



## **INDIA-U S RELATIONS – TRADE, DEFENCE, AND TECHNOLOGY**

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### **Abstract:**

*The relationship between India and the United States has evolved from the "estranged democracies" of the Cold War into one of the most consequential strategic partnerships of the 21st century. As of late 2025, this partnership is defined by a deepening convergence on Indo-Pacific security, an ambitious technology sharing agenda under the iCET (Initiative on Critical and Emerging Technology), and robust defense ties. However, the relationship faces significant headwinds, including trade protectionism, immigration policy shifts (H-1B visa fees), and diplomatic friction regarding extraterritorial activities and human rights. This paper analyzes the current trajectory of India-US ties across three primary pillars: Trade, Defence, and Technology, while evaluating the impact of the "Russia factor" and recent diplomatic spats.*

**Keywords.** *Trade, Defence, Technology*

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### **Introduction:**

The geopolitical landscape of 2025 finds New Delhi and Washington drawn together by the mutual necessity of balancing a rising China. What began as a hesitant engagement in the early 2000s has matured into a "Comprehensive Global Strategic Partnership." The defining feature of the current era is the shift from purely government-to-government interactions to a broader integration of supply chains, defense industrial bases, and technology ecosystems.

However, the return of an "America First" approach in US trade policy, coupled with India's staunch adherence to "Strategic Autonomy"—particularly regarding its energy and defense ties with Russia—has introduced a layer of transactional tension. The partnership is now characterized by high-level strategic alignment coexisting with intense tactical friction.

### **Trade and Economic Relations: Growth Amidst Protectionism:**

#### **1. Current Trade Volume and Dynamics**

By the fiscal year 2024-2025, bilateral trade in goods and services surpassed **\$212 billion**, cementing the United States as India's largest trading partner. Unlike India's trade with other major powers, its trade with the US yields a surplus, a point of contention for American policymakers.

- **Key Exports:** India's export basket has diversified beyond textiles and gems to include high-value pharmaceuticals, automotive components, and increasingly, electronics (smartphones).



- **Key Imports:** The US has become a critical supplier of energy (LNG and crude oil) and defense equipment to India.

## **2. The Tariff and Deficit Dispute**

In 2025, trade relations faced renewed strain. The US administration's focus on reducing trade deficits led to the threat of a **50% tariff** on Indian goods perceived to be linked to Russian energy inputs. The US argument posits that Indian refineries processing Russian crude for export to the West undermines sanctions. This has forced Indian policymakers to navigate a complex web of compliance while protecting their export-oriented sectors like refining and textiles.

## **3. The Immigration Conundrum (H-1B Visas)**

A major flashpoint in 2025 has been the proposed hike in H-1B and L-1 visa fees, with proposals floating as high as **\$100,000** for certain categories.

- **Impact on India:** As Indian IT majors (TCS, Infosys, Wipro) and US tech giants rely heavily on Indian talent, this move threatens the "people-to-people" bridge that serves as the relationship's soft power backbone.
- **Brain Drain vs. Brain Circulation:** While the US aims to incentivize local hiring, Indian industry leaders argue that such prohibitive costs will accelerate the "reverse brain drain," pushing talent back to India's growing Global Capability Centers (GCCs).

## **Defense Cooperation: From Buyer-Seller to Co-Creators**

Defense ties have arguably become the strongest pillar of the relationship, insulated somewhat from political vicissitudes.

### **1. The 2025 Defense Framework Renewal**

In October 2025, the two nations renewed their 10-year defense framework. The new agreement moves beyond the "foundational agreements" (LEMOA, COMCASA, BECA) signed in the previous decade, focusing now on **interoperability** in the Indian Ocean Region (IOR).

- **Strategic Objective:** The primary driver remains the containment of Chinese naval expansion. The US views India as a "Net Security Provider" in the IOR, essential for maintaining a Free and Open Indo-Pacific (FOIP).

### **2. Moving Toward Co-Production**

The days of off-the-shelf purchases are fading. The "Make in India" initiative has merged with US defense supply chain diversification.

- **Jet Engines:** The deal for **GE F-414 engine** technology transfer remains a crown jewel, enabling India's Tejas Mk-II fighter program.
- **Recent Acquisitions:** In late 2025, approval was granted for the sale of **Javelin anti-tank missiles** and **Excalibur precision-guided artillery shells**. These acquisitions are specifically aimed at hardening India's capabilities along the Line of Actual Control (LAC) bordering China.



- **INDUS-X:** The India-US Defence Acceleration Ecosystem (INDUS-X) has begun to bear fruit, with startups from both nations collaborating on underwater domain awareness and autonomous systems.

### **3. The "Russia Factor" and CAATSA**

The Russian country Despite deep US ties, roughly 60% of India's military inventory remains of Russian origin. The delivery of the S-400 Triumph missile system continues to hang over the relationship like a sword of Damocles. While the US has thus far avoided imposing CAATSA (Countering America's Adversaries Through Sanctions Act) sanctions, realizing it would drive a wedge between the partners, the pressure to "wean off" Russian arms is constant and intense.

#### **Technology: The New Strategic Glue (iCET)**

The **Initiative on Critical and Emerging Technology (iCET)**, launched in 2022-23, has fundamentally altered the trajectory of the partnership, moving it from diplomatic rhetoric to hard technology transfers.

#### **1. Semiconductors**

India's ambition to become a global semiconductor hub has found a willing partner in the US, which seeks to "friend-shore" supply chains away from East Asia.

- **Fabrication Plants:** Projects involving US firms (like Micron) and joint ventures (such as the **Bharat Semi / 3rdiTech** collaboration for compound semiconductors) are establishing India's first commercial fabs. These facilities are dual-use, serving both civilian electronics and national security needs (e.g., night vision, missile seekers).

#### **2. Space Exploration**

Space cooperation has reached new heights with the **Artemis Accords**.

- **NISAR Mission:** The NASA-ISRO Synthetic Aperture Radar (NISAR) satellite represents the most advanced radar imaging system ever built, designed to monitor climate change and natural disasters.
- **Human Spaceflight:** Collaboration is underway to send an Indian astronaut to the International Space Station (ISS), training for which commenced at NASA's Johnson Space Center.

#### **3. AI and Telecommunications**

- **5G/6G and ORAN:** The US is actively supporting India's deployment of Open RAN (Radio Access Network) technologies to replace Chinese equipment (Huawei/ZTE) in the 5G stack.
- **Artificial Intelligence:** Joint research centers are being established to develop "Trustworthy AI," focusing on standards that align with democratic values—a direct counter to the authoritarian surveillance models exported by rivals.

#### **Energy and Climate: The SCEP**

The **Strategic Clean Energy Partnership (SCEP)** has become crucial as both nations face climate emergencies.

- **RETAP:** The Renewable Energy Technology Action Platform (RETAP) is driving collaboration on green hydrogen and long-duration energy storage.



- **Nuclear:** While the 2008 civil nuclear deal was a historic breakthrough, commercial implementation remains slow due to liability laws. However, discussions on Small Modular Reactors (SMRs) have reopened pathways for future nuclear energy cooperation.

#### **Challenges and Divergences:**

No analysis of India-US relations is complete without addressing the "elephants in the room."

#### **1. The Diplomatic Shadow: The Pannun Case**

The relationship faced a severe stress test following the US indictment of Vikash Yadav, a former Indian government official, in connection with the alleged plot against Gurpatwant Singh Pannun on American soil.

- **US Stance:** The US administration has drawn a "red line," stating that extraterritorial repression is unacceptable, regardless of the partnership's strategic value.
- **India's Stance:** India has dissociated itself from the plot officially, launching a high-level inquiry, but maintains that Western nations are too lenient on separatists who threaten India's territorial integrity.
- **Impact:** While this issue has not derailed the strategic momentum, it has introduced a "trust deficit" within the intelligence communities.

#### **2. Human Rights and Democracy**

Reports from the US Commission on International Religious Freedom (USCIRF) and the State Department continue to flag issues regarding minority rights and press freedom in India. While the White House often separates these issues from strategic dialogues, they provide ammunition for congressional critics and create periodic diplomatic friction.

#### **3. Strategic Autonomy vs. Alliance**

The US effectively desires an ally; India desires a partner. India's refusal to join a NATO-plus structure, its continued purchase of Russian oil (which it argues stabilizes global prices), and its independent stance on conflicts like Ukraine illustrate the limits of US influence. The **Chabahar Port** saga—where the US revoked and then reinstated a sanctions waiver—epitomizes Washington's grudging acceptance of India's regional necessities (connectivity to Central Asia/Afghanistan bypassing Pakistan).

#### **Conclusion:**

As we move through 2025, the India-US relationship can be described as "**indispensable but demanding.**" The structural drivers—balancing China, securing supply chains, and technological synergy—are too powerful to allow the relationship to fail. Both New Delhi and Washington have invested too much political capital to let disputes over tariffs or visas cause a rupture. However, the era of romanticizing the "world's oldest and largest democracies" is over. It has been replaced by a hard-nosed realism. The US accepts India will not be a client state; India accepts the US will prioritize its domestic economy. The success of this partnership in the coming decade will depend on how well both nations manage their divergences while maximizing their convergence on the critical battlefield of technology and Indo-Pacific security.



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