Middle East and the Latin America sections. The committees responsible for the drafts that were presented to the main body on these two issues were the PLO and Cuba respectively. In all other areas, moderation prevailed. The economic draft was considered to be the most important product of the conference. This was an area in which India has a great deal of interest. Singapore's delegate, a moderate nation with a definite capitalist commitment, declared, "In the economic sphere, sense and sobriety were pervasive." [358] As Indira Gandhi says about the final text: "We have tried not to be openly critical or use a strident tone of voice." [359]

India serves as a moderating force in the Nonaligned Movement in order to increase the effectiveness of the movement. By replacing condemnation with cooperation the Nonaligned Movement will find a much more receptive audience in Europe and North America. Gandhi gives voice to the new attitude during a press interview:

We believe that the West—that is the industrialized and affluent countries, need us as much as we need them. We are not asking for pity nor charity of any kind. We are asking for cooperation, which will help them as much as it will help us." [360]

India's emphasis as evidenced in the quote, is on cooperation, not on the previous "you owe us" attitude.

India's program for economic cooperation includes:
1. Agreement on immediate launching of global negotiations.
2. Increased food production in developing countries.
3. Reversal in the present disturbing trend in the flow of assistance, particularly concessional assistance, from developed to developing countries.
4. Strengthening multilateral cooperation.
5. Devising mechanisms to finance the development of energy resources in developing countries.
6. Speedy adoption and implementation of schemes, including regional arrangements to lighten the financial burden of increased oil prices and to ensure supplies of oil to developing countries.
7. Provision of financial support for balance of payments problems in the transitional stage of oil-developing countries.
9. Development of the solidarity and collective self-reliance of developing countries to reduce their vulnerability to pressures from and events in affluent countries. [361]

The above program, presented to the meeting of 44 developing countries in New Delhi in February 1982, includes all those points necessary for India to continue her current nationalist economic policy. India's success in promoting her nationalist policies alone was evidenced in her current problems with the ADB and World Bank. India, by internationalizing the issues, hopes to achieve success such as that almost attained by the Law of the Sea negotiations.

India's ability to incorporate its national objectives into the Nonaligned Movement platform was evidenced in the New Delhi Message. The Message called for the immediate convening of an international conference on money and finance for developmental purposes. Its goal was a
comprehensive restructuring of the international monetary and financial systems. Special emphasis was placed on enabling developing countries to solve balance of payment problems without interrupting the development process. Satisfaction of basic food and energy needs, access to markets and fair prices were all included. [362] India succeeded in having her program adopted and having it stated in tones that were to India's advantage.

This paper does not assert that the Nonaligned Movement is a unified organization which India can bend to her will. The judgement is made that India has an important say in its proceedings and has the respect and ear of many nations in the Nonaligned Movement. In the military there are "combat multipliers" which increase one's combat power. The Nonaligned Movement acts much like a combat multiplier for India.

D. INDIA AS A MIDDLE POWER

This chapter has addressed the question of India's current status as an international power and her potential for future years. The vehicle used to make the determination was India's ability to achieve her policy objectives. Five general policy objectives were outlined at the beginning of the chapter. Have they been met?

1. Objective: Secure Herself From a Military Threat

India's most likely threat is Pakistan. A much stronger Pakistan was dismembered in 1971. Indian military capability has grown to the point that Stephen Cohen asserts, "American policy-makers have come to agree on a short list of propositions concerning the nature of US interests in South Asia...In summary form, these propositions seem to be: 1) Pakistan can no longer obtain
strategic superiority on the subcontinent, even with a major external arms supplier..." [363] India's development of its mountain divisions and its air force preclude a repetition of the 1962 defeat by China. India's main weakness is that she does not maintain a strategic nuclear capability and is susceptible to a nuclear strike by the US, USSR and China. India does retain the option to develop a nuclear force that would counter the PRC's present capability and Pakistan's potential. This known capability has a certain deterrence affect that must not be discounted. India's navy is sufficient to protect her borders from all but the superpowers. The ongoing acquisition of modern surface and subsurface craft and of aircraft such as the Jaguar and the Mirage 2000, will continually enhance India's ability to protect its seaward flank. Conventionally India is secure from all but the superpowers. In nuclear terms she must continue to depend on a nuclear umbrella being proferred by one or both superpowers.

2. Objective: Maintain Independence and Nonalignment

Indian economic policy has stressed a balanced, self-sufficiency oriented development program. India's import and export markets are diversified. Dependencies have appeared in the areas of energy and technology. The former dependency is being attacked through a highly nationalist development program. There remains doubt as to whether total self-sufficiency will ever be gained. As a minimum, there will occur a lessening of oil dependency. The dependency on western technology is less critical in that the needed technology can be obtained from a multiplicity of sources. India's industrial sector has shown steady, though not spectacular, growth. Its strength lies in its national control. India has also shown a vast improvement in agricultural production. A repeat of the
dependency of the 1960's does not appear likely unless population growth gets entirely out of control.

The Indian military-industrial complex will increasingly act as a guarantor of Indian independence. With an independent means of arms production, India is much less susceptible to pressure from suppliers. India still requires large inputs of foreign arms, particularly at the higher technology levels. Again, the requirement can be and is being met by diversified sources. India's ability to absorb an arms cut-off was demonstrated in 1965. Her capacity in this regard is much improved since then.

India has shown an independence of action with regard to diplomatic policy initiatives aimed at rapprochement with the PRC, rapprochement with Pakistan, seeking the removal of all superpower naval forces from the Indian Ocean, and calling for the removal of Soviet forces in Afghanistan (although in somewhat muted tones). Her actions have not all been as independent in appearance. The muting of her response to Soviet troops in Afghanistan would seem to indicate that India has not learned from a history full of invasions from across the Hindu Kush. India's recognition of the Heng Samrin regime also poses questions of Soviet influence. India has however shown herself to be a force in the Nonaligned Movement and has worked for a balanced approach being adopted by that organization. India has been accused at times of being aligned, even of being an ally of the Soviet Union. An in-depth look at Indian military, economic and diplomatic policies does not support this assertion.

3. **Objective: Insulate the Indian Ocean**

This is one area where India has demonstrably failed. This is evident in Afghanistan, Pakistan and Diego Garcia. India has not convinced Pakistan that India will
act responsibly, as befits a big power, in her relations with Pakistan. Consequently, Pakistan seeks support from the US and the PRC. India has not shown either the desire or capability to police the areas removed from her borders. Thus the US and the USSR cannot be assured of stability in the absence of a superpower presence. In view of their strategic needs vis-à-vis each other, they are required to maintain a presence in the area. Lastly, the PRC and American perception of an Indian tilt towards the USSR creates a need for a balancing influence elsewhere in the region. Together these reasons point to a continued superpower presence for some time to come.

4. **Objective:** **Friendly Neighboring Governments**

India demonstrated in 1971 her ability to impose her will by force of arms on her subcontinental neighbors. The Himalayan border states accept positions compatible to India's. They are well aware of what happened to Sikkim. Sri Lanka's acceptance of the Indian lead was evident in the 1983 Tamil riots. Pakistan remains the exception. The regime in Pakistan is autocratic and vehemently opposed to India's view of regional primacy. Even in Pakistan there is a growing recognition of the face that Pakistan cannot defeat India as will be shown in the next chapter.

5. **Objective:** **Receive Favorable Material Aid**

It has been demonstrated that India has sought and received vast amounts of aid. The combination of multilateral and untied aid has allowed India a maximum degree of flexibility. India has not relied on any one source for a critical area such as energy. Technology transfer in the military arena has been affected with both the Eastern and Western blocks.
6. **Assessment**

India has pursued independent, nationalistic goals. She has been successful to one degree or another in all of her objectives save one. She has not been able to alter the continued and growing superpower presence.

There can be little argument that India is the dominant regional power. It is evident through her mass and her military and economic strength. There remains a real question of whether India can become an extra-regional power. She lacks any significant power projection capability. She is developing a projection capability, but may lack the fiscal resources to complete it. India's future success is going to hinge on her ability to finance the move into the 21st century. Her growing energy and food requirements must compete with the security needs required for big-power status. Only when one considers the progress made since 1947, does the likelihood of India succeeding become more apparent.

A single development, the creation of a strategic nuclear force, will in itself elevate India far above her current position on the international ladder. This has been demonstrated to be a very real possibility whose realization comes closer each day through civilian oriented programs. The United States has been able to base its past policies primarily on the grounds of competition with the USSR. India is a growing power that must be regarded in her own right. Failure to recognize India's national power and national interests, will result in the continued inability of India and the west to bring to fruition their attempts at better relations. This will increasingly act to the detriment of the strategic interests of the United States.
Viable policy options cannot be formulated nor can a policy be implemented free of its environment. U.S. capabilities and needs, the actions of opposing players and the policies and objectives of the target must be considered. Failure to do so will result quite often in policy failure. The failure of past American policy in South Asia can be attributed to a large degree, to not understanding the limitations that regional rivalries imposed, misunderstanding Indian strategic objectives, and an overestimation of the impact of the United States' influence.

American policy options in India are limited by the United States' global interests, regional interaction, and Indian policy objectives. This chapter will seek to outline these constraints and therefore establish the boundaries of the United States' policy options.

A. GLOBAL INTERESTS

American global interests in India can be categorized as threat opposition, maintenance of economic lifelines (Indian Ocean sea lanes of communication), and the growing impact of Indian political and military capabilities.

The actions of the Soviet Union—their ongoing economic, political and security ties with India, have been addressed previously. The initially favorable consideration that Soviet actions habitually receive, balances against a widespread suspicion of American actions. The continued presence of Soviet troops in Afghanistan, from whence a drive to the Persian Gulf could be easily mounted through a preoccupied Iran or a politically divided Pakistan, carries a
twofold threat to the United States. A Soviet drive to the Persian Gulf, and subsequent establishment of a Soviet naval base, would complicate the American strategy for confining the Soviet Navy. It would also seriously endanger the economic lifelines of the Persian Gulf and Indian Ocean.

The Soviets appear to have adopted a policy of creating situations of dependency through economic and military aid packages, and Friendship Treaties throughout the Indian Ocean littoral. The Soviet Union has concluded Treaties of Friendship with Afghanistan, Ethiopia, Iraq, Mauritius, Mozambique, Tanzania, and India. [364] This does not mean that other Soviet options do not exist. Other Soviet policy options include:

1. Militarily invade Pakistan and/or Iran and secure bases on the Indian Ocean.

2. Induce the Balkanization of Pakistan and then receive basing rights from a newly "liberated" Baluchistan.

3. Attempt to achieve such an overwhelming position of strength in Afghanistan so as to threaten Pakistan into aligning with the USSR and thereby secure transit and basing rights.

4. Make Pakistan an ally and recipient of Soviet favors. United States' policy must account for these Soviet options and enact policies that will preclude Soviet action.

The emergence of India as an increasingly dominant regional power will require the United States to seek a new balance in her policy. Indian actions in 1971 clearly demonstrated that India has achieved a sufficient degree of independence of action where she can, and will, act unilaterally, against Soviet wishes, to achieve her purposes in the subcontinent. For example in 1971, it was the Soviet Union's policy that changed from its initial position, not India's. As the Indian naval, air, and nuclear capabilities grow, so will her ability to impact on American policy throughout the region.
This treatment of global constraints has been brief. The author feels that the need to counter Soviet actions and influence is obvious and is not the subject of this thesis. The Soviets in India, their policies and influence, was addressed in the second chapter. Likewise, the growing importance of India was shown in Chapter III. The major limitations on American policy options include:

1. U.S. actions must anticipate and plan for a multiplicity of Soviet actions.

2. The Soviet enjoys a favorable reputation with much of the Indian populace and elite, that will enhance the implementation of their initial policies and counter-policies.

3. U.S. policy cannot act solely on an East-West basis. The period when the region was so unimportant as to allow the United States to "opt out" is gone.

4. Indian reasons for unilateral action and the Indian capability to act unilaterally must be considered. Policies that run counter to India's base needs will invite an Indian reaction that could effectively negate any U.S. policy gains.

B. REGIONAL RIVALRIES

The single-largest impediment to successful implementation of an American policy is the regional conflict postures. The depth and lasting nature of these regional relationships effectively limits any policy. Historically it has been shown that the befriending of one country in the region means antagonizing another. The interaction of the regional conflict posture with the well-established conflict postures of the USSR-US and USSR-PRC leads to current and potential alignment tendencies. [365]
If the potential Indian and Pakistan alliance were thrown out, then there exists two basic alignment groups. Group One would consist of Pakistan, China, the U.S., and Bangladesh. Group Two would consist of India, the USSR, Afghanistan and Vietnam. As you can see the rapprochement of Pakistan and India and of India and China would result in major reductions in the tendency to align with group two.

A tracing of the evolution of the relationships in South Asia since 1951 shows a causal flow. Pakistan sought an outside source of arms and political support against India and gained it in the United States. India in turn, increased her ties with the USSR. The anti-PRC position of the United States and India drove them together from 1959 to 1965 and resulted in a loosening of Indo-USSR ties. After the 1965 war, when the United States for all practical purposes packed its bags and left the region, Pakistan turned to the PRC, who was in opposition to India, Pakistan's primary foe. The PRC's support of Pakistan reinforced the USSR's support of India. India's identifying with the USSR threw the U.S. into a Pakistan "tilt" during the 1971 Indo-Pak war. The U.S.-Pak tilt was further strengthened by Pakistan's ties with the PRC, with whom the
U.S. was attempting to open relations because of its anti-USSR posture. Since the 1979 Afghanistan invasion, the United States has reentered the subcontinent due to its USSR containment policies and has found its allies in the PRC and Pakistan.

A tracing of the security requirements effecting the move towards nuclear proliferation further demonstrates the interrelationships. One could say that the USSR went nuclear because of the nuclear capability of the U.S. Even if the chronological order had been different, the result would have been both powers possessing nuclear weapons. The PRC was driven by its security needs to form some type of nuclear response to the USSR. The PRC's development of a nuclear option in turn gave India a need for a nuclear capability in order to deal with the PRC on an equal basis and deter it. India's acquisition of nuclear capability resulted in Pakistan launching an effort to gain a nuclear capability.

The core regional conflicts are India-Pakistan and India-PRC. These conflict postures show a potential for rapprochement. If rapprochement were to occur, this would completely alter the field of American policy options to the advantage of the United States.

1. India-Pakistan

The conflict posture between India and Pakistan has its beginnings in 700 years of Moslem-Hindu competition. The formation of the state of Pakistan resulted from the Moslem minority's fear that they would occupy a subservient position to the numerically dominant Hindus if India encompassed all of British India. The Moslem community's political arm, the Moslem League, agitated for and received a separate Moslem state. The formation of the Pakistani and Indian states laid the seeds for issues that still exist.
today. The splitting of the Punjab, the Indian seizure of Junagadh, and the conflicting claims over Kashmir divided feelings deeply between the two countries. The Kashmir issue has resulted in two wars (1948, 1965) and today the two nations are separated by a cease-fire line, not a mutually agreed-upon international border. Indian control of the water feeding into the Indus River Valley also acts as a source of friction. Occasional support by both countries for separatist movements in each other's territory serves to deepen suspicions. The Indian support of the separation of East Pakistan and subsequent formation of Bangladesh, locums large in the minds of Pakistanis who fear a Soviet-Indian move to divide their country. These fears have a further historical base in the irredentist feelings explicitly stated by India's highest officials at the formation of the two states in 1947. India's insistence on regional dominance serves to further increase tensions between India and Pakistan since Pakistan sees this insistence as neither legitimate or necessary.

Indo-Pak relations have undergone a substantive change since 1971. There appears to be two major reasons. Firstly, a systemic change occurred after the 1971 Indo-Pak War. The result of the war, other than the creation of Bangladesh, was the loss to Pakistan of 16% of its land mass, 55% of its population, 33% of its cultivable land and 40% of its GNP. [366] This clearly established India as the predominant power on the subcontinent both militarily and economically. A.F.K. Organski argues that preponderance produces greater stability than military balance. Organski posits that under conditions of preponderance, the weaker power dares not attack, thus insuring stability. [367] In a situation of military balance (as existed before 1965 and, to some degree, up to 1971), nations may feel compelled to resort to war in order to maintain the balance or to achieve
strategic objectives. Simply put, in a balance of power situation, a military solution is a viable option. In a situation of preponderance, it is not. This has produced an attitudinal shift on the part of the Pakistanis. Pakistan appears to realize that they are in a strategically inferior position both in current and potential capabilities.

The second factor was the establishment of the Russian presence in Afghanistan. This has reawakened in some sections of India the possibility of her traditional invasion corridor being used again. With this in mind India could appreciate the value of a unified, stable Pakistan which was able to act as a buffer. The *Hindustan Times* in an editorial supporting the no-war pact, decried the Indian ambivalence to the Russian threat in the following passage: "India has ignored some basic geopolitical truths like the essential incompatibility of Indian and Soviet objectives in the region. With the Soviets ensconced in India's proximity, the countries in the area will begin to key their policies to accommodate the Kremlin, not New Delhi. India had two buffer states between it and the USSR--Pakistan and Afghanistan. Now there is only one. Pakistan, by this reckoning, has none. The lack of alarm in the Indian Government at this trend is amazing. It should make us sympathetic to Pakistan's security concerns." [368] The concern of India for Pakistan's stability was voiced by PM Gandhi in an interview with *Aman* when she emphasized that a strong and stable Pakistan is of great interest to India. [369]

Attempts at rapprochement have centered on the no-war pact proposed by Pakistan in September of 1981. The initial Indian response was ambivalent and seemed to view the Pact as a propaganda ploy by the Pakistanis. By mid-January 1982, after exchanging suggestions on the contents of any pact, it was agreed that Pakistan's Foreign
Minister Agha Shahi would come to New Delhi for consultations. The three-days of talks that started on 29 January 1981, produced several important developments. PM Gandhi presaged the Indian position when she stated, "No-war pact or not, I can assure you that India will never attack Pakistan." [370] This was then followed by what was to become the primary plank in the Indian bargaining posture. In the same interview with Pakistani journalists she offered, "Our treaty with the Soviet Union is just what it says. It is a friendship treaty. We are willing to have a friendship treaty with you." [371] India thus staked out a position seeking a comprehensive treaty, whereas Pakistan sought a much more limited objective through a no-war pact. The other outcome of the January talks was the agreement to set up a joint commission to deal with bilateral matters. Talks were scheduled to resume in Islamabad sometime towards the end of February.

Prime Minister Gandhi's no-aggression statement and the friendship treaty offer are based on the feeling that a no-war pact is redundant. India's interpretation of the 1972 Simla Agreement argues that under it, non-aggression has already been agreed to. Pertinent articles are as follows:

**Article II**

That the two countries are resolved to settle their differences by peaceful means mutually agreed upon between them. Pending the final settlement of any of the problems between the two countries, neither side shall unilaterally alter the situation and both shall prevent the organization, assistance or encouragement of any acts detrimental to the maintenance of peaceful and harmonious relations.

**Article IV**

That the basic issues and causes of conflict which have bedeviled the relations between the two countries for the last 25 years shall be resolved by peaceful means.
**Article VI**

That in accordance with the Charter of the United Nations, they will refrain from the threat or use of force against the territorial integrity or political independence of each other. [372]

Pakistan views the Simla Agreement as a treaty designed to end a war and nothing more. [373] There is also some justification for Pakistan feeling that she signed the Simla Agreement under duress since India was holding 90,000 Pakistani's as POW's from the 1971 war.

The talks scheduled for late February 1982 never took place because of an incident in Geneva. The Pakistan ambassador to the Human Rights Commission raised the question of the status of the people of Kashmir before the Commission. Not only did India resent being grouped with other nations such as Israel and South Africa, it saw Pakistan's action as contentious and unnecessarily provocative. Additionally India saw it as a breach of what it considered a basic understanding of the Simla Agreement. This understanding was that all issues between the two countries would be solved bilaterally and would not be elevated to multilateral forums such as the Commission or the United Nations. This Indian position is one that it has logically taken with all of its neighbors. [374] Because of India's preponderance of economic and military capabilities when compared to the other nations of the subcontinent, if she can keep matters of dispute on a bilateral level, she is then assured a preeminent bargaining position. Just as logically, Pakistan attempts to move matters into a multilateral forum where the Pakistan bargaining position is enhanced.

The move towards conciliation received another setback in April when President Zia-ul Haq of Pakistan announced that observers from Gilgit, Skardu and Hunza were
nominated to the Majlis-i-Shoora, Pakistan's Federal Advisory Council. Zia followed this up by saying that the three northern areas were not in dispute, they were part of Northern Pakistan. [375] India immediately responded that those states are an integral part of India that is being illegally occupied by Pakistan. [376] External Affairs Minister Bao, in response to reports in August 1982 that Pakistan was planning to integrate Azad Kashmir into the civil service structure, reiterated that the whole of Jammu and Kashmir are Indian and that Pakistan's actions are illegal. [377] This sequence of events gave rise to the question of whether or not Pakistan was trying to scuttle the talks. This was reinforced by the suspicion that the replacement of Pakistani Foreign Minister Agha Shahi by Lt Gen Sahatzada Yaqub Ali Khan was due to his being more hard-line towards India than Shahi was. [378]

India and Pakistan nonetheless continued to work towards the joint commission. The process received a substantial boost when President Zia visited New Delhi on 1 November 1982 on his way to the ASEAN countries. At the summit meeting, PM Gandhi and President Zia agreed to the establishment of a joint commission and issued instructions to their respective bureaucracies for a rapid conclusion to the actual wording of the agreement. [379]

On 24 December 1982, an agreement for establishment of a joint commission was initialed. It became effective on 10 March when the two foreign ministers signed it. The commission, which is to meet annually, is tasked with strengthening "understanding and to promote cooperation between the two countries for mutual benefit in economic, trade, industrial, education, health, cultural, consular, tourism, travel information, scientific and technological fields." [380] The commission is empowered to create sub-commissions which will meet as often as necessary. The
Joint commission has a life of five years and will be automatically renewed unless either party gives notice otherwise.

Indian and Pakistani policy aims have converged sufficiently to produce such landmarks as the November summit and the Joint Commission. This does not mean that all is well between the two countries. India continues to press for a Friendship Treaty as opposed to Pakistan wanting a No-War Pact. The basic disagreement over Kashmir remains although people as prominent as Morarji Desai have suggested that the current line of control be accepted as a border.

The basic suspicion between the two countries still exist as they continue to view each other as a major threat to their national interests. This is reflected in commentary about India's nuclear program and her conventional modernization program.

The move towards rapprochement received a major setback as a result of the Indian response to rioting in the Pakistani province of Sind. Indira Gandhi stated to a Congress (I) Party meeting:

> The people of Pakistan have been struggling for democracy which they enjoyed for only a brief period. We are for democracy and shall ever be so. We have to oppose injustice. There should be democracy everywhere and there is nothing bad or improper about it.

> Several things are happening all around us that cause concern. We never want to interfere in the internal affairs of any other country but we always condemn and shall ever condemn acts of inhuman treatment, whether in our country or outside. When such things take place in our neighbourhood, we naturally are moved because of repercussions within the country. We cannot keep our eyes closed.

The Pakistani response to this and India's request that Khan Abdul Ghaffar Khan be released, was to accuse India of interference in Pakistan's internal affairs. The Pakistan Labor Minister went so far as to say the the Indian-sponsored
agitation in the Sind was aimed at creating a Sindhudesh. [383] Rhetoric aside, Indian policy was clear when it sealed the Jammu and Kashmir borders with Pakistan in early September and returned fleeing anti-Zia agitators to Pakistan. [384]

The long-term affect that the recriminations have on the process of rapprochement remains to be seen. The high level of animosity and suspicion that remains in both countries is quite apparent. At the same time, the nonsheltering of agitators by India in Jammu and Kashmir serves notice to both the Pakistan People's Party (PPP) and President Zia, that India has a real interest in maintaining relations with the Zia government.

A final note on India's policy towards Pakistan. Indian interest in a successful conclusion to the talks extends beyond neutralizing a traditional enemy. Rapprochement with Pakistan would lessen the need for Pakistan to arm itself. This would then lessen Pakistan's requirement for a closer relationship with the US. [385] This in turn would hopefully (from the Indian viewpoint) reduce the US presence in Pakistan. It follows then that the reduction of superpower presence in the subcontinent would be accompanied with a concurrent rise in India's regional influence.

2. India-PRC

When looked at objectively, there appears to be little reason for the Indians and Chinese to be in conflict with each other. The Himalayas act as a sufficient border to prevent massive troop movements in either direction. The terrain offers successive lines of defense. Neither country can pose a naval threat to each other. The Chinese have a nuclear force, but using it on India would offer the USSR an excellent excuse to rid itself of the "Yellow Peril." The
two countries are not competitors in the economic arena. They do compete for influence in the Third World, but that level of competition is hardly a reason for war.

The Indo-PRC border dispute is indeed an inheritance from the British Raj. Through the Lhasa Convention of September, 1904, and the conventions with China and Russia in 1906 and 1907 respectively, Britain established a sphere of influence in Tibet and a buffer against the southward expansion of the Russian empire. [386] The Simla Convention of 1914 established Outer Tibet as an autonomous region. It also fixed the border between Northeastern Indian and Tibet along the crest of the Himalayas. China initialled the draft but did not sign the finalized agreement. [387] Thus was the ground laid for a future dispute over the border. India based its claims on the McMahon Line and China argued for a border along the southern foothills of the Himalayas.

The British "forward policy" created another area of dispute in the Ladakh area called the Aksai Chin. The conflicting Chinese and Indian claims over both areas were sufficient to cause the two countries to go to war in 1962, a war in which India was severely trounced. Actual hostilities ceased when the PRC unilaterally withdrew twenty kilometers from its line of control. This has remained the de facto border. A de jure border or a treaty ending hostilities was never signed. This issue remains the focal point for the Sino-Indian dispute. The border question, along with the Indian ties to the USSR, has produced an enduring relationship between China and Pakistan, India's other major threat.

India is currently engaged in a series of talks aimed at reducing Sino-Indian tensions. These tensions center around the as-yet unresolved border issue, Soviet aspirations in Asia and the Indo-Pakistan problem. A lessening of tensions between India and China would have major
benefits for India. The current need for the Soviet nuclear umbrella was discussed in the section on India's nuclear strike capability. India's gain from a lessening of tensions would be double in this area: 1) they would be less threatened by the Chinese nuclear force and 2) by no longer needing the Soviet nuclear umbrella, they would be able to strive for a lesser degree of identification with the USSR. This would have definite benefits in India's quest to become the leader of the Nonaligned Movement. Another benefit could be the loosening of the Sino-Pakistan alliance if Peking were to develop the opinion that India was not a Soviet ally. This would then lessen the Chinese need for a counterweight to Soviet influence in the region with a possible follow-on decline in the ties between Islamabad and Peking. A by-product of a loosening of Sino-Pak ties could be a more amenable Pakistan as Pakistan feels itself becoming more and more isolated. As can be seen, the stakes are much higher for all concerned than just the territory in dispute.

There have been four rounds of discussions so far between India and China. The first round took place in Beijing from 10-14 December 1981, the second in Delhi from 17-20 May 1982, and the third in Beijing from 28 January to 1 February 1983. The fourth round was concluded in October 1983 in Delhi. The series of talks was preceded by the Indian External Affairs Minister Atal Vajpayee going to Beijing in February 1979 and the Chinese Foreign Minister Huang Hua visiting Delhi in June of 1981. [388]

The visit of Secretary Gonsalves of the Ministry of External Affairs to Beijing on June 20, 1980, served to determine the negotiating position for each side in the subsequent talks. Chinese Vice Premier Deng Xiaoping offered to settle the border dispute by both sides accepting the current lines of control as the border. [389] India
refused this offer but "welcomed the offer as a starting point for negotiations and as evidence that Beijing wanted the process of normalization taken up again. [390] Beijing also threw in a major concession when Deng "confirmed that China would not continue its support for Pakistan's call for 'self-determination' in Kashmir, declaring it a bilateral problem between India and Pakistan that should be settled amicably." [391] India's position was explained in an article by the Times of India:

Mr. Rae reiterated the known Indian stand on the border dispute. In India's reckoning the Chinese package is based on the fruit of military gains which could hardly be the basis for an amicable settlement. India has gone a long way in formulating its new approach to the dispute since 1960 when it declined to discuss the border dispute with China. India expects China to appreciate its security compulsions to facilitate a situation in which India might be able to come to an honorable settlement in the Western sector with China. [392]

India's maneuverability is restricted by public opinion. Robert Horn states in his article, "Indian resentment toward China is so substantial that India's freedom to compromise with China is greatly circumscribed. It is unlikely that any Indian government could take an agreement to Parliament for approval without significant Chinese concessions." [393] The rigidity of both sides on the boundary dispute resulted in India following China's line at the December 1981 round and announcing that the territorial problem "was not a precondition to development of friendly ties in other areas." [394] Secretary Gonsalves clarified this position in the statement issued prior to the May 1982 talks. He pointed out that the boundary question is a difficult and complex one but that it is central to the relationship between the two countries. He went on to say that it is not possible to isolate the central issue from others. India and the PRC could build up their relations in
other fields, but if this main question is left unresolved it will have its reflection elsewhere. [395] What this translated into as far as actual progress at the 1982 talks, was the agreement to send three Indian delegations to China dealing with oil, railways, and agriculture, and three Chinese delegations to India. The Chinese delegations were to study wheat breeding, dairy development, and the third delegation was composed of scientists (discipline not known). [396]

The fourth round of talks made limited progress in determining the approach to be taken in solving the border issue. The Chinese and Indians sought to marry their different working propositions. The Indian position included 1) an early solution, 2) a just solution taking into account the legitimate interests of both sides, 3) a common agreed approach and basis for discussion, 4) the proposals advanced by either side is constituting an approach to the problem should be considered by the other, 4) a propitious atmosphere for an early settlement, and 6) a sector by sector approach. The five-point Chinese approach includes: 1) equality, 2) friendly consultations, 3) mutual understanding and accommodation, 4) fair and reasonable settlement, and 5) a comprehensive solution. [397] The major achievements of the fourth round were the agreement to recognize the relevance of historical data, agreeing to recognize the inadmissibility of the use of force in acquiring territory, and the Chinese willingness to adopt a sector by sector approach instead of their previous comprehensive approach.

There had developed in India prior to the fourth round, the feeling that substantive progress would not be made. This was reflected elsewhere in the Gonsalves statement cited earlier and is echoed by many of the newspapers. The Hindu gives voice to this theme:
The fact is that there is a stalemate, if not a deadlock, in these talks in the sense no progress has been made during the last three rounds and none is expected at the next one if evolving even a mutually acceptable basis for substantive discussions. As neither country appears to be ready yet to engage in serious negotiations, the best that can be done is to keep open the dialogue. [398]

It remains to be seen whether the progress of the fourth round in agreeing to basic propositions can be translated in the future into actual progress on a border settlement.

Keeping the dialogue open is a sentiment that is voiced quite often. External Affairs Minister Rao speaking in December 1981, told the Lok Sabha that "the very fact that this long-standing dispute between the two countries has gone to the negotiating table for the first time after two decades should be regarded as a positive development... (the) spirit of accommodation that both sides displayed during these discussions, augured well for continuing the exercise." [399] The theme "at least we're talking in civilized tones" is constantly repeated by both governmental figures and the newspapers.

A major concern of India's has been to reassure the Soviet's that Sino-Indian rapprochement will not be attained at the cost of Indo-Soviet relations. Horn's article is replete with examples of high-ranking Indian officials reassuring Russia every time forward progress is made in their relations with China. Indira Gandhi states "Our ties with Russia are not related to our ties with China at all...our relations with one country are in no way connected with our relations with any other." [400] Soviet concern is understandable if their primary objective in India is as Robert Donaldson claims to "enlist Indian participation as a counterweight to China in the Asian balance of power game." [401] The foiling of the Soviet strategy of course is a primary objective of China.
One of the methods that India has used to show China and the USSR that India does not consider its relations a zero-sum game is her use of the Kampuchean issue. By recognizing the Heng Samrin regime, India has indicated to China that while it is serious about the negotiations with China, India still plans on maintaining solid relations with the USSR. At the same time India has reassured Russia with actions as well as words. It would be foolhardy on my part to say that this is the only reason that India has recognized the Heng Samrin government. India does have a history of friendship with the SRV (Heng Samrin's "allies" in Kampuchea) and considers them to have a common heritage in the struggle against colonialism. At the same time India has accepted some negative returns as a result of her Kampuchean policy. In the United Nations India took part with 10 other countries in jointly sponsoring an initiative to unseat the Democratic Republic of Kampuchea (DRK). They lost 90 to 29 with 26 abstentions. [402] At the Nonaligned Conference in New Delhi in February 1983, India again supported the Peoples Republic of Kampuchea (PRK). The division at this conference over the issue was apparent when 26 countries spoke out on the floor as being in favor of seating the DRK. [403] India was in favor of seating the PRK but shifted its position to leaving the seat vacant because it was the "only practical way." [404] The decision to support the PRK also puts India in opposition to ASEAN which is not only closer to India, but also offers a greater market potential than the SRV.

India's PRC policy could produce major benefits as outlined at the beginning of this section, in terms of its goal of regional and extra-regional influence. First an agreement must be reached that would be acceptable to a consensus in India. Current positions on both sides will not allow this. India has assumed a position of holding the
door open for future developments. If future elections provide the Congress (I) a stronger electoral position then there may be a break in the Indian position, but not before.

3. **Reducing Regional Conflict**

There exist major advantages for India which militate for a settlement of her disputes with Pakistan and the PRC. An Indian settlement with Pakistan would lessen the need for Pakistan to seek external allies and therefore could, and should, lead to a reduction of superpower presence in that country. A reduction of Indo-PRC tensions would lessen the need for the PRC to be in Pakistan. The removal of the PRC shield (more aptly stated - a two-front threat against India) could act as an inducement to Pakistan to be more receptive to Indian bargaining positions. When viewed from the perspective of Indian security needs, the lessening of the PRC-Pakistan threat decreases the need for the Soviet umbrella. This in turn decreases the need for a balancing United States presence.

As many advantages as rapprochement offers India, it is still stalled to different degrees on both fronts. Mutual suspicion remains endemic between India and Pakistan. The status of the Pakistani nuclear program is unclear. Besides making India justifiably nervous, a nuclear capability is Pakistan/s one hope for regaining a position of balance or near-balance with India. The success of a Pakistan nuclear program, or an anticipated success, would act as the precipitator of another Indo-Pak conflict as India sought to retain its position of preponderance.

The Sino-Indian dispute has shown even less progress than the Indo-Pak confrontation. The Indians steadfastly maintain their claim to both territories in question without exception. The Chinese, while showing a willingness to surrender their claims in the Arunachal Pradesh area, will
not budge on the question of yielding the Aksai Chin. The strategic value of the Aksai Chin as a means of access for the Chinese to Tibet is undisputable. One positive aspect is that India and China have had in operation for twenty years, mutually recognized de facto lines of control. The actual potential for renewed fighting is minimal, unlike along the Indo-Pak border.

The reduction of regional tensions and thereby the dissolution of the Indo-USSR-Afghanistan-Viетnam alignment tendency, is by no means assured. The over interrelation-ship between India, Pakistan, and China, is at its best since independence. Still, substantial issues remain to be resolved. As long as these regional tensions exist, they will continue to severely limit American options. An over-identification of the United States with one country or block, will result in the estrangement of another country.

The current situation is both an opportunity and a limitation. American options have already multiplied as is evident in the Indian reaction to the ongoing American military and economic aid to Pakistan. That aid is limited in its scope, and need take care that it does not cross the threshold created by India's revised strategic assessment. As the regional tensions increase and decrease, so will the thresholds of acceptable American policies rise and fall in the eyes of the three primary regional contenders.

C. INDIAN POLICY OBJECTIVES

A product of the East-West confrontation has been an American tendency to paint issues in black or white and as issues of democracy versus communism. It is best stated in the old Southern homily, "If you ain't with us, you agin' us." This viewpoint, more appropriately, this set of blinders, has not allowed the United States to fully appreciate
the national objectives of third nations such as India. Support for the public sector was seen as creeping communism and not as as drive for economic independence. Indian opposition to United States involvement in Vietnam was seen as evidence of an alignment with the Soviets, not as a natural policy of a recently independent, former colonial territory.

The legitimate strategic objectives of a sovereign nation will not always be in agreement with American policies. The Indian and American perspectives of world and bilateral issues are different. A difference of policy does not mean that the policies are deliberately in opposition. Neither does it mean that the Indian policy is necessarily in support of, or in obedience to, a Soviet policy.

American policymakers must understand where Indian and American strategic objectives overlap and where they diverge. India has shown since independence that she will pursue her core values irrespective of external pressures. In this manner, Indian objectives and policy act as an important constraint on United States policy.

The divergence of American and Indian objectives has been apparent in many of the issues touched on in this paper already. The Indian use of the Kampuchean issue as a means of recognizing past Soviet diplomatic support and as a signal to the PRC, fulfills Indian requirements that do not exist for the United States. India’s nuclear program is driven by her need to diversify her energy resources. Militarily, it is driven by the need to counter an actual Chinese nuclear threat and a potential Pakistani threat. The United States’ interest is to halt the horizontal proliferation of nuclear weapons, both because of the danger of a lowered usage threshold, and because of the increased independence and military flexibility that comes with nuclear capability.
Global needs require that the United States maintain an active presence in the Persian Gulf region and Indian Ocean. The same applies in Pakistan. This runs counter to an Indian need for the absence of superpower influence in order for India to increase her influence. The United States and India line up in natural opposition on many issues in the Nonaligned Movement, particularly those of an economic nature. The United States, as a "have" nation, does not share the redistribution of wealth goals that motivate "have-not" nations such as India.

In the next two sub-sections, two issues will be explored to determine the degree of divergence between United States and Indian objectives, and the impact any divergence will have on limiting American policy options. The economic issue is used because it is an issue in which the United States and India must deal with each other, sometimes bilaterally, and at other times in a multilateral forum. The Arab-Israeli conflict is addressed because it is an issue in which the United States and India both have a vested interest, yet are not required to deal with each other in pursuit of their policies.

1. Indian Economic Policy

The Indian economy is an example of American opportunities mixed with very real constraints. The major constraint devolves from the Indian drive for economic independence that has been discussed at various points throughout the paper. The opportunities stem from: 1) a continued and growing need for western technology, 2) the systemic imbalance between the Indian and Soviet economy, and 3) a desire on the part of India to not become over-identified with, or economically dependent on, the Eastern bloc. The major impetus though, is a positive one; the Indian recognition of the desirability of, and need for,
western technological know-how and capital. This need is reflected in India's import-export policy.

The objectives of India's import-export policy are outlined in the Government of India's (GOI) Economic Survey 1982-83:

"...the policy sought to I) provide to industries, especially in the small-scale sector, easier and more regular access to their requirements of inputs in order to maximize their outputs and improve their productivity, II) provide a stimulus to those engaging in exports and in particular to manufacturing units contributing substantially to the export effort, III) reduce or dispense with licensing formalities wherever possible and to further simplify and streamline procedures, with accent on time-bound system, IV) extend support to upgradation of technology; especially with a view to cost reduction, and V) to move forward to self-reliance by specific measures of support to indigenous industry where necessary." [405]

This was translated into several actual policy steps. Import replenishment licenses (REP) were made more attractive. Exporters who exported over 10% of their production (subject to a minimum of Rs5 lakhs) were allowed to import machinery against their own REP licenses without the recommendation of a sponsoring authority and without indigenous clearance. Exporters who exported 25% or more of their production of select products in any of the two previous financial years were allowed to utilize their 1981-82 Automatic and Supplementary (import) licenses on a repeat basis irrespective of their value. This was done in order to maintain uninterrupted production. Automatic licenses were increased 20% in value over past consumption. Units set up under the 100% Export Oriented Units Scheme were allowed to import all their requirements of raw materials and capital goods. Raw material and components for IDA/IFIRD projects were exempted from customs duty. Additional types of raw materials, components and consumables were allowed for import under Open General License for actual industrial
users. The value limit for imports to promote technological upgradation and modernization under the Technical Development Fund Scheme was doubled to $500,000. Access to foreign exchange to accomplish technological modernization was also improved. Finally, export houses and trading houses were allowed to import machinery for setting up common servicing centers for their supporting manufacturers. [406]

India’s import policy did not however amount to a wholesale opening up of her markets to foreign interests. Finance Minister Mukherjee while explaining the policy to the Lok Sabha, stated that the available capacity of production would be used to boost exports and that the liberalization of imports was for this same purpose. [407] His follow-on statements then confirmed that steps were being taken to speed investment clearance procedures. Prime Minister Gandhi made it clear that India plans an import policy that will allow critical imports and greater investment, but that technology would not be garnered at the loss of self-sufficiency. She admits that India needs external assistance and technology to become competitive, but she adds limitations when she specifically excludes consumer goods from those areas in which foreign investment is allowed. [408] The theme of liberalization within prescribed limits is again stressed when PM Gandhi points out that while India is trying to liberalize the licensing system, she will not allow monopolies to grow. [409]

The liberalization policy is an indigenously motivated effort. The 1981 5 billion SDR IMF loan stipulated that "the import policy for 1982-83 and 1983-84 will contain significant steps aimed at liberalizing imports where appropriate in the interest of economic efficiency. Far Eastern Economic Review refers to India's efforts to liberalize as "an International Monetary Fund prescription." [410] The
same article however also mentions that India initiated its general import policy in 1978. One can also go back through the 1970's and see other times when a periodic loosening of the bureaucratic stranglehold on market forces occurred. Another primary indicator of the Indian origins of the import policy, is the lack of editorial opposition on the grounds of it being a policy inflicted on India by foreign elements. Opposition to the policy seems to center on the short-term balance of trade deficits that will result from import liberalization. These deficits are seen as leading to an increased reliance on external aid and thereby a decrease in India's independence. [411] If the import policy were an imposition, India's zealousness where her independence is concerned would surely have been aroused and would have been vociferously espoused by the opposition.

The opportunity and the limitations are clear. An Indian need exists that the United States can fill if it chooses to do so. The limits to which American capital will be allowed into the country are established in equity limits, the selection of industries eligible for foreign participation, and the success India has in limiting its own red-tape.

Along with a liberalized import policy, India continues her domestic development program. External capital aid is a necessity as long as India seeks to follow a development program that features self-sufficiency and limited foreign capital access. Indian policy seeks two goals, one of which is economic, the other of which is both economic and political. Firstly, India seeks its loans on the cheapest terms available. Secondly, India seeks aid that is not tied in its usage. This translates into a policy seeking non-project tied aid and maximization of multilateral sources.
The seeking of aid at concessional prices is not just good business on the part of the Indians. Faced with chronic balance of payment deficits and ever-expanding development requirements, the difference between hard loans at market rates and concessional soft loans represents a significant increase in both total cost of a loan and the size of the debt-servicing burden. The United States retrenchment in its external aid program produced circumstances that indicate the effect that soft and hard loans have on India.

When the US cut back on its commitment to the IDA, a major source of Indian soft loans, this meant a drop in India's share of promised 1982 IDA funds from $1,600 million to $840 million. When World Bank president A.W. Clausen visited India, he committed the World Bank to $500 million in loans to help fill the gap. World Bank loans however are given at a 12% interest rate whereas IDA soft-loans only carry a 0.75% flat service charge. This means that India must now pay a $100 million a year interest payment for monies that she previously would have only had to pay a service charge on. The terms of payments are also more favorable with the IDA. The IDA calls for 80 semi-annual repayments after a moratorium of 10 years. IBRD loans (the World Bank's hard-loan agency) on the other hand require repayment in 10-30 years after a 3-10 year moratorium. The IFC, favored by the US, charges 16% interest and has a repayment period about half that of the IBRD.

A second source of difficulty for India in securing funds is her lessening percentage of funds allocated. Her share of IDA funds is expected to drop from 40% to 34%. This is largely due to the entry of the PRC into the ranks of aid consumers.

In view of the decreased availability of concessional loans, India has been forced to go to the open
market. Their reluctance is unmistakable in the following extract from the Economic Survey 1982-83:

Unfortunately, the outlook for concessional assistance from normal sources is far from encouraging.... It has, therefore, become necessary to resort to additional external borrowing to meet the residual financing requirements of the balance of payments, keeping in view the paramount need to maintain the country's indebtedness and its ability to service foreign debts within prudent limits. [416]

Freedom of action in the usage of external aid remains a priority of India. Any time a nation borrows money, a question of dependence arises along with questions of whether influence is being gained by the lender. A high percentage of the loans extended to India over the past decade have been untied as reflected in Table XXI. The decline in Soviet aid to India noted in Chapter II can partly be explained by the fact that Soviet aid is almost always resource and project tied. Untied aid and grants have traditionally been a large percentage of India's total external aid picture. While a peak percentage for untied aid and grants of 70.8% was reached in 1976-77, the trend

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**TABLE XXI**

Percentage Untied External Aid

<table>
<thead>
<tr>
<th>Year</th>
<th>Total External Assit.</th>
<th>Grants % of Grants in Total</th>
<th>Untied % of Un Credits Tied in Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1972-73</td>
<td>666.2</td>
<td>12.0</td>
<td>1.8</td>
</tr>
<tr>
<td>1973-74</td>
<td>1075.2</td>
<td>17.9</td>
<td>2.4</td>
</tr>
<tr>
<td>1974-75</td>
<td>1345.5</td>
<td>17.3</td>
<td>1.8</td>
</tr>
<tr>
<td>1975-76</td>
<td>1840.5</td>
<td>17.3</td>
<td>1.8</td>
</tr>
<tr>
<td>1976-77</td>
<td>1598.9</td>
<td>17.3</td>
<td>1.8</td>
</tr>
<tr>
<td>1977-78</td>
<td>1200.0</td>
<td>17.3</td>
<td>1.8</td>
</tr>
<tr>
<td>1978-79</td>
<td>1245.8</td>
<td>17.3</td>
<td>1.8</td>
</tr>
<tr>
<td>1979-80</td>
<td>1367.0</td>
<td>17.3</td>
<td>1.8</td>
</tr>
<tr>
<td>1980-81</td>
<td>1364.3</td>
<td>17.3</td>
<td>1.8</td>
</tr>
<tr>
<td>1981-82</td>
<td>1967.8</td>
<td>17.3</td>
<td>1.8</td>
</tr>
</tbody>
</table>
through the 1970's was generally in the 40-50% range. The Economic Survey indicates that the United States, West Germany, Sweden and the IBRD, were the primary sources of untied aid.

In the absence of achieving untied aid, India next seeks multilateral aid. The Economic Survey 1982-83 noted that $2.2 billion of the total $3.73 billion package from the Aid India Consortium for 1982-83, was from the IDA and IBRD. [417] This means that 60% of the aid is from a multilateral source in addition to a large portion being untied. While multilateral aid can carry preconditions, such as the IMF extended fund facility (EFF), there is not the extension of influence that occurs with bilateral aid.

The Indian policy of seeking external aid as a means of supporting her development will inhibit the need for western capital investment. The Indian policy of seeking untied and multilateral loans decreases the potential for bilateral American aid to India. In these two ways, Indian policy will act as limits on American options. Another major limitation was shown in Chapter I, where it was evident that vast expenditures of aid do not necessarily equate to influence or gratitude.

Again, American limitations are mixed with opportunities. India does need the aid. The United States has an important voice in most of the primary multilateral lending agencies that India must go to. The attachment of conditions such as occurred with the IMF EFF can act to insure the Indian economy remains primarily western oriented.

2. Indian Mid-East Policy

The United States and India have for differing internal and international reasons, adopted totally opposite policies in the Arab-Israeli conflict. The United States is essentially the sponsor of Israel and has not recognized the
PLO as a legitimate government. India has adopted a policy fully siding with the Arab cause. India has recognized the PLO and has accepted the credentials of a permanent PLO ambassador in New Delhi.

The two opposing positions are realistic products of the two countries differing priorities. The United States' reasons include a powerful Jewish interest group, Israel's firm commitment to the western camp, the military superiority of the Israelis, the memory of the Holocaust, and a distaste for deserting a proven ally. These reasons have been powerful enough to sustain the American commitment despite severe economic pressure and extensive opposition in the Third World.

India's reasons are equally compelling:

1. She maintains a population of 80 million Moslems, larger than the population of Pakistan. Support of Israel would provide a potential rallying point for Moslems seeking to disrupt the Indian state.

2. 32 percent of India's oil requirement is provided by Iran, Iraq, Saudi Arabia, and the UAE.

3. 22 percent of India's overall trade is with OPEC.

4. Indian imports from OPEC exceed exports to OPEC by a 4:1 ratio. An important means of balancing this trade deficit is worker remittances from Indians working in the Persian Gulf countries.

5. In her continuing struggle with Pakistan, India cannot allow Arab support to be captured by Pakistan.

The economic and political considerations for India are substantial. India is already faced with Saudi Arabia financing a portion of the Pakistani F-16 purchase. Pakistan is also maintaining an undetermined number of Pakistani soldiers in Saudi Arabia. [418] A final concern in this vein is reported (but never confirmed) Arab financial support for an "Arab bomb." An economic concern not
mentioned above, is the emergence since 1973 of OPEC as an alternative source of external loans. During the period 1973-1982, loans by OPEC, the Saudi Arab Fund for Development, Iran, Iraq, and the Kuwait Fund for Arab Economic Development, totalled Rs1,268.1 crores. [419]  
The compelling nature of the economic and political arguments has produced a virulently anti-Israel policy. When Indira Gandhi was asked if there was a basis for cooperation between India and Israel, she replied, "I absolutely deny the existence of cooperation between us. There never was cooperation between us and I see no possibility of cooperation between us and Israel in the future." [420] The Indian position includes supporting the PLO's full participation in any talks, "complete withdrawal of the Zionist occupation forces from all the occupied territories, including Jerusalem," and the creation of a Palestinian state. [421]  
The Indian position has avoided outright condemnation of United States policy. While condemning Israel for the 1982 invasion of Beirut, PM Gandhi called upon all nations which were in a position to influence Israel to take immediate steps. She did not name the United States, nor did she condemn the United States for its backing of Israel. [422] When composing the draft declaration for the New Delhi Nonaligned Conference, India avoided naming the United States. Paragraph 71 reads:

'It (the Conference) viewed with grave concern and disappointment the support, sophisticated weapons, economic and financial aid and political backing given to Israel, which enabled it to implement its settlement policies in Palestine and the Arab countries. In this regard, the Conference also expressed grave concern at the establishment of strategic arrangements, which it believed could only lead to an escalation of tensions in the region and the strengthening of Israel's hostile and expansionist policy. [423]
The combination of Indian political and economic needs, and her public policy statements make two points clear: 1) India fully supports the Arab position and will not change her position any time in the near future, and 2) India, knowing the American position, is willing to not let this issue stand in the way of better Indo-U.S. relations. Such a willingness is implicit in the Indian government intentionally not castigating the United States by name.

The Mid-East offers an excellent example of how the United States and India can pursue totally opposite objectives without allowing it to affect the remainder of the issues. American policy is constrained in that we will never gain Indian support for our objectives (as presently defined). By a proper appreciation, on both sides, of the other motivations, the disagreement can be confined and not allowed to infect the overall relationship.
V. A PRESENT AND FUTURE POLICY

The previous four chapters have formed a framework within which an overall policy approach may be formulated. The general outlines of this framework include:

1. India has emerged as a dominant, stable, regional power which may, in the next ten to 15 years, develop extra-regional capabilities.
2. India's national interest is compatible with the United States' national interest on some issues. On other issues, there is a basic divergence of interests.
3. Past American policy has not been supportive of primary Indian strategic objectives including economic self-sufficiency, international stature, and regional dominance.
4. Past American attempts at exerting influence have created a bias on the part of much of India's elite that causes them to question U.S. motivations.
5. Soviet policy, due to a natural convergence of economic and political goals, has been much more supportive of Indian aspirations.
6. Current Soviet capabilities limit the USSR potential for assisting in future Indian economic development.
7. The Soviet Union, through its invasion of Afghanistan has been demonstrated to be a threat to Indian strategic objectives.
8. Active attempts by regional actors to lessen regional conflict postures is opening new options for the United States.

It is with these broad considerations in mind, that the United States must pursue its objectives in India and South...
Asia as a whole. A policy formulation must have at its inception a clear set of objectives. Objectives in turn, are formed by an appreciation of the United States' national interests in the region. For the purposes of this paper I have grouped our interests into seven broad categories.

1. Blocking Soviet Expansionism - This includes the full spectrum of Soviet influence. Soviet expansion of their military presence, diplomatic influence, and economic influence quite often is accompanied by a decrease in U.S. influence. Most critically, the Soviets must not be allowed an overland-supplied naval base in the Persian Gulf region. The U.S. must maintain control of the sea lanes of communication in the area. Finally, the U.S. must act to prevent the slide of India into a position of full alignment with the USSR.

2. Reduction of Regional Conflicts - The settlement of regional conflicts ranks as a strong interest due to its impact on American ability to formulate and implement any kind of effective strategy dealing with Soviet expansionism or nuclear nonproliferation. Regional conflicts also have a direct bearing on American policies towards the People's Republic of China (PRC). The regional conflicts of most concern are those between India and Pakistan, and India and China.

3. India's Growing Power Status - India has emerged as the dominant, stable regional power. Current trends would point towards the eventual emergence of India as a more than regional power with a direct capability of affecting U.S. strategic policies.

4. U.S. Trade Opportunities - It is in the United States' interest to create opportunities for U.S. business overseas. The historic trade pattern in
this area is one showing a U.S. surplus in the balance of trade. This operates to balance American deficits elsewhere. The increasing technological capability of India's economy would point towards an increase in the portion of the Indian economy that constitutes a market for American goods. Expansion of U.S. commercial ties could lead to increased influence and can be used as an effective tool in the containment of the USSR.

5. Nuclear Nonproliferation - It is in the interest of the United States to halt the spread of nuclear weapons. While understanding the need for nuclear energy, it is vital that the spread of nuclear technology and capabilities be done in a controlled manner. This issue is of concern not just because of the spiraling regional arms race that it could engender, but also because of the implications it could have for other areas of the world. The instability of the current and past Pakistani regimes adds to the criticality of the situation.

6. Reduction of Narcotics Trade - Our interest in the narcotics trade is focused primarily on Pakistan, where until recently, opium harvesting was legal. The 1979 Pakistani opium harvest equaled 82% of the world demand. [424]

7. Democracy and Human Rights - American interest in the spread of democracy and the protection of human rights springs from the concept that a democratic nation will share our aspirations and ideals and thereby be more compatible. The U.S. also proceeds from the assumption that a nation based on a broad-based consensus will be inherently more stable and thereby provide a sounder basis upon which the U.S. can base its policies. This latter concern is primarily focused towards Pakistan.
Many of the interests listed, such as "containing the USSR," directly act as American objectives. Other interests act as means of achieving a primary objective. In this category falls the interest of reducing regional conflict in order to decrease the Soviet presence. Broadly stated, American objectives are:

1. Contain Soviet influence and power.
2. Insure the security of the economic lifelines of the Persian Gulf and Indian Ocean.
3. Develop the most favorable and stable regional balance of power possible, based on a realistic appreciation of regional actors' national power and objectives.
4. Insure the nonproliferation of nuclear arms capability in South Asia.
5. Retain maximum flexibility for future American actions.

Because of the geopolitical location of South Asia, the United States must rely heavily on the strength and support of regional powers. Even with a multitude of Diego Garcia's, be they island bases or continental Asian bases, the United States will never be able to project conventional power to the South Asian/Persian Gulf region as quickly or massively as the Soviet Union. The ease with which the USSR massed divisions to move into Afghanistan, is not one that the United States can match with supply lines that stretch to the far side of the globe. American power must be supplemented by that of the regional powers. American policy must act to achieve a commonality of purpose between the American government and regional governments. To accomplish this, the United States needs to influence events so as to create a need for the American presence, and an absence of need for the Soviet presence.
American policy should incorporate two main concepts. First, the trends towards rapprochement within the regional system must be encouraged and assisted. Through the lessening of regional tensions, one of the main assets that the Soviets can offer, security (in arms sales or nuclear umbrellas), is devalued. The value of Soviet political support against regional adversaries would also decline. The decline of the security and diplomatic mediums as means of influence would tend to enhance economic interaction as a medium of influence. This author would argue that the economic arena is one in which the United States is much more equipped to do battle than the USSR. The emergence of economics as preeminent can only occur in a situation where regional tensions have been reduced. It is also true that, only with a reduced conflict level can United States policies be enacted without antagonizing some regional opponent.

An overriding assumption being made by the author is that rapprochement is possible. The ability of India and Pakistan to form a Joint Commission, and the existence of Sino-Indian talks, is evidence of this potential. This assumption forms a basis for many of the following policy steps. If this assumption proves to be false, then many of the individual policy steps recommended would remain valid; however, the overall policy approach would have to be amended.

The second thrust of American policy must be to provide opportunities for regional actors to side with the United States. Primarily, this is achieved through a realization of the regional actor's goals and suiting American policy to complement those goals. This is not to say that United States policy should be uncritically subordinated to the regional actors' goals. It does mean that the United States may need to compromise on some of its past policies. The United States and regional actors may also need to
selectively agree to ignore issues in which their interests collide, particularly if it does not have a direct bearing on the U.S.-Regional Actor relationship.

Before addressing specific policy actions, it would serve to narrow the field of play by discarding a few unacceptable policy options.

A. LEARNING FROM THE PAST

Simply put, the United States must avoid three extreme policies. These policies include:

1. "Opting Out" - Returning to the policy of 1965-79 in which the United States determined that South Asia was not critical to U.S. national interest and could therefore be ignored.

2. Alliance With Pakistan - Abandon any relationship with India and develop a treaty relationship with Pakistan that would include formal security clauses and possible United States basing in Pakistan.

3. Alliance With India - Abandon the current relationship with Pakistan and develop the above-mentioned treaty relationship with India.

The importance of the Indian Ocean and Persian Gulf as an economic artery of the western world precludes the United States from not pursuing a positive policy in South Asia. To withdraw from the area and adopt a policy of "letting the chips fall as they may," would offer an opportunity to the Soviets that they would be foolish to ignore. The "opt out" policy also does not square with the emerging and potential national power of India. India already has developed the ability to act unilaterally within the subcontinent. Unless faced with nuclear action by either of the superpowers or conventional attack by the USSR, India has the capability to adjust any one of its borders, with the possible exception of
the border with the PRC. A scenario in which India further dismembered Pakistan is within the capabilities of India. Over the long-term, the United States must consider India's potential for power projection. As India develops her air force, her naval capability, and a potential IRBM, India's ability to complicate American strategies will grow. It is possible that Indian power will grow to the point of precluding some United States options for unilateral action throughout the reaches of the Indian Ocean littoral.

The importance of South Asia in the nuclear nonproliferation question is unquestionable. It houses two of the almost-nuclear nations of the world. If either of those nations were to actually opt for the building of a nuclear force, this would break down a critical psychological barrier that is currently holding back other nations from developing nuclear arms.

A final consideration is the growing influence India will enjoy in the Nonaligned Movement as she seeks to reassert a leadership position in that movement, this time backed by real national power (unlike the 1950's).

The policy of securing alliances with either Pakistan or India is not feasible. The primary reason for this is that to offer an alliance to either country would halt any rapprochement between the two countries immediately. In the case of siding with Pakistan, we would be committing ourselves to a country that is historically unstable and is strategically inferior to its neighbor. This strategic inferiority extends to the realm of potential power also. The question of the stability of Pakistan cannot be overstated. The tempo of separatist movements such as the one in Baluchistan, are at least temporarily slowed due to nation-building policies adopted in that province. Nonetheless, the lack of a popular consensus to support the Zia regime remains. The pouring of modern arms into Pakistan and
possible American basing privileges, as such a policy would dictate, would effectively close any doors open between the United States and India.

A policy of allying with India is no more viable than an alliance with Pakistan. Unless there is a dramatic change in India's threat perceptions, she will continue to avoid alliances. Even in her hour of need in 1971, India did not accept Brezhnev's offer of a collective Asian security pact. Instead, India secured a Treaty that gave a maximum return of allowing unilateral Indian action, while not accepting any real limitations contrary to already established policy. Another facet to consider is the affect that a U.S.-Indian alignment would have on Pakistan. In the mid- and late-1960's, the USSR and Pakistan made it clearly evident that a USSR-Pakistan alignment is in the realm of the possible. An alliance with the Soviet Union would offer several advantages to Pakistan including: 1) arms, troops, and nuclear protection against India, 2) recognition of the Durand Line, 3) capital investment at the level India needed 20 years ago, and 4) a cessation of aid to secessionist movements.

As stated earlier, an assumption in discarding these extremes is that a balance is possible. If future event show that balance is not possible, a selection between one of these three extremes becomes necessary. Since United States economic and balance-of-power requirements will remain, the "opting out" option remains unacceptable. In choosing between India and Pakistan, one will have to weigh the better strategic position of Pakistan, Pakistan's greater need and Pakistan's historical willingness to enter into security pacts, against the superior national power and stability of India. Based on a long-term evaluation of potential, India becomes the favored selection.
The remainder of this chapter will address the policy question from the viewpoint that regional rapprochement is possible even though difficult to achieve. The suggested American policy in such a situation is one of active balance. This is not the same as the balance of the 1970's, one of equal neglect. It should be one seeking active pursuit of established American objectives in conjunction with fulfilling the objectives of regional actors.

B. THE LIMITS OF INFLUENCE

The United States should realize and accept the idea that India will not become an outright ally of the United States in the current geopolitical environment. India proclaimed a policy of nonalignment at independence and has maintained that position since. She has, when faced with external threats, adopted short-term "marriages of convenience" such as the turn to the United States after the 1962 war and the Friendship Treaty in 1971. In the future, if faced with a greater Soviet presence in Afghanistan or a Soviet move, diplomatic or military, into Pakistan or Iran, India might consider a relationship bordering on alliance with the United States. In the absence of a drastically changed Soviet threat perception in India, the United States must adjust its goals to realistically achievable limits.

The Soviets have expended enormous sums of economic, military and diplomatic capital in India since 1955. Still, on several issues they have had to accept contrary Indian policies and have even been put in positions of changing Soviet policy in order to retain Indian support. The tailoring of Soviet policy towards Pakistan from 1969-71 is an example of Indian influence on a broad Soviet policy. The Indian ability to induce the Soviets to supply certain levels of military equipment and technology offers other
examples of specific cases of Indian influence. The Soviet reversal of its longstanding opposition to naval licensed production and assistance illustrates one such case.

Both Robert Donaldson and M. Rajan Menon, in their studies of Soviet influence in India, drew similar conclusions. Soviet influence was seen as minimal, particularly when involving primary Indian objectives. Both authors demonstrated a countervailing Indian influence on the USSR. These conclusions dovetail with an unpublished study by this author which examined the extent of Soviet influence on Indian policy in 1974 and 1982. In studying the influence mediums of military arms transfers, economic assistance and diplomatic support, influence was shown to be limited.

In 1974 arms transfers were shown to exert enough influence to perpetuate the heavy purchases from the USSR. When the arms transfer influence was confronted with subsequent uncomplementary higher Indian needs, such as rapprochement with China, the higher priority objective was met. The economic costs of avoiding an arms dependency on Russia was demonstrated in Chapter II of this paper, yet India has adopted the policy of diversification.

The treatment of the economic issue showed that India was not to be swayed from her positions by the Soviet economic connection. Many of her decisions in this area, such as the liberalizations of both 1974 and 1982 previously discussed, actually worked against Soviet interests. The only appearance of influence appeared to be exercised by the western nations. India, realizing her need for western capital and technology, has tempered her tone and taken the path of compromise instead of confrontation. Still, all that changed was the means, not the ends.

Diplomatic influence was of a similarly limited value to the USSR. Indian PRC policy is contrary to the primary Soviet objective in India. To this one can add the overtures to the United States, Indian policy on
Afghanistan, and Indian actions aimed at "un-aligning" the Nonaligned Movement.

The assessment showed that India has not been terribly influenced by any of the influence resources. She set cut on a course of nonalignment and self-sufficiency in 1947 and has not strayed from it. There have been tilts to the alignment but even in the period of greatest alignment, 1971-76, there does not appear to have been a great deal of influence exerted. The conclusion of this author is that if a nation's goals are complementary to the goals of India, then arms transfers and other influence resources can act as enticements to cement a relationship. They may also produce benefits on issues removed from India's strategic needs such as the Indian silence in 1968 on the invasion of Czechoslovakia. India seeks regional dominance. She will take help where she can get it, but she will not pay for it in the currency of influence.

United States policy in India should them accept that India is an extremely nationalistic country with its own well-established objectives. To every picture however, there exist two sides. Just as Soviet influence on India has been shown to be limited, the Soviets have achieved a muting of Indian criticism in areas of contention and active support in areas of agreement. The United States should tailor its programs towards achieving these goals. The method for doing this is supporting primary Indian strategic needs that are not contrary to American national interests.

C. NONALIGNMENT

Acceptance of Indian nonalignment constitutes a necessary and firm base for any United States policy approach. The United States should accept the Indian definition of nonalignment which precludes an overall alignment but allows
agreement with either superpower on specific issues. American adoption of such a definition has two benefits. First, the United States would be seen in India as accepting and supporting the primary thesis of its foreign policy. Secondly, it would remove the east-west blinders from American eyes, and allow a pragmatic, rational approach to specific issues.

This approach should be extended to India’s role in the Nonaligned Movement. Currently, India and the United States share a primary policy interest in the Nonaligned Movement. This interest happens to be in opposition to USSR interests. The Cuban-sponsored efforts to radicalize the Nonaligned Movement works to the disadvantage of the United States and India. India needs the Nonaligned Movement to further its goals of reordering the international economic system. She realizes that a radicalization of the Nonaligned Movement will result in the decreased influence of the Nonaligned Movement with industrial countries, the very audience that India must sway. The United States interest in moderating the Nonaligned Movement is obvious - decreased Soviet influence and a greater acceptance of American policy initiatives in the Third World.

India is demonstrating an increased influence in developing the policies of the Group of 77 and the Nonaligned Movement. The United States should subtly support the emergence of India as a leader of the Nonaligned Movement. This is a goal that India has cherished since Nehru. The benefits that the Soviets accrued in the 1950’s through the inclusion of India in international forums, can now be garnered by the United States. India realizes the importance of the United States in the international economic system and equally realizes that the United States has much more influence in that arena than the Soviets. An active American move to support the selection of India and four or
five other critical governments in the Third World as a sort of ad hoc committee, would work to the advantage of the United States in several ways. India's stature would be enhanced at the behest of the United States, a fact that India can't help but be aware of. It would provide the United States with a functional unit with which to discuss north-south issues. It would also present to the Third World an image of an America interested in a constructive approach to issues that concern them.

The United States has traditionally looked towards Europe when devising possible United Nations security forces sent to police various hot spots. The most recent example is Beirut. Indian willingness to provide troops was demonstrated during the United Nations intervention in the Congo. A United States approach to India asking her to provide troops would again elevate India's status, demonstrate the United States' belief that India is an important actor on the international scene, add a truly nonaligned appearance to such a force (thus limiting Soviet criticism or making it costly to USSR-India relations), and provide one more point of contact between the American and Indian governments. Grenada is a perfect example. Indian inclusion in a Commonwealth police force would show India the United States' commitment to withdrawing from the island. It would confront India with the true nature of the previous regime and Soviet/Cuban machinations in the area. It would also make India committed to the successful establishment of democracy on that island.

India envisions a world role for herself. She envisions that role as a member of the Nonaligned Movement. The United States can assist in Indian achievement of these goals at little cost to the United States and with considerable benefits in Indo-US bilateral affairs. The costs of such a policy only become prohibitive if the United States
assumes that India will act as a Soviet spokesman. As stated earlier, the likelihood of this is minimal. In the past, Soviet support of Indian nonalignment and international aspirations has garnered Indian support of Soviet objectives that carried acceptable costs for India. This could be achieved by the United States. The United States must keep in mind however, that India is a sovereign country with its own imperatives, just like West Germany, England, France, or Italy. As such, we will not receive unconditional support from India and at times she will continue to oppose our actions, just as our European allies do.

D. REGIONAL DOMINANCE

Despite repeated public denials to the contrary, a central theme in Indian foreign policy is regional dominance. India has achieved a de facto regional dominance, economic and military, that only direct superpower intervention can counteract. Even superpower intervention has limitations. Conventionally, India has such a massive preponderence of force that she can act quickly enough to accomplish her goals prior to superpower conventional intervention. The politics of the east-west confrontation would tend to cancel out nuclear intervention.

American policy needs to recognize Indian dominance and display this recognition in overt policy actions. Such a recognition has real limitations however. An all-out pandering to Indian regional dominance would undoubtedly ruffle Pakistani sensibilities and security fears, possibly to the extent of driving Pakistan into an alliance with the USSR. There must be a balance to United States policy and it is here where Indo-Pakistan rapprochement becomes critical.
The growing appreciation in India of the need for a stable Pakistan to act as a buffer against Soviet expansionism has been noted. Here United States and Indian interests converge. Care must be taken to insure that the policy steps taken to create a stable buffer do not drive the United States and India apart as US-Pak policy has in the past. American policy in Pakistan should continue its current two-pronged approach of nation-building and providing Pakistan with a limited military capability.

Arms transfers to Pakistan will remain the central Indian objection to United States policy in Pakistan. The United States can take several actions to make the arms transfers more palatable to the Indians. First, the purpose and objectives of the arms transfers should be constantly reiterated to India. American diplomats should stress the trip-wire nature of the sales to Pakistan. Demonstrate through numbers that the commitment to build up the Pakistan armed forces is primarily designed to increase Soviet costs, not balance Indian forces. The F-16 serves as a perfect example. The sale of 40 F-16's in no way balances the Indian purchases of the Jaguar (initial deal for 150), the Mirage 2000 (150), the Mig-23 (85), the Mig-25 (16), and the Mig-27 (150). The imbalance of the mere numbers is magnified when the technological transfer and long-term security advantages of Indian licensed production are considered.

At the same time, the United States should abandon the policy of explaining the United States' selling of arms to Pakistan solely in terms of Soviet containment. The purchase of American submarines to Pakistan shows this to be patently false. The United States should instead, stress the constructive side of United States arms sales to Pakistan. Pakistan views India as a threat. This is a fact, no matter how much India professes its bewilderment at
such a Pakistan attitude. Pakistan can opt for two means of redressing the current imbalance between India and Pakistan. One is to build a conventional deterrent. The other is to build a nuclear deterrent. The United States should argue to India that America is actually assisting Indian security needs by building up Pakistan's conventional forces and thereby obviating the need for a nuclear capability. The United States can also argue with the Indians that only by building a position of trust and influence with the Pakistanis, can America dissuade them from developing a nuclear bomb.

The United States should also point out the economic aspect of the arms sales to the Indians. The United States is not giving these arms to Pakistan. American terms with Pakistan are much more economically severe than those between India and the USSR. This acts as a natural limiter of US-Pakistan arms sales. Pakistan, even with Saudi assistance, has a limit beyond which it simply cannot afford anymore American arms. This level is well below the level that India can arm herself.

The United States can further limit the impact of sales to Pakistan by extending the same exact offers to India. This has already been done in the case of the F-16. This will result in some Indian purchases, but overall sales will be limited by current American laws concerning export of our more advanced technologies. What the United States must not do, is provide anti-US forces in India with political ammunition by supplying Pakistan with weapons we refuse to sell India. The United States cannot afford a repeat of the 1960's, when we supplied Pakistan F-104's but refused to sell them to India.

A last consideration on arms sales to Pakistan is consultation with India. Throughout any talks with Pakistan, the United States should consult with India. This
does not mean affording the Indians a veto over American sales. It does mean that the United States should: 1) keep from surprising the Indians, 2) keep the Indians aware of our objectives with each sale, and 3) constantly parade in front of the Indians our assessment of the balance between the two countries. This will show that we are not attempting a balance of India and Pakistan.

Maintaining a balance between military and economic aid to Pakistan is important to U.S.-India ties. By involving ourselves in nation-building in Pakistan, we assist the Indian goal of building a stable buffer. We also demonstrate that the U.S.-Pakistan bilateral relationship is not solely a security arrangement. This would act to allay Indian fears of an emerging United States policy of balance in the subcontinent. It would give the United States a much more stable base upon which to formulate its policies in Pakistan. Finally, nation-building, by creating a more stable and satisfied electorate, will decrease the tendency of leaders in Pakistan to raise the Indian bogeyman in order to distract attention from internal dissidents.

The United States must act in any way it can to further the rapprochement between India and Pakistan. The United States should not allow itself to become embroiled in the issue of Kashmir. The United States can encourage both sides for an adoption of a de facto border and for a disengagement along the border. We should not however, attempt to impose ourselves as the peacemaker. Any failure would carry with it a feeling, probably on both sides, of American favoritism.

The current situation in Afghanistan is a direct challenge to India's dominance of the subcontinent. The United States faces advantages and disadvantages for either course it adopts concerning support or nonsupport of the Afghan insurgents. If American continues support, she insures a
continued Soviet troop presence in Afghanistan, Soviet attempts at the destabilization of Pakistan become more likely, and the United States will be pursuing what is construed in many circles, including some in India, as an obstructionist policy. Advantages include a continued reminder to the world of Soviet expansionism, a continued awareness in India of the Soviet threat, support from the Islamic world (including Iran where no one knows what will happen post-Khomeini), and cost in blood and material to the Soviets. United States withdrawal of support would alienate the Islamic world, it would alienate certain factions in Pakistan, it could be counted in Soviet calculations as a lessening of American resolve and willingness to use force in the Persian Gulf. It would also result in Soviet troops remaining within easy striking distance of the Gulf. On the plus side, the United States would achieve some kind of moral high-ground by no longer appearing obstructionist.

The United States should continue its aid to the Afghan insurgents. It should not increase that aid. At the same time the U.S. should not stand in the way of Zia's efforts to find a solution. If Zia can find a way to get the Soviet troops out of the country, we should support him. This will achieve several goals. Soviet troops will be further from the Persian Gulf. The Afghan refugees will be able to go home thereby removing a major burden and source of instability from Pakistan. Zia will remember our support of his diplomatic initiative. Also, such a foreign policy success is bound to increase his stature and acceptance in his country and thereby give him a greater ability to create initiatives within Pakistan designed to increase electoral participation.

Continued aid at current levels would have a positive effect in India also. Indian diplomats are becoming more and more aware as time goes on that the anti-Karmal movement
is indigenous and not western-imposed. The durability of the insurgency after four years of fighting in conditions where the Soviets have employed such tactics as eradication of whole villages and chemical warfare, argue against the insurgency being outside generated. The prices for arms and ammunition in the black markets of Peshawar also show the Indians that massive arms supplies are not being supplied by the western and Islamic blocks, as claimed by the Soviets. The Indians are seeing that the situation in Afghanistan is not of American making and perpetuation. They are realizing that the cause is a Soviet unwillingness to leave behind a representative government. American aid at current levels does not allow for the situation to be blamed on the United States by any except those who are strongly pre-disposed towards that sentiment anyway. At the same time, it allows the insurgency to survive and provides the Indians with a true evaluation of their position in Soviet planning, just as was demonstrated in 1962.

II. ECONOMIC ASSISTANCE AND TRADE

So far, the policy steps have addressed Indian objectives in the political arena. American policy should also seek to recognize and support, where possible, Indian economic goals. The strength of the United States in this area is evident when one sees the essential equivalence of the United States and USSR shares of the Indian market. After nearly three decades of intense effort by the Soviets, they have succeeded only in pulling slightly ahead of the United States in overall trade with the Indians. The trade flow figures show that much of that Soviet gain was at the expense of the USSR's Comecon partners. The strength of the United States becomes more apparent when one realizes the minimal effort expended by the United States to penetrate the Indian market over the past fifteen years.
The United States government should adopt a policy of openly encouraging American private sector involvement in India. The current import policy offers the most favorable environment in years. If Myron Weiner's assessment that India is slowly abandoning what was essentially an infant industry policy is correct, then the potential for American trade is even greater. [425] An equally important aspect of the trade relationship will be to keep American markets open to Indian goods. The government will have to actively counter the actions of special interest groups that seek to close American markets to Indian goods.

An adjustment of the American external aid policy would be of value to Indo-U.S. relations. Past American failures in this area should not be allowed to preclude future United States involvement. Instead, we should take a lesson from the pages of the Soviet experience. The Soviet, with a much smaller investment, achieved a much greater result both in public relations and in the furtherance of Soviet objectives. It is true that the Soviet return was enhanced by favorable Soviet actions in other arenas, but there were two essential ingredients of Soviet aid policy that directly contributed to Soviet success. One aspect was the longer-term, planned nature of Soviet aid, thus affording Indian planners the ability to incorporate Soviet capital inputs into the Indian Five Year Plans. The second aspect was Soviet support of Indian economic objectives.

The American process of allocating the budget will not support a Five Year Plan-type approach to external aid by the United States government. The chances of Congress foregoing its annual say over budget expenditures for the sake of Indian planners is absolutely nil. The United States can still act to prevent any repeat of the short-tether policy. Each aid agreement should be for a specific purpose, mutually arrived at by the United States and India. It should
not then be subjected to subsequent monthly reviews that attempt to link it to other policy goals.

American policy should not be opposed to public sector development. Three decades attest to the fact that India is committed to a mixture of free enterprise and public ownership. No amount of American pressure is going to cause India to abandon the public sector. It will only cause her to go elsewhere for aid. At the same time, three decades of a planned economy has demonstrated the vitality of the Indian private sector. The private sector does not need American sponsorship to insure its continued existence. India has clearly marked the boundaries of its public sector. Within those boundaries are several industries that the United States could offer significant help, not the least of which are the petroleum and fertilizer industries. These are two areas in which past American actions have engendered Indian hostility. Where better to make a policy statement of changed American perspectives and policies?

The United States should pursue this issue not only in bilateral aid, but also in multilateral aid. While any American influence would be less direct, aid through multilateral agencies still can accrue benefits to the United States. The size of the American aid commitment to the IDA, IBRD, and ADB is well known to the Indians. The impact of American desires on those organizations is just as well known. India is well aware that with the emergence of the PRC as a borrower, India's share of the aid pie will decrease. The United States should insure however, that the overall aid pie does not decrease. Once the allocations are set and India has decided on what it wants to use its allocations for, the United States should support India's objectives. The cost in dollar terms is not greater, but the benefits could increase immeasurably.
F. NUCLEAR NONPROLIFERATION

The United States has occupied a legally questionable position in regards to Tarapur. The United States signed a binding agreement in 1963 to supply a nuclear station and fuel in return for safeguards and guarantees that India purchase her fuel only from the United States. Subsequent to that, due to internal American laws, America has failed to keep its end of the agreement. Due to the oftentimes irrational and emotional response of anti-nuclear forces in America, the chances of repealing the 1978 Nonproliferation Act are poor at best. This leaves the United States with basically a choice between terminating the contract and thereby foregoing any controls on Tarapur, or attempting to circumvent the NPA. The current administration has chosen the latter policy. The success in concluding the deal between India and France solved the fuel issue. The impending agreement between India and Siemens of West Germany should go a long way towards solving the spare parts issue. In the absence of West Germany being able to supply all of the needed spare parts, a presidential waiver with congressional approval will be required. If that approval is not granted, the United States should, upon consultation with India, terminate the agreement and remove this issue from the agenda.

G. DIEGO GARCIA

American global commitments preclude the abandonment of Diego Garcia. Similarly, in the absence of regional stability, the Indian Ocean Zone of Peace Concept is unacceptable to the United States. The advantages gained would favor the USSR much too heavily. In this issue, the United States will remain opposed to Indian objectives. There are some actions the United States might take to soften the disagreement.
The United States could assure India that the American presence will not be substantially increased. The United States should guarantee India that no American bases are being contemplated, now or in the future, in the subcontinent. This would allay Indian fears on this score, and at the same time, maintain a reduced American profile.

The United States could also act to coopt Mauritian support. This would depend on Mauritian reasons for contesting the American presence on Diego Garcia. If the Mauritian objective is truly an absence of U.S. naval forces, there is little bargaining room for the United States. If however, Mauritian concern over Diego Garcia is primarily economic, i.e. who the rent is paid too, then there is room for American maneuvering. An adroitly managed economic package, combined with a possible transference of the 99-year lease from Great Britain to Mauritius, could conceivably remove Mauritius as an opponent to the American presence. It would also cut out from under India one of its primary arguments concerning Diego Garcia.

B. CHINA

The United States will encounter difficulties in meshing its Indian and PRC policies. As with Pakistan, American policy towards India depends to a large degree on the desire of those two nations to solve their differences. The concern of India over Chinese military capabilities should be listed right alongside similar concerns being expressed by Japan, South Korea, and ASEAN. There is no denying the importance of a secure, stable, China for the American policy of containing the USSR. At the same time, other American allies and potential friends have legitimate fears of a militarily expansive China. A United States policy that focused on economic rather than military aid to China,
would be much more palatable to India. As in the case with Pakistan, the United States needs to avoid creating an Indian threat perception that would require a continuance of the Soviet umbrella.

The United States is not equipped to act as a mediator in the Sino-Indian dispute. The United States does not have sufficient influence with either country to affect the bargaining. In the absence of substantial progress, the United States would run the risk of being blamed by both sides for the lack of progress and of being partial to the other party. A policy of quiet encouragement to both sides to settle the conflict would be in the American interest. American diplomats can point out to the Indian the obvious advantages of rapprochement, beginning with the Chinese nuclear threat being removed. Sino-Indian rapprochement could also result in a lessening of Chinese support for Pakistan and removal of the threat of a two-front war. Both of these events would be major strategic gains for India and would contribute to Indian dominance of the subcontinent.

The advantages of rapprochement for the Chinese are just as strong. The timing of the initial Sino-Pak overtures makes it obvious that a chief interest of the PRC in Pakistan is to counter Soviet influence in India. The Chinese are undoubtedly aware of the fact that the 1971 Friendship Treaty was constructed by the Indians largely to checkmate Chinese action. The United States should keep the PRC informed of the status of U.S.-Indian relations and our evaluations for future improvement. If the Chinese see a potential for a future lessening of Indo-Soviet ties, this might act as an incentive for the Chinese to be more flexible. It should also be pointed out to the Chinese that increased Chinese activity in Pakistan or on the Sino-Indian border could easily negate all of the American efforts to draw India into a policy of tilting towards the United States.
I. CONCLUSION

The policy steps outlined in this chapter were drawn from the lessons of the past 36 years. History has shown India to be extremely nationalistic. She has striven to achieve an independence of action in the economic, political, and security arenas. India has demonstrated that she formulates her individual policy stances on an issue by issue basis. Indian support of another country's objectives is dependent on that country's support of Indian objectives.

The review of the history of American and Soviet involvement in India demonstrated a basic difference in tactics. The United States has historically pursued a policy in South Asia and India that was subservient to the global east-west confrontation. This policy failed to properly account for the national aspirations of India. Too often, a doctrine such as public sector development was condemned for its association with socialistic doctrine. It was not viewed as a legitimate option chosen by a government to forward its national interest. The United States also failed to accurately evaluate the potential long-term national power of India and Pakistan. Henry Kissenger cited Churchill in order to justify a balance-of-power approach of siding with the lesser power to contain the larger power. [426] Such a policy was inappropriate for the Indo-Pak confrontation. While such a strategy worked for Great Britain in its dealings with the Continent, it was doomed to failure in a situation where such an imbalance of national power existed. For a long time, the United States could afford a policy that ignored the predominance of India in South Asia. This might even be true today. However, if one looks into the not-to-distant future, it becomes obvious that India is going to occupy a position of growing importance in the world. An American failure to comprehend this
and provide for it, could result in the United States being faced with regional military complications and global political setbacks in such forums as the Nonaligned Movement.

The Soviets have taken a much broader outlook towards India. It is quite true that between the Indians and Soviets there were areas of natural agreement. One such area was the Indian desire for economic independence and the Soviet desire to decrease the economic dependency of the Third World on the West. Even so, Soviet economic aid to India was accomplished only after the Soviets first performed an about-face from their initial position of condemning the hybrid socialism/free enterprise system of India. The Soviets also supported the Indian aspirations for regional dominance and world leadership.

The United States is in a position to develop a closer relationship with India. The regional trends towards rapprochement, the growing disparity of the Indian and Soviet economies, and the trend by India's leadership to establish a policy of truer nonalignment, all combine to create a situation the United States can take advantage of. A United States policy of seeking out areas of agreement and containing areas of disagreement is bound to achieve results. This paper has singled out the Indian policies of nonalignment, Indian aspirations for world leadership and regional dominance, and the Indian desire for economic independence, as areas in which the United States can support Indian goals. Other issues, such as nuclear nonproliferation, the United States presence in the Indian Ocean, and U.S.-China policy were listed as areas in which the United States must adopt a posture of damage control, of limiting the area of disagreement.

Central to the policy approach is a basic attitudinal change on the part of the United States. The United States can no longer consider India an international beggar. She
is a regional power that has already developed extra-regional political clout. India needs to become an integral part of the United States planning process. When India is accorded the same position and treatment that America extends to other regional powers, than there will exist a feeling of respect upon which a future friendship can be built.
ENDNOTES


2. ibid, p. 398.

3. ibid, p. 399.


16. ibid, p. 161.
17. ibid, p. 127.
18. Neville Maxwell's India's China War provides an indepth study of the Indian "forward policy" of 1959-62, the conduct of the war itself and the aid tendered to India as a result of the war.
19. Congressional Research Division, p. 68.
22. ibid, p. 234.
25. Liska states: "As long as the United States could be basically inspired by the norms proper to a globally pre-eminent world power, single-handedly upholding order in the several regions, the American attitude to potential regional imperialists had to be dogmatically negative. Middle-power self-assertion beyond a definite readily discernible point threatened to inhibit or bar U.S. access to still lesser states in a region,
while creating a problem for the credibility and appeal of American opposition to Communist-tinged expansionism. Nayar, pp. 118-19.


38. Ibid, pg 339.

40. ibid, pg 354.


42. Francine Frankel, "India's Promise," *Foreign Policy*, No 38, 1980, pg 54.


46. ibid, p. 66.

47. ibid, p. 68.


49. Bezboruah, p. 70.


51. ibid.

53. Reply On Indian Ocean Bases," New York Times, 1 September 1974, p. 2. The Soviets have since President Ford's speech, lost access to Berbera, Somalia. They now are developing facilities in Ethiopia.


55. Váli, p. 61.


57. Disclosed in conversations by the author with several U.S. Air Force and U.S. Navy officers at the Naval Postgraduate School.


60. For the text of many of the pertinent parts of the agreement, see A.G. Moirani, "Indo-United States Nuclear Relations," Asian Survey, XXI, No 4, April 1981, 402-03.

61. ibid, p. 401.

62. Moirani, pp. 405-06.

63. ibid, p. 408.


203
67. Woorani, p. 408.
68. ibid, p. 405.
69. ibid, p. 412.
74. Menon, p. 218.
77. Menon, p. 219.
78. ibid, p. 336.
81. ibid, p. 224-25.
82. India's agricultural development is outlined in Chapter III, Section 3.2.2.
84. ibid.

85. The failure of western donors to increase their pledges to India (condition for devaluation) was a source of considerable acrimony between the United States, World Bank and India.

86. Rudolph and Rudolph, p. 231.

87. Testimony by Honorable James L. Buckley, Under Secretary for Security Assistance, Science and Technology, Department of State, before the Committee of Foreign Affairs, "Hearings and Markup Before the Committee on Foreign Affairs, House Congressional Resolution 211," 1st Session, 97th Congress, 16 September 1981, p. 20.


89. Buckley, "House Congressional Resolution 211," p. 23.


92. ibid.


97. Conversations with Glynn Wood, Dean of the Monterey Institute of International Studies.


100. See testimony of Deputy Assistant Secretary Jane Coon, Bureau of Near Eastern and South Asian Affairs, Department of State, "Hearings and Markup of House Congressional Resolution 211," April 27, 1981, p. 4.

101. Proposed U.S. Assistance and Arms Transfers to Pakistan, p. 29.


103. ibid.

104. Foreign Broadcast Information Service, 3 August 1982, p. 11 (Hong Kong ABC, 27 August 1982). An actual agreement with the French was signed on 27 November 1982 within the framework of the 1963 agreement with the United States (Foreign Broadcast Information Service, 29 November 1982, p. 81, Diplomatic Information Service).


106. ibid.


109. ibid.


118. The six Soviet objectives were developed by Robert H. Donaldson in greater depth in his analysis of the Soviets in India, The Soviet-Indian Alignment: Quest for Influence (Endnote 34, pp. 4-6). These six Soviet objectives and a list of five Indian objectives served as the parameters of his study to determine the degree of influence that Russia exerts on India and vice-versa.


121. ibid, pp. 28-29.


123. Naik, pp. 32-33.


126. M. Bajaj Menon, p. 46.


129. Naik, p. 66.


132. Stein, p. 100.

133. Naik, p. 104.


135. ibid.

136. The 1957 vote vetoed a call for a plebiscite. The 1962 vote vetoed an Irish resolution for continued

138. For text, see Prasad, pp. 260-264.


141. Stein, p. 264.


144. For text of letter, see Prasad, pp. 388-89.


146. Menon, p. 132.

147. For the text of the Treaty, see Prasad, pp. 391-94.


152. ibid, p. 64.


154. The Soviet Union is as opposed to the spread of nuclear weapons as the United States. This is evident in their co-sponsorship with the United States of the 1968 Non-Proliferation Treaty.


156. One of the better examples was an interview by the London based Savyadatti. (Foreign Broadcast Information Service, 2 February 1982, p. 22). This refrain is repeated in several other interviews throughout 1981-83.


159. Record maintained and issues selected by the United States Department of State Office of Multilateral and Political Affairs. On one additional issue, both India and the USSR abstained while the U.S. voted yes. India voted against the USSR and with the U.S. on one issue.

160. ibid. Percentage is based on 238 votes.


163. ibid, p. 116.

164. Stein, p. 186.


173. Menon, pp. 206, 208. Soviet military aid is not included in the figures and percentages used.


211


182. All figures are based on author's computation of raw figures provided in Table 6.9: Direction of Trade, Economic Survey 1982-83, pp. 140-141.


186. ibid. p. 62.


188. Girish Mishra, Contours of Indo-Soviet Economic Cooperation, (New Delhi: Allied Publisher Ltd., 1976), p. 120.


190. Arms transfers are compiled from SIPRI Yearbooks 1980-1984 and crosschecked with the Military Balance.

212
192. This purchase, which seemed fairly certain at one time, seems to have stalled on US reticence concerning technology transfer and the sale of weapons to third countries. The US also offered the F-5G (co-production) and purchase of the F-16. Neither of these offers appear to have been given serious consideration.

193. The date of the BMP contract is uncertain. The first mention of it occurs around the 1980 purchase from the USSR. Actual confirmation is given in International Defense Review, No 5/83, p. 700.


203. Menon, p. 92.
It is important to differentiate between a security-oriented treaty and a system of collective security as proposed by Brezhnev. The 1971 Treaty pointedly mentioned India’s doctrine of non-alignment. India has not extended basing rights, nor have there been joint Russo-Indian manoeuvres. This author would argue that the Soviets did gain politically from the treaty but they fell short of their professed goal of collective security.

Menon, p. 166.

Donaldson, pp. 43-44.


227. India is treating the development at Port Blair in a very secretive manner. Information on it is available only in bits and pieces, such as in the article in International Defense Review No 2/77, p. 19.

228. Sojka, pp. 5-11.

229. Marwah, p. 117.

230. Cited information is taken from the unclassified
portions of a CIA working paper. Additional listings of specific establishments may be found in Marwah's article "Indian Military Power and Policy", p. 117. A dissertation on the establishment of the DPSU's as they relate to the Army is included in Raju G.C. Thomas' The Defense of India, pp. 159-166.

231. The table is a compilation of major licensed production agreements by India as recorded in Sipri Yearbook 1968 through Sipri Yearbook 1982.


240. You could argue that the HF-Marut Mark 1 was Indian, however it used Rolls Royce Orpheus 703 turbojets. The Indian-fighter, the Ajeet, is a follow-on of the Gnat which as a UK designed aircraft. The Ajeet also uses a UK engine, the Rolls Royce Orpheus 701-01 turbojet.


244. Indian R&D budget allocations totalled 1.2% in 1969-70. By 1978-79 they had reached a level of 1.5%. It should be noted that budget R&D funds are consumed almost totally by DRDO. DPSU R&D funds are taken out of net sales. In the case of HAL this is 3% of net sales and for Bharat Electronics Limited it equals 10% of net sales. (Figures taken from DIA working paper). Sipri Yearbook 1973, pp. 294-95 lists US R&D expenditure as 22.19%; France as 8.99%; and the UK as 11.09%. When translated into 1963 constant dollars, that means India spent $33.4 million; the US $6,745.8 million; France, $457.1 million (1970); and the UK, $604 million.


246. Scjka, p. 10.


249. ibid, p. 58.


251. ibid, p. 60.


254. Cohen and Park, p. 44.

255. Christopher Van Hollen, "The Tilt Policy Revisited:
Donaldson, p. 55. Donaldson provides a study of the origins of the Treaty and its subsequent status in Indo-Soviet relations on pages 53-64.


Foreign Broadcast Information Service, 9 Mar 1982, p. 84 (Hong Kong APP, 0931 9 Mar 1982).


At the time of the PNE numerous Indian pronouncements were made that stated India would not use her nuclear capability militarily. Defense Minister Ram stated it succinctly when he proclaimed, "We are doing this for peaceful purposes and not military uses. The armed forces know that this is not for their use. It is only for peaceful uses, for mining, for oil and gas prospecting, for finding underground water, and for river diversions. It is for scientific and technological knowledge." New York Times, 23 May 1974, p. 6.


ibid.

ibid, p. 2.

266. ibid, p. 5.

267. Foreign Broadcast Information Service 7 May 1982, p. 73. (Delhi Domestic Service, 0730 5 May 1982).


269. India's heavy water production has been plagued by electricity shortages and bad management. As a result, heavy water is imported from the Soviet Union which insists on safeguards. Delhi Indian Express, 18 September 1982, p. 6.


272. Foreign Broadcast Information Service, 10 March 1982, p. 22. (Hong Kong APP, 1645 8 Nov 1982).


285. India has liberalized her import and export policy. This is designed to provide the technological capabilities and modernization necessary for India's industries to be competitive and thus stimulate exports thereby resulting in a more even trade balance. An actual listing of measures taken and policy objectives is included in the GOI's Economic Survey 1982-83, pp. 65-66.


289. Analysis of Six Issues About the Nuclear Capabilities of India, Iran, Libya, and Pakistan, p. 6.


293. Ahmad, p. 39.


296. See Chapter IV, Section C.1, for a further discussion of import regulations and modernization.


301. 1981-82 exports to OPEC - Rs927.02 crore. Imports equalled Rs3882.62 crore.


304. Ahmad, "Science and Technology in India," p. 41.


308. Mohan Ram, "India Passes the Bucks," Far Eastern Economic Review, 25 August 1982, p. 61. This perception was further strengthened during conversations with the DIA's economic analyst for India and the State Department's economic analyst. In addition to the noncompetitiveness of Indian goods and the burden of future debt payments, the current drought was cited as a major obstacle to India's freeing herself of foreign debt.


315. Far Eastern Economic Review, 10 September 1982, p. 78. The article goes on to question the validity of the Indian estimate. "...while the plan conjures up visions of self-sufficiency in oil before the decade ends, there are reasons to doubt its practicability. In the first place it is not clear how the theoretical estimate of reserves was revised from 8 billion tons just two years ago to an impressive 15 billion tons now...There has not been a single major oil discovery since Bombay High in 1974...All the newly established fields since 1978-79 have not added more than 20 million tonnes to recoverable reserves." (The Krishna-Godavari strike was subsequent to this article.


319. Mellor, p. 90.


325. Wyrop, p. 71.


327. Economic Survey 1982-83, p. 9. Irrigation potential is the amount of land that could be irrigated with the current dam and canal system. It is primarily a function of the volume of water and the distribution system.

328. Ibid. Quoted prices are at 1970-71 constant rupees.


330. Mellor, p. 95.
331. Major schemes involve over 10,000 hectares; medium schemes - 2,000-10,000; minor schemes - under 2,000 hectares.


333. ibid p. 8. Following data on fertilizer production is from the same source.

334. ibid, p. 70.

335. US Dept of Commerce, Foreign Economic Trends, p. 5. The "safe" level for buffer stocks is considered to be 20 million metric tons. Imports of grain are expected to continue at the 2 million ton level for the next several years in order to achieve and maintain the 20 ton buffer stock. The imports in 1982 were the first imports since 1977.

336. Ahmad, p. 40.

337. Ahmed, p. 41.


341. ibid, pp. 26-27.


346. Information cited is based on conversations with several US Navy and Air Force officers who are familiar with Diego Garcia's capabilities and current unclassified US deployments in the area.


351. A subject role in international politics is defined as being a part of the dominant power structure that make, in competition or collusion, the vital decisions about the destiny of the international system and the nations within it.

352. "Draft of the Political Declaration of the Seventh Conference of Heads of State Government of Non-Aligned Countries, New Delhi, March 7-11, 1983", pp. 8-10. The copy of the draft was obtained from the State Department and was not included in any publication.

353. ibid, p. 28.

354. ibid, p. 29.

355. ibid.

356. ibid, p. 24.

357. Text of "The New Delhi Message" was obtained from the State Department.

225


360. ibid, p. AA16. Elsewhere in the article, Gandhi expands on this by stating the markets for the West exist in the Third World.


371. ibid.


373. There is some agreement in India with this view as reflected in the already referenced Hindustan Times editorial of 27 January 1982.

374. Examples of this are the Indian treatment of the Ganghges water issue with Bangladesh, and previously, the Indus water issue with Pakistan.


376. Foreign Broadcast Information Service, 16 April 1982, p. 22 (Hong Kong APP, 7059 15 April 1982).


385. The majority of Pakistan's forces remain deployed against India. This leads one to the reasonable assumption that, as in the 1950's and 1960's, Pakistan is buying its arms from the United States, not so much for the containment of communism, as it is for defense against India.


391. ibid.

392. ibid, p. 896.

393. ibid, p. 903. This sentiment has been echoed in my conversations with various persons at State, DIA, Naval Postgraduate School and the Monterey Institute for International Studies. A review of all of the entries in *Foreign Broadcast Information* Service for 1981-May 1983 showed that, unlike with Pakistan, no major Indian figure or editor has called for a boundary based on the line of control.

394. Horn, p. 899.


399. Herin, p. 900.


401. Donaldson, p. 4.


412. "Aid Portents," The Indian Express.

414. ibid.


418. Various reports have stated that up to a brigade of Pakistani soldiers are stationed in Saudi Arabia. In my conversations with the director of the Bradley Fighting Vehicle demonstration team, he stated that the Pakistani soldiers (he observed a combat engineer company) were fully integrated into the Saudi Army. They wore Saudi uniforms and rank insignia, used Saudi equipment, and had a Saudi unit designation.

419. Economic Survey 1982-83, p. 150. OPEC - Rs1,067.8 crore; Saudi Arabia - Rs63.4 crore; Iraq - Rs5.9 crore; Iran - Rs100.0 crore; and Kuwait - Rs31.0 crore.


423. "Draft Political Statement" provided by GOI to the Nonaligned Conference in New Delhi, February 1983, Para. 71, pp. 22-23.

424. Production in 1980 equalled 125 metric tons. The "entire worldwide demand to feed the habits of the world's addicts is about 150 tons." Statement by Representative Gilman on September 16, 1981, during hearings on House Congressional Resolution 214, p. 79. (see footnote 83).

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