



PROGRESS HARMONY DEVELOPMENT

Estd. - 1905

India - USA Economic Relations

...Grow Strength to Strength

Chalein Saath Saath: Forward Together We Go

February 2015

Executive Summary

India and the United States America share a strong and growing economic partnership. Bilateral economic relations are growing strength to strength as India is one of the fastest growing economies and US is the largest economy in the world. Bilateral trade flows between the two increased around five fold from US\$12billion in FY2001 to around US\$62billion in FY2014.

PHD Chamber believes that India's goods trade with US would touch US\$325 billion mark by 2025. India's trade in services is also projected to touch US\$200bn by 2025. This would be an indicative of a major breakthrough in the production processes, manufacturing and expansion in trade in services. This would be an indicative of a major breakthrough in the production processes, manufacturing competitiveness with the ease of doing business in the coming times. US is one of the largest foreign investors in India. During 2000 to 2013, the cumulative FDI flows from the US are estimated at around US \$14billion constituting nearly 6% of the total FDI into India.

These strong, widened and deepen economic linkages between India and US are the result of several dialogues initiated over a period of time covering varied areas viz. science and technology; defence; capacity building; education & health; Intellectual Property Rights (IPRs), among others. And, the recent moves during the Indian Prime Minister Shri Narendra Modi to US and US president's visit to India have extended these economic ties further. The new Government is pro-active and progressive for undertaking strategic initiatives for ease of doing business so as to provide conducive business environment to the prospective investors. This opens vast scope for the private sector for investments in various promising sectors of Indian economy.

Finalising of nuclear deal between India and US would pave the way for stalled nuclear projects in the coming times. The US\$4 billion financial support for renewable energy investments and for MSMEs sector would address the energy security concerns of India and boost the trade, investments and employment opportunities in the economy.

Defence trade has also shown significant growth in recent years vis-à-vis the signing of the 'New Framework for India-US defence Relationship' in June 2005. Going ahead, renewal of Defence Framework Agreement would enhance the joint production of defence equipments in India and bolster the India's defence industrial base. Signing of MOUs for contributing towards the development of smart cities would be a great support for the boost to urbanisation in India. Both the nations hold immense scope to upgrade technology transfer policies & co-development & co-operation of defence systems. Going ahead, strengthening investment relations between the two nations would enhance business synergies and wide economic cooperation between the two nations.

In the light of this positive outlook towards strengthening bilateral economic relations, it is imperative on the part of both India and US to frame the strategies in such a way so that these initiatives can well be executed at the ground levels; effective benefits can be derived out of these relations, untapped potential can be harnessed and economic relations between the two can be strengthened in coming times.

In this regard, both India and US have to identify the potential items for exports and imports to each other. Promising sectors for investment should also be explored and bottlenecks which hinder their trade and investment growth should be addressed. Efforts should be made to connect the farmers and small sector of both India and US which are considered to be the backbone of an economy and possess huge potential for business growth. By these ways, potential of both India and US would be tapped efficiently which would result in upliftment of the overall growth, development and prosperity of the nations as a whole.

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"Chalein Saath Saath; Forward Together We Go". Reflecting the close ties between the two great democracies, India and the United States agree to elevate their long-standing strategic partnership, with a Declaration of Friendship that strengthens and expands the relationship between the two countries".

~ India-US Delhi Declaration of Friendship

1. Indo - US: Deep Rooted Bilateral Relations

The India-USA bilateral relations are rooted in the rule of law, respect for diversity, and democratic government. Both the nations share common interest in promoting global security, stability, and economic prosperity. Based on increasing convergence of interests on bilateral, regional and global issues, bilateral relations between India and US have been grown into a global strategic partnership over a period of time.

The bilateral cooperation is now broad-based and multi-sectoral, covering trade and investments, defence and security, education, science and technology, cyber security, high-technology, civil nuclear energy, space technology and applications, clean energy, sustainable environment, agriculture and health.

These strong, widened and deepen economic linkages between India and US are the result of several dialogues initiated over a period of time covering varied areas viz. science and technology; defence; capacity building; education & health; Intellectual Property Rights (IPRs), among others. And, the recent moves wherein, Indian Prime Minister Shri Narendra Modi visit to US and US President's visit to India have extended these economic ties further.

This is believed that further collaborations between the two countries would enhance economic and business linkages between India and US and lead to win win proposition for both in terms of improving investors' confidence and accelerating economic growth. Presently, food security, financial security and territorial security are the major concerns of the world economy and especially of the developing economies like India. Therefore, extending the cooperation for each other has become critical for both the nations in order to resolve all these security concerns and building upon an indispensable relation between the two countries.

1.1 Indo - US bilateral trade

Bilateral trade between India-US has grown rapidly during the last decade. India's exports to USA rose from US\$9bn in FY2001 to around US\$39bn in 2014. However, US share in India's exports declined sharply from 21% in FY2001 to 12.4% in FY2014. Imports from US also registered a steep rise from US\$3bn in FY2001 to around US\$22bn in FY2014. While, US share in India's imports registered a decline from around 6% in FY2001 to 5% in FY2014 during the same period. Overall, bilateral trade between India and US rose five fold from US\$12bn in FY2001 to US\$62bn in FY2014. Share of US in India's in total trade reported a fall from 13% to 8% during the respective period.

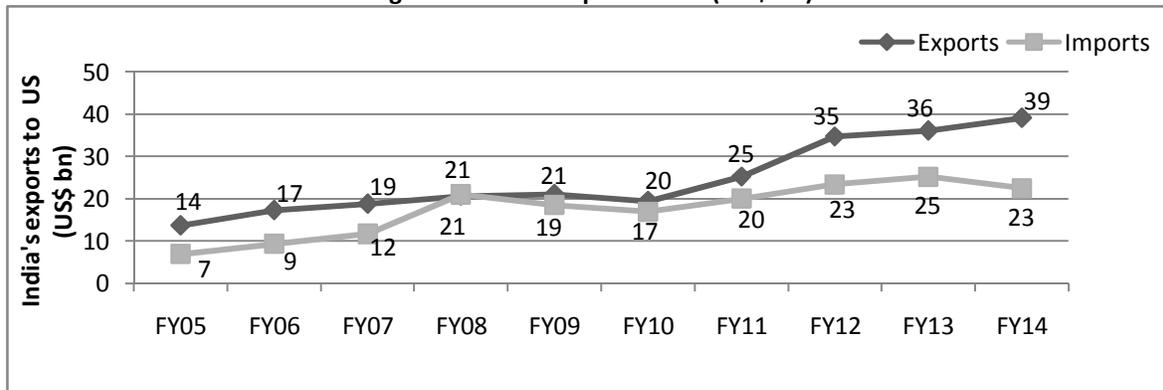
Table 1: India - US bilateral trade (in US\$bn)

Year	Exports	% Share in exports	Imports	% Share in imports	Total trade	% Share in total trade	Trade balance
FY2001	9.31	20.9	3.02	5.97	12.32	12.96	6.29
FY2005	13.77	16.47	7.00	6.27	20.77	10.65	6.76
FY2010	19.54	10.93	16.97	5.89	36.51	7.82	2.56
FY2014	39.14	12.45	22.51	5.0	61.65	8.06	16.64

Source: PHD Research Bureau, Compiled from Ministry of Commerce and Industry

US is the significant export destination for India, as India exports more to US than it imports from the US. This resulted in rise in trade surplus for India with US from around US\$6bn in FY2001 to US\$17bn in FY2014.

Figure 1 : India's exports to US (US \$mn)



Source: PHD Research Bureau, compiled from Ministry of Commerce & Industry

India's top ten export commodities to US are mineral fuels, precious stones, vehicles, machinery, nuclear reactors, organic chemicals, pharmaceutical products, cereals, electrical & electronic components, cotton and iron & steel. In FY2014, these top 10 export commodities to US constitute around 62% of India's exports to US, as compared with 57% in FY2005 (Table -2). This reflects increase in concentration of India's exports to US implying India's exports to US are confined to few commodities.

The exports composition of India-US also registered a change during the past 10 years. Few major exports commodities to US viz. articles of apparel; ores, slag & ash; articles of iron & steel are not amongst India's top 10 export commodities to US. These commodities are replaced by cereals; electrical & electronic equipments and cotton. While, mineral fuels and precious stones continue to dominate the top 10 export commodities of India to US.

Table - 2: India's top 10 export commodities to US (%)

S.No.	Commodities	FY2005 %Share	Commodities	FY2014 %Share
1	Pearls, precious stones, metals, coins, etc	17.3	Mineral fuels, oils, distillation products, etc.	20.6
2	Mineral fuels, oils, distillation products, etc	8.5	Pearls, precious stones, metals, coins, etc	13.3
3	Iron and steel	5.0	Vehicles other than railway, tramway	4.1
4	Articles of apparel, accessories, not knit or crochet	4.7	Machinery, nuclear reactors, boilers, etc	3.8
5	Ores, slag and ash	4.5	Organic chemicals	3.8
6	Organic chemicals	4.3	Pharmaceutical products	3.5
7	Machinery, nuclear reactors, boilers, etc	4.0	Cereals	3.4
8	Articles of apparel, accessories, knit or crochet	3.2	Electrical, electronic equipment	3.3
9	Vehicles other than railway, tramway	3.0	Cotton	3.2
10	Articles of iron or steel	2.8	Iron and steel	2.9
Share of top 10 export commodities to US		57.2	Share of top 10 export commodities to US	61.9

Source : PHD Research Bureau, compiled from Ministry of Commerce and Industry

India's top ten import commodities from US are mineral fuels; precious stones; machinery, nuclear reactors, boilers, etc.; electrical & electronic equipments; organic chemicals; plastics & articles thereof; vegetable oils etc.; iron & steel; ships, boats & optics; In FY2014, these top 10 import commodities from US constitute around 80% of India's imports from US, as compared with 81% in FY2005 (Table-3). This shows that concentration of India's imports from US remained same over a period of time and moreover, India's imports composition with regard to US also remained more or less identical.

Table - 3: India's top 10 import commodities from US (%)

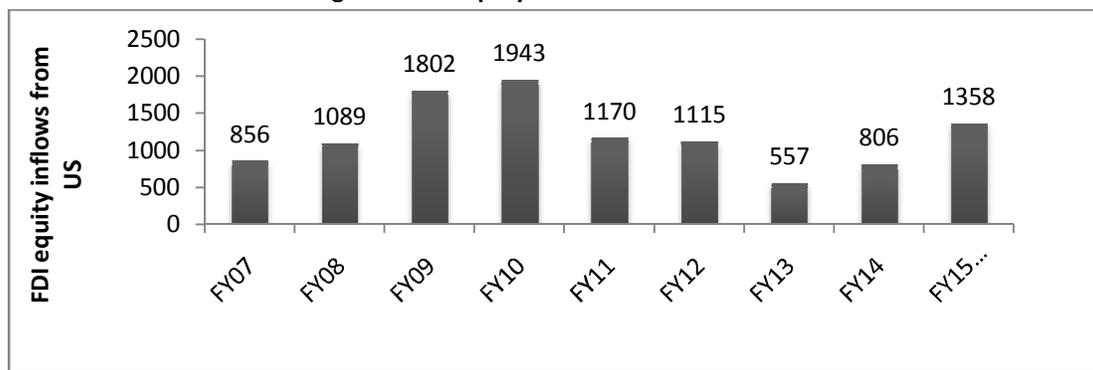
S.No.	Commodities	FY2005 %Share	Commodities	FY2014 %Share
1	Mineral fuels, oils, distillation products, etc	31.2	Mineral fuels, oils, distillation products, etc	40.3
2	Pearls, precious stones, metals, coins, etc	18.6	Pearls, precious stones, metals, coins, etc	13.0
3	Machinery, nuclear reactors, boilers, etc	8.7	Machinery, nuclear reactors, boilers, etc	6.8
4	Electrical, electronic equipment	8.0	Electrical, electronic equipment	6.5
5	Organic chemicals	3.7	Organic chemicals	3.8
6	Iron and steel	3.0	Plastics and articles thereof	2.2
7	Animal,vegetable fats and oils products, etc	2.3	Animal,vegetable fats and oils, products, etc	2.1
8	Optical, photo, technical, medical, etc apparatus	1.8	Iron and steel	2.0
9	Inorganic chemicals, precious metal compound, isotopes	1.6	Ships, boats and other floating structures	1.5
10	Ships, boats and other floating structures	1.6	Optical, photo, technical, medical, apparatus. etc	1.5
Share of top 10 import commodities from US		80.6	Share of top 10 import commodities from US	79.7

Source: PHD Research Bureau, compiled from Ministry of Commerce & Industry

1.2 Indo - US Bilateral Investments

US is the sixth largest source of foreign direct investments in India. Presently, the cumulative FDI inflows from the US from April 2000 to November 2014 amounted to about US\$14bn constituting nearly 6% of the total FDI into India. During the FY2015 (from April 2014 to November 2014), FDI flows from US in India were registered at US\$1358mn, as compared with US\$806mn in FY2014. This is considered to be a sign of recovery of US investments flows to India, as FDI flows from US to India, after reaching at its peak level at around US\$2bn in FY2010 registered a steep decline in the following years and marked at its lowest level of US\$557million in FY2013 because of the repercussions of financial crisis

Figure 2: FDI equity inflows from US to India



Source: PHD Research Bureau, compiled from Department of Policy and Promotion

1.3 Defence Cooperation

With the signing of the 'New Framework for India-U.S. Defence Relationship' in June 2005, bilateral defence cooperation¹ has intensified with growing defence trade, joint exercises, personnel exchanges, collaboration and cooperation in maritime security and counter piracy operations, exchanges between each of the Services, etc. A Joint Declaration on Defence Cooperation issued in 2013 highlighted the deepening of bilateral defence relations. The two nations also established a Defence Trade and technology Initiative (DTTI) aimed at simplifying technology transfer policies and exploring possibilities of co-development and co-production of defence systems. Recently, during the US President's visit to India the two leaders have principally agreed to renew 'New Framework for India-US Defence Relationship' for another 10 years to further extending defence and security cooperation.

1.4 Energy Cooperation

The U.S.-India Energy Dialogue² was launched on May 31, 2005 to promote increased trade and investment in the energy sector and several working groups including oil&gas, coal,power and energy efficiency, new technologies & renewable energy, civil nuclear co-operation and sustainable development are confined to the Energy Dialogue. The two nations had undertaken various key initiatives including PACE(Partnership to

¹ Ministry of External Affairs, Govt. of India

² IBID

Advance Clean Energy) to promote clean energy innovations; joint funding of research projects in the areas of solar energy, second generation bio fuels and energy efficiency of buildings etc. During the visit of India Prime Minister to US both nations agreed to a new and enhanced strategic partnership on energy security, clean energy and climate change. Wherein, they launched a new Partnership for Climate resilience to advance capacity for climate adaptation planning and a new US-India Climate fellowship Program to build long term capacity to address climate change related issues. Furthermore, recently, during the US President visit in India , both nations breakthrough a long due India-Nuke deal to ensure energy security in India. This is believed to be a major step towards enhancing energy cooperation between the two nations.

1.5 Cooperation in Science & Technology

The Indo –US, Science and Technology Cooperation³ has been steadily growing under the framework of US-India Science and Technology Cooperation Agreement signed on October, 2005. This is the umbrella agreement for driving the Science and Technology agenda under the “Indo-U.S. Strategic Dialogue”. Subsequently, two nations agreed to setup an Indo-U.S. Science & Technology Joint Commission which includes joint projects, joint workshops, exchange visits of scientists, and establishment of virtual networking in various disciplines such as basic and applied sciences; atmospheric, environmental and earth sciences; health and medical sciences etc.

The two sides also have had long history of cooperation in Civil Space arena. A bilateral Joint Working Group on Civil Space Cooperation has been established as a forum for discussions on joint activities in space including exchange of scientists; cooperation on Mars mission; nano-satellites; carbon /ecosystem monitoring and modeling among others.

Recently, the two leaders confirmed, renewing the Science and Technology Agreement in order to expand joint activities in innovative technology; committed to accelerate research and development with the US Department of Energy and to partner on the Digital India.

1.6 Cooperation in the Health and Education Sectors

India and US share a strong collaboration in the area of public health covering a wide range of issues viz. disease prevention, maternal and child health, environmental and occupational health, vaccine development, and emerging and re-emerging infectious diseases. Both the nations have undertaken several initiatives including establishment of Global Disease Detection-India Centre in 2010 and launch of the Epidemic Intelligence Service program in 2012. Knowledge Initiative is launched in 2009, to make education and knowledge an integral part of the strategic partnership between the two countries.

Amongst the recent moves, the two nations agreed to partner for preventing the spread of Ebola virus; to develop affordable vaccines for dengue, malaria and tuberculosis and to improve access to Water, Sanitation and Hygeine (WASH).

³ IBID

2. Indo-US Bilateral Relations : Recent Developments

Under the purview of the importance of strategic partnership between the two nations, India & US has recently extended their wide support in varied areas including infrastructure, science and technology, defence, climate change, education & health. These moves have been specifically taken during the India's Prime Minister Shri Narendra Modi's Visit to the United States and US President Barack Obama's visit to India.

2.1. India's Prime Minister Shri Narendra Modi's visit to the USA

Hon'ble Prime Minister of India, Shri Narendra Modi during his five days (26th -30th September) historical visit to the US has boosted the growing India-US bilateral relations.

Snapshot of developments

I PM address at Madison Square Garden, New York

PM Modi addressed the Indian Diaspora of 18000 people at Madison Square Garden in New York. While addressing, the PM made remarkable quotations that **'I am going to make an India of your dreams'**; **'India is a unique combination of strengths: democracy, demography and demand which will help us transform India'**; **'Let us make development a mass movement'** and announced sweeping changes in procedures to facilitate travel between America and India.

- Mentioning on certain differences between the PIO (Person of Indian Origin) and OCI (Overseas Citizens of India) schemes, the PM said PIO cardholders will be granted visa for life, and a new scheme will be announced soon, merging the two schemes.
- There would be no need for long-stay visitors to India will not have to visit police stations.
- Announced long term tourist visas for American citizens and visa on arrival for American tourists will be announced soon.

II PM Meeting with Distinguished Indian Americans

PM Modi in his meeting with 10 distinguished Indian Americans urged them to share their views on the development of India. The Indian-Americans mentioned clarity of decision-making, ease of doing business, skill development and strong university-industry links as some of the important areas that needed to be focused on. They praised initiatives such as Digital India and the Swachh Bharat Abhiyaan.

III. PM Modi's address & interaction at Council on Foreign Relations in New York City

- PM on WTO: PM Modi made it clear that India is not against trade facilitation and said agreement on food security for welfare of poor of India must be taken into account with trade facilitation.
- PM on Terrorism: PM Modi said that terrorism should be weeded out through a joint effort by all humanitarian forces across the world. He remarked that Terrorism in India is not home grown but exported to India.

IV. The Prime Minister of India, Shri Narendra Modi and US President, Mr. Barack Obama : Bilateral Summit

PM Narendra Modi and US President Barack Obama marked their first bilateral summit wherein the two leaders extolled broad strategic and global partnership between the US and India, which will continue to generate greater prosperity and security for their citizens and the world. They also committed to a new mantra for the relationship, “**Chalein Saath Saath : Forward Together We Go**”. The two leaders welcomed the wide range of collaborative activities undertaken to improve their citizens’ lives, both leaders agreed to revitalize the existing partnership and find new areas for collaboration and mutual benefit.

A. Economic Growth:

- The two leaders committed to facilitate the actions necessary **to increase trade with another fivefold**.
- In order to raise investment by institutional investors and corporate entities, the leaders pledged to establish an **Indo-U.S. Investment Initiative** led by the Ministry of Finance and the Department of Treasury, with special focus on capital market development and financing of infrastructure. They also pledged to establish an Infrastructure Collaboration Platform to enhance participation of U.S. companies in infrastructure projects in India.
- The US government welcomed India’s offers for US industry to be the lead partner in **developing smart cities** in Ajmer, Vishakhapatnam and Allahabad and for this purpose PM will welcome two trade missions in 2015 focused on meeting India’s infrastructure needs with U.S. technology and services.
- They also committed to a new partnership to advance PM’s goal of improved access to clean water and sanitation for all through the Urban India **Water, Sanitation, and Hygiene (WASH) Alliance** wherein US will serve as knowledge partner.
- The US President welcomed the Prime Minister’s ambitious plan to extend **basic financial services** to all its citizens, giving them powerful tools to manage their finances and more fully participate in India's growing economy.
- The leaders discussed their concerns on **WTO negotiations** and its effect on the multilateral trading system. They have directed their officials to consult urgently along with other WTO members on the next steps.
- The leaders committed to work through the **Trade Policy Forum** to promote a business environment attractive for companies to invest and manufacture in both the countries.
- The two nations have committed to establish an annual **high-level Intellectual Property (IP) Working Group** with appropriate decision-making and technical-level meetings as part of the Trade Policy Forum.
- The two leaders have committed to hold **public-private discussions** in early 2015 under the Commercial Dialogue on new areas of cooperation, including innovation in advanced manufacturing.
In order to share best practices in manufacturing and work toward greater harmonization of manufacturing standards. The two countries plan to work expeditiously through several joint initiatives to facilitate greater confidence in cross-border trade and investment.
- US has offered to support India to achieve his goal of preparing young Indians for 21st century by reinvigorating the **Higher Education Dialogue**.
- The countries look forward to **U.S.-India Economic and Financial Partnership** and have welcomed the expansion of the partnership in oversight of financial institutions. They also agreed to reinvigorate the India-U.S. CEO Forum, and welcomed India's offer to host the Forum for the second time in early 2015.

B Energy and Climate Change:

- The two leaders reaffirmed their commitment to implement fully the **U.S.-India civil nuclear cooperation agreement**.
- Recognizing the critical importance of increasing energy access, reducing greenhouse gas emissions, and improving resilience in the face of climate change, President Obama and Prime Minister Modi agreed to a **new and enhanced strategic partnership on energy security, clean energy, and climate change**.
- Both leaders are committed to working towards a successful outcome in Paris in 2015 of the conference of the **UN Framework Convention on Climate Change (UNFCCC)**, including the creation of a new global agreement on climate change.
- They launched a new **U.S.-India Partnership for Climate Resilience** to advance capacity for climate adaptation planning, and a new program of work on air quality aimed at delivering benefits for climate change and human health.
- They also launched a new **U.S.-India Climate Fellowship Program** to build long-term capacity to address climate change-related issues in both countries.
- The two leaders reiterated the importance of conserving India's precious biodiversity and agreed to explore opportunities for **collaboration on national parks and wildlife conservation**.

C Defence and Homeland Security Cooperation

- The Prime Minister and the President stated their intention to expand defence cooperation to bolster national, regional, and global security.
- To facilitate deeper defence cooperation, they welcomed the decision to renew for ten more years the 2005 Framework for the U.S.-India Defence Relationship and directed their defence teams to develop plans for more ambitious programs and activities.
- The leaders welcomed the first meeting under the framework of the Defence Trade and Technology Initiative in September 2014 and endorsed its decision to establish a Task Force to expeditiously evaluate and decide on unique projects and technologies which would have a transformative impact on bilateral defence relations and enhance India's defence industry and military capabilities.
- The President and Prime Minister welcomed cooperation in the area of military education and training, and endorsed plans for the United States to cooperate with India's planned National Defence University.
- The leaders agreed to intensify cooperation in maritime security to ensure freedom of navigation and unimpeded movement of lawful shipping and commercial activity, in accordance with accepted principles of international law.
- They pledged to enhance criminal law enforcement, security, and military information exchanges, and strengthen cooperation on extradition and mutual legal assistance.

D High Technology, Space and Health Cooperation

- The two leaders confirmed, renewing the Science and Technology Agreement in order to expand joint activities in innovative technology.
- The US President welcomed India's contribution and cooperation on high-energy physics and accelerator research and development with the U.S. Department of Energy.
- The leaders committed to partner on the Digital India initiative, with the goal of enhancing digital infrastructure, deploying e-governance and e-services, promoting industry collaboration, and digitally empowering India's citizens.

- They welcomed the establishment and planned first meeting of the NASA-ISRO Mars Joint Working Group under the U.S.-India Civil Space Joint Working Group.
- The US President and Prime Minister recognized the extensive ongoing cooperation in the health sector which they will put to use in preventing the spread of the Ebola virus.
- The leaders agreed to launch a new phase of the India-U.S. Vaccine Action Program to develop affordable vaccines for dengue, malaria, and tuberculosis, and the establishment of an adjuvant development center.

E Global Issues and Regional Consultations

- The US President and Indian Prime Minister recognized the critical role that women play in India and the United States, They looked forward to holding a **Women Empowerment Dialogue** in order to exchange best practices to enhance the role of women in their countries, and they asserted zero tolerance for violence against women.
- As a critical step in strengthening global nonproliferation and export control regimes, the President and Prime Minister committed to continue work towards India's phased entry into the **Nuclear Suppliers Group (NSG)**, the Missile Technology Control Regime (MTCR), the Wassenaar Arrangement and the Australia Group
- As active participants in the **Nuclear Security Summit process**, the United States and India welcomed progress toward reducing the risk of terrorists acquiring nuclear weapons or related materials, and noted their shared commitment to improving nuclear security nationally and globally.
- Noting India's "ActEast" policy and the United States' rebalance to Asia, the leaders committed to work more closely with other **Asia Pacific countries** through **consultations, dialogues, and joint exercises**.
- The US President and Indian Prime Minister emphasized the need to accelerate **infrastructure connectivity and economic development corridors** for regional economic integration linking South, Southeast, and Central Asia.
- The US President and Indian Prime Minister noted the success of their countries' collaboration on agricultural innovation in three African countries. They announced a new agreement to expand **joint development initiatives in third countries** in a range of sectors, including agricultural productivity, clean energy, health, women's empowerment, and disaster preparedness
- The Indian Prime Minister and the US President reaffirmed their shared interest in **preserving regional peace and stability**, which are critical to the Asia Pacific region's continued prosperity.
- India and the United States pledged to consult closely on global crises, especially **unfolding events in Syria and Iraq**.
- The two leaders expressed **concerns over the continued development by the Democratic People's Republic of Korea (DPRK)** of its nuclear weapons and ballistic missile programs, including its uranium enrichment activities.
- The US President expressed appreciation for the **contributions of Indian peacekeepers to global peace and stability** for the past 60 years, and welcomed the partnership with India to train third country peacekeepers at India's training center in New Delhi.
- The US President also affirmed his commitment to enhancing India's voice and vote in international financial institutions, and ensuring that resources are made available and are used creatively through **multilateral development banks for infrastructure financing**.

2.2 USA President, Mr. Barack Obama's visit to India

The Hon'ble President of the United States of America, Mr. Barack Obama and the First Lady Michelle Obama marked a three days historic visit to India (25th -27th January 2015) to grace the India's 66th Republic Day as the Chief Guest. Mr. Obama is the first U.S. President to have been invited as the Chief Guest for India's Republic Day in addition to being welcomed by a Guard of Honour. During his visit, the President attended the event with his wife; made crucial talks with hon'able Prime Minister of India Shri Narendra Modi at Hyderabad House; addressed the India-US CEO Forum; delivered a national address to students and shared his thoughts together with Shri Narendra Modi on Mann Ki Baat. During this visit, the two leaders assessed the extensive bilateral strategic and global partnership between their two countries and pledged to continue to enhance cooperation across the spectrum of human endeavour to better their citizens' lives and that of the global community.

The visit was enveloped with various other strategic, economic and trade related dialogues between the officials of the two nations.

Snapshot of developments

- I. **Indo-US Civil Nuclear Deal:** India and the United States achieved a landmark break-through on operationalisation of the civil nuclear deal. This is one of the most important decisions taken as it broke the deadlock on Civil Nuclear deals, which was stuck since last decade between the two nations. India agreed to amend few of it's clauses related with Insurance, and in return US pledged to make it go live. India has created an Insurance pool worth Rs 750 crore led by General Insurance, and contributed another Rs 750 crore to make the insurance regulations stronger. The finalization of nuclear deal between the two nations would pave the way for stalled nuclear projects in the coming times.
- II. **Renewal of Defence Pact:** Under the purview of deepening defence and security cooperation, the two leaders principally agreed to renew the 'New Framework for India-US Defence Relationship' for another 10 years, wherein co-development and coproduction of specific advanced defence projects would be pursued. This would enhance the joint production of defence equipments in India and bolster the India's defence industrial base. In addition both leaders had expressed their mutual interest in exploring cooperation in other areas of advanced defence technologies and maritime security.
- III **Climate Change:** The two leaders agreed to a number of important steps to promote clean energy and confront climate change. President Obama offered to support financially India's ambitious target of solar energy and sought PM Modi's support at global climate talks in Paris later this year. India is seeking investments of US\$100bn over 7-years period to boost the country's solar energy capacity by 33 times to 100,000 megawatts. In addition, the two leaders have agreed to work together and combat climate change by cooperating to reduce air pollution in Indian cities and increase finance and technology for India's renewable energy target.
- IV **Economic Ties:** The two nations have agreed to resume dialogue on Bilateral Investment Treaty (BIT) which aims to protect private investment, to develop market-oriented policies in partner countries, and to promote domestic exports. In addition, the two sides agreed to resume talks on Totalization Agreement that will help Indian workers in the US get annual refunds of around US\$3bn worth of social security contributions they make.

V New Initiatives of US\$4billion: During the CEO Forum, President Obama announced the US\$4bn investment in India including US\$1bn for financing exports from US to aid Make-in-India programme, US\$1bn for small and medium industries and US\$2bn in renewable energy projects. US Government's business development and finance arm: U.S. Overseas Private Investment Corporation (OPIC) will give an assistance of US\$1 billion for Micro-SMEs and SMEs from rural and urban India.

This decision was made to encourage entrepreneurship and business, along with technological assistance. U.S. Export-Import Bank will provide an assistance of \$1 billion for Make in India campaign launched by PM Modi, which will help made in India products to be exported to US and increasing trade relations in this sector. US Trade & Development Agency will pitch in with US\$2 billion investments in the renewable energy sector in India, which includes Solar Power and Wind Energy to help India solve its energy crisis, and to bring down costs related with power production using traditional means.

VI. Intellectual Property Rights & Tax Regime: President Obama expressed concerns over issues pertaining to Intellectual Property Right (IPR) and unstable tax regime in India. PM Modi promised to upgrade the laws related with IP protection, an open business environment and predictable tax regime so as to boost Indo-US trade relations.

VII. Trade Ties: The leaders of the two nations said that they will establish several bilateral mechanisms to identify opportunities to boost business, trade and investment ties.

VIII. Smart Cities: US has lended its support to India for development of smart cities whereby the United States Trade and Development Agency (USTDA) signed 3 Memorandums of Understanding (MoUs) on Cooperation to Support the Development of Smart Cities in Uttar Pradesh , Rajasthan and Andhra Pradesh with respective state governments. The USTDA will contribute funds for feasibility studies and pilot projects study tours, workshops or trainings and other projects which would be determined mutually.

IX. Asia-Pacific and Indian Ocean Region: The two leaders also agreed to a new vision for the Asia pacific so as to do more together to advance shared security and prosperity in this critical region. To support regional economic integration, India and US have agreed to promote accelerated infrastructure connectivity and economic development in a manner that links South, Southeast and Central Asia, including by enhancing energy transmission and encouraging free trade and greater people-to-people linkages.

X. US India Strategic and Commercial Dialogue: A high level US India Strategic and Commercial Dialogue has been created which will help break the red-tape logjams in India. This high level committee will ensure that all Indo-US trade decisions and investment plans are accomplished fast track, and there are no delays.

3. Indo – US : Growing Business Potential and Opportunities

Strong, widened and deepen economic linkages between India and US are the result of several dialogues initiated over a period of time covering varied areas viz. science and technology; defence; capacity building; education & health; Intellectual Property Rights (IPRs), among others. And, the recent moves during the Indian Prime Minister Shri Narendra Modi to US and US President's visit to India have extended these economic ties further. The new Government is pro-active and progressive for undertaking strategic initiatives for ease of doing business so as to provide conducive business environment to the prospective investors. This opens vast scope for the private sector for investments in various promising sectors of Indian economy.

The job of the politicians and bureaucracy is to clear the impediments and hurdles in doing business. They have done that in no small measure during this visit and created a conducive climate. It is now for the businessmen on both sides to find the opportunities and act on them.

3.1 Indo-US 'Nuke deal': Ensuring Energy Security

India and the United States laid the foundation for nuclear collaboration when both the nations had signed a Civilian Nuclear Deal in 2008. The deal was expected to open up numerous avenues for sharing of nuclear technology with India; both the countries agreeing on commercial cooperation, wherein US would be able to supply nuclear fuel, technology and nuclear reactors to India which in turn enhance its domestic production and job creation in this sector.

Energy shortage is the major impediments for Indian industrial growth and therefore, India has set up an ambitious goal to increase 5 fold the amount of electricity produced from nuclear power plants to around 20,000 Mw by 2020. Under this purview, India's necessary requirement of involving foreign companies to support in manufacturing and supply of nuclear reactors would ensure the energy security in coming times. This would further push the industrial growth and given the strong emphasis placed by the Indian government on 'Make in India', the interests of all stakeholders, including domestic industries which have been steadfastly supporting India's own nuclear programme will be adequately addressed.

- ✓ *India and the US breakthrough Indo-US 'Nuke Deal'*
- ✓ *US can enhance supply of nuclear fuel, components, technology and nuclear reactors to India*
- ✓ *Opens opportunities for US to enhance its domestic production and employment*
- ✓ *Energy security for India in coming times and further push to industrial growth*
- ✓ *Depends on business community of both nations to take advantage of the deal*

In this way, the opportunities now available for US investments are enormous. US companies will now be able to compete for contracts in India for supplying & manufacturing nuclear reactors; supplying essential components; providing technical know-how etc. for coping with rising energy demand in India. Therefore, it's up to the private sector of both the economies to take advantage of every opportunity generating out of this significant deal between the two nations.

This cooperation is believed to be a win-win situation for both India and US, as the civil nuclear initiative is one part of a broad, multifaceted partnership that includes cooperation in agriculture, education, trade, investments, defence and democracy.

3.2 Renewal of Defence Pact: Developing Defence Technologies

Over the last decade, Indo-US bilateral defence cooperation framework was mainly focused on purchases of defence equipments from US . This is for the first time; co-production and co-development are placed at the core of the renewed Indo-US defence framework, whereby defence relationship of India with US will not be limited as a buyer-seller of weaponry , but the country would be able to drive several benefits including gaining technical know-how, building advanced weapons; undertaking research & development activities etc. Specific benefits of the new defence framework for both nations are outlined here below:

- i. For co-production and co-development, four pathfinder projects were identified through the Defence Technology and Trade Initiative of 2012, which serves as the guiding principles for the framework for cooperation. If, these projects are successfully executed, they would help India building advanced weapons systems in the future and co-develop other weapons technologies with the U.S.
- ii. The pathfinder projects provide opportunity to India to reduce its dependence on arms imports, which have so far constituted approximately 70% of the country's defence expenditure of approximately \$47.4 billion in 2013.
- iii. Co-production would result in consistent availability of high-quality weapons to the Indian armed forces.
- iv. The plans for India-U.S. defence cooperation also align well with the Indian government's 'Make in India' framework and its efforts to promote the role of Indian business in defence production. In particular, two segments will benefit - the Indian partners of existing joint ventures, and small and medium enterprises, which constitute the larger defence industrial ecosystem.
- v. While co-production implies manufacturing an existing product, co-development involves jointly conceiving and creating a new product. This will eventually be a significant opportunity for India to establish its R&D base which is a basic requirement for a robust defence industrial foundation.
- vi. Other potential R&D opportunities arising out of co-development with the U.S. can be utilized for various other sectors including naval systems, shipbuilding sector, electronics, and semi-conductor industries.

Since, US is a major supplier of defence equipments to India, execution of these pathfinder projects would open enormous opportunities for US in terms of enhancing its production/sales in India which carries huge demand, production and research potential. While, India can build upon a robust indigenous defence industrial base, going forward.

- ✓ Co-production and Co-development are placed at the core of the renewed Indo-US defence framework
- ✓ Enormous opportunities for US in terms of enhancing its production/sales in India
- ✓ India can build upon a robust indigenous defence industrial base.
- ✓ India's dependence on arms imports would be reduced

Under the purview, this is believed that the focus of renewed defence framework between India and US would take the defence cooperation between the two countries to the next level.

3.3 Co-operation on Climate Change: Creating Clean Energy Sources

Indo-US cooperation on clean energy and climate change has been an area of critical importance as both countries have been working independently to reduce public health and environmental impacts of growing greenhouse gas emissions, which have been the highest in the year 2014. Currently, both the nations have

agreed to address growing concerns of rising air pollution and to cooperate in financing of renewable energy projects, improving energy efficiency and undertaking joint research on smart grid and grid storage.

India is seeking investments of US\$100bn over 7 years to boost the country's solar energy capacity by 33 times to 100,000 Mw. On the other side, the US Export Import Bank is exploring projects for US\$1billion clean energy financing for companies willing to ship equipments from the US to India.

These targets act as great business opportunities for Indo-US business community to venture for clean energy projects in India for which US is set to provide financial support to the prospective investors.

- ✓ Indo-US cooperation on clean energy and climate change has been an area of critical importance
- ✓ India is seeking investments of US\$100bn over 7 years to boost the country's solar energy capacity by 33 times to 100,000 Mw
- ✓ US Export Import Bank is exploring projects for US\$1billion clean energy financing for companies willing to ship equipments from the US to India.
- ✓ Opens great business opportunities for US business community to venture for clean energy projects in India
- ✓ Address financial challenges in India for undertaking clean energy projects

3.4 Bilateral Investment Treaty (BIT): Enhancing Bilateral Trade and Investments

The trade and investments between India and US has grown over the last decade and their relations are considered as 'strategic natural allies'. However, the US is the only major economy with which India has no trade agreements. Since, there are significant opportunities to deepen the relations between the two countries through trade and investment channels; there is a need to have specific treaty between the two nations. While, in India it is considered that a trade agreement with US at this stage might not be in India's capacities as any trade agreements with the US will require significant changes to its regulatory regime because of tougher environment and labour standards.

Under this purview, it is believed that rather than venturing into a trade agreement with US, a more prudent step would be to mark a Bilateral Investments treaty between the two countries. This would ensure the protection of investments by the US as per the international law. From India's perspective, it would boost up US investments in India which is critical for the success of Make-in-India.

- ✓ Bilateral Investments treaty would ensure the protection of investments by the US
- ✓ Boost up US investments in India which is critical for the success of Make-in-India.

3.5 New Initiatives of US\$4billion: Encouraging Businesses & Entrepreneurship

In recent times, India and USA have been working together to establish several bilateral mechanism to identify opportunities to boost business, trade and investment ties. With an ambitious target to increase the bilateral trade to US\$500bn in coming times, both nations have been taking measures to make market access of businesses of both countries, smooth and hurdle free. The spectrum of benefit for Indian as well as American businesses spreads across sectors including defence, renewable energy, trade and investments, education and science & technology.

Announcement to invest US\$4bn in India by US President during his visit to poses a significant opportunity for Indian infrastructure sector and MSMEs to reap benefits of the growing Indo-US economic ties. Recent agreement between US EXIM Bank and Ireda to offer US\$1bn loan to American renewable energy companies for exporting equipments to India, poses as an excellent opportunity for American companies to benefit from growing renewable energy market in India. Further, the significant cooperation between the two nations to co-produce and co-develop in defence sector, will have a major impact on defence trade and equipment manufacturing, thereby benefiting both the nations.

- ✓ Excellent opportunity for American companies to benefit from growing renewable energy market in India.
- ✓ Significant opportunity for Indian infrastructure sector and MSMEs to enhance its production

3.6 Smart Cities: Building Bridges in the Infrastructure Sector

During the current scenario, the government has a great focus on setting up of manufacturing base in the country under Make in India initiative; while, Infrastructure development is a critical prerequisite for making this initiative successful. Since, India is facing a major shortfall in the infrastructure sector, it provides enormous opportunities for US companies to step in and help India develop this sector. Some suggestions for US India cooperation in this sector include:

- i. **Public-Private Partnership** – Since India requires huge level of investments for creating physical infrastructure in general viz. roads, railways etc. and specialized infrastructure for varied specific sectors including education, hospitals, telecom, shipping etc. therefore, Indian government has been encouraging PPP model in India to induce level of investments in the country. In this context India can utilize US's experience in infrastructure financing, consulting, project planning, designing, construction et al.
- ii. **Infrastructure financing processes** – In continuation with the investment momentum, it is envisaged that the infrastructure sector in India requires and investments about US\$1trillion over the given time period of 2012-17. Half of amount is estimated to come through PPP mode. The Indian corporate bond market, which is still in its infancy can learn a lot from the well-established US bond market. Further, US PE Funds can acquire a stake in operational infrastructure assets in the country and share their experiences, best practices in areas of bid and tender processes, value and quality of the infrastructure asset over life, transparency mechanism and so forth.
- iii. **Technology** – With increasing of the size and complexities of the projects in India, best technology is highly desired in the coming times. In this context, US companies could offer technical expertise and share their international experiences in the area of reducing the carbon emissions of infrastructure projects.
- iv. **Smart Cities** – The Government has launched an ambitious plan to build 100 smart cities with an initial investment of US\$1.1. billion. In this context, US companies can play a lead role in providing expertise and supporting sustainable infrastructure development in 3 cities so far identified itself by the US.

3.7 Indo-US CEO Forum: Envisioning for Better Business Climate

The India-US CEO Forum 2015, a number of industry concerns were raised including intellectual property rights, bilateral investment treaty (BIT), social security pact, ease of doing business, stability of taxation in India, and technology sharing and facilitation, and visa related issues. The most prominent matter of concern for US based companies was that of intellectual property rights, including piracy of films and software, which figured predominantly during the India-US CEO Forum. Officials of both countries expressed a mutual concern of IPR related issues, which acted as a hurdle for US based businesses. With Indian officials acknowledging the hurdle, India will tackle this matter with strong legal actions. The US posited that Indian tax system needs consistency and simplicity in the regulatory environment in order to increase trade and business between the two largest democracies.

In Indian context, Indian businessmen raised concerns over visa restrictions and restrictions on gas exports from the US to India. It was further highlighted that there are many areas where the businesses of both the sides can increase cooperation and collaboration such as in renewable energy, smart cities and health-care. Businesses from both sides agreed that both the economies are inter linked, the real need of the hour is to diversify the bilateral trade basket.

3.8 Indo- US recent commitments: A Gate Way to Varied Sectors

- **Connecting India-US farmers:** India has a huge potential in agricultural sector because of its vast arable land, huge work force, and distinct climatic zone. But, due to lack of knowledge, technology and investment the agriculture sector in India is not deriving the utmost yield. At this juncture, greater cooperation from US in agriculture and agro-processing would be of great benefit for both India to increase overall farm productivity of the country. US companies can help India's agriculture sector in farm mechanisation, agro-processing and storage, enhancing irrigation facilities, investments in training and development of human resources for the farm sector, Greenfield investments, local vendor development, setting up of agro parks in India, setting up of horticulture industries and floriculture units, among others. Therefore, it is seen as a high potential sector where US farmers can even come forward for building investment relations with Indians farmers.
- **Investment in real estate and construction sector:** Building a high class infrastructure is crucial for making 'Make in India' initiative successful In India. In this light, it is expected that that there huge demand for infrastructure building, real estate and construction in India at the upstream and downstream level. Upstream business linkages opportunities include providing construction material, equipments, vehicles, trucks, boats, ships, spare parts, maintenance and operational services etc. Downstream business linkages opportunities include constructing roads, bridges, ports, setting up hotels, banks, training centres, fuel station, supermarkets etc. Thus, investment in all these sectors would be win win situation for both India and US.
- **Service sector – a booming area for investments:** In line with highly pro active approach of Indian Government towards enhancing manufacturing competitiveness and turnaround India's growth story, there is a vast scope for entering in India's service sector which is believed to generate several business opportunities in ICT, banking, logistics, hospitality, health and education sectors for supporting the Indian manufacturing sector. All these sectors combining together provides many investment options in varied projects viz. e-government, green ICT, BPO, eco-lodges, e-banking etc. US, being highly

advanced in technology can share the same with the Indian counterparts. It would enhance the strategic ties between India US even in the service sector.

- **Linking India- US small scale sector:** MSMEs play a crucial role in the economic growth of an economy. It is either developed country or the developing country; contribution of MSMEs sector in GDP, employment, exports is relatively higher than the contribution of large scale industries. The same is true in case of US and India where MSMEs sector plays a pivotal role in terms of GDP, employment, exports and overall growth of the economy. The difference lies in the state of development of MSMEs in India and US in terms of capital intensive, turnover, state of technology etc. US MSMEs sector is highly capital intensive, technologically advanced, research oriented and innovative. While, Indian MSMEs sector is labour intensive, technologically backward and facing several challenges including lack of sufficient finance; marketing facilities; advanced technology and so forth.

In the wake of the importance of MSMEs sector for the growth and development of an economy, the Indian government is greatly focused upon the growth of MSMEs sector in India and has recently undertaken several key initiatives including e-governance; skill development; research and development among others. The Indian Government is encouraging global firms as well as Indian firms to partner in the manufacturing sector for enhancing the competitiveness and growth of Indian MSMEs. This can be considered as a significant opportunity for US firms to link with India's MSMEs sector via providing/sharing necessary resources i.e. financial, technical, managerial, research and development etc. All these measures would enable the two nations to achieve the objective of strengthening bilateral ties through linking their small sectors.

- **Empowering social sector :** Indian Prime Ministers' recent move to improve access to clean and water and sanitation for all through the **Water, Sanitation and Hygiene (WASH)** alliance wherein US is set to serve as knowledge partner would enhance enormous opportunities for US companies to partner India for empowering its people with all essential public utilities. Additionally, US educational institutions can partner India's several educational initiatives in terms of consultations, organizing of vocational training programs, providing technical expertise etc. under the purview of US commitment to support India to achieve its goal of preparing young Indians for 21st century.

Indo - US Initiatives, Business Potential & Opportunities: A Snapshot

S.No.	Initiatives	Description	Business potential & opportunities
1	Indo-US 'Nuke deal'	The Indo-US Civilian Nuclear Deal was signed in 2008 to open up numerous avenues for sharing of nuclear technology with India; however, it was stuck due to dispute over India's Nuclear Liability Act.	<ul style="list-style-type: none"> ▪ US can enhance supply of nuclear fuel, components, technology and nuclear reactors to India. ▪ It will open opportunities for US to enhance its domestic production and employment ▪ Energy security for India in coming times and further push to industrial growth.
2	New Framework for India-US Defense Relationship'	New Framework for India-U.S. Defence Relationship' was signed in June 2005 to enhance bilateral defence cooperation via , joint exercises, personnel exchanges, collaboration and cooperation in maritime security and counter piracy operations. Recently, 'New Framework for India-US Defence Relationship' for another 10 years is renewed wherein Co-production and Co-development are placed at the core of the renewed Indo-US defense framework.	<ul style="list-style-type: none"> ▪ Enormous opportunities for US in terms of enhancing its production/sales of varied defence products in India. ▪ India can build upon a robust indigenous defence industrial base. India's dependence on arms imports would be reduced ▪ India's R&D in defence sector would be strengthened in partnership with US
3	Co-operation in Climate Change	Addressing growing concerns of rising air pollution and to cooperate in financing of renewable energy projects, improving energy efficiency and undertaking joint research on smart grid and grid storage.	<ul style="list-style-type: none"> ▪ Vast business opportunities for US business community to venture for clean energy projects in India under the MoU between US Exim Bank and IREDA for providing US\$1bn medium and long-term loans. ▪ Address financial challenges in India for undertaking clean energy projects.
4	Bilateral Investment Treaty (BIT)	Resuming dialogue on Bilateral Investment Treaty (BIT) aims to promote bilateral trade and investments and to ensure the protection of investments by the US as per the international law.	<ul style="list-style-type: none"> ▪ Ensure the protection of investments by the US ▪ Boost up US investments in India which is critical for the success of Make-in-India.
5	New Initiatives of US\$4billion	US announced investments worth US\$4bn in India including US\$1bn for financing exports from US to aid Make-in-India programme, US\$1bn for small and medium industries and US\$2bn in renewable energy projects.	<ul style="list-style-type: none"> ▪ Excellent opportunity for US companies to benefit from growing renewable energy market in India. ▪ Significant opportunity for Indian infrastructure sector and MSMEs to enhance its production.
6	Smart Cities	The United States Trade and Development Agency (USTDA) signed 3 MoUs on Cooperation to Support the Development of Smart Cities in Uttar Pradesh, Rajasthan and Andhra Pradesh of India with respective state government in terms of funds for feasibility studies and pilot projects study tours, workshops or trainings among others.	<ul style="list-style-type: none"> ▪ India can be benefitted out of US experience w.r.t infrastructure financing, consulting, project planning, designing, construction et al ▪ US PE Funds can acquire a stake in operational infrastructure assets in the country and share their experiences, best practices in areas of bid and tender processes, value and quality of the infrastructure asset over life, transparency mechanism and so forth.
7	Indo-US CEO Forum	The India-US CEO Forum 2015, a number of industry concerns were raised including intellectual property rights, bilateral investment treaty (BIT), social security pact, ease of doing business, stability of taxation in India, and technology sharing and facilitation, and visa related issues.	<ul style="list-style-type: none"> ▪ Push for ensuring following IPRs in India ▪ Push for achieving tax stability in India ▪ Better business climate for US firms
8.	Water, Sanitation and Hygiene (WASH) & Higher Education Dialogue.	to improve access to clean and water and sanitation for all through the Water, Sanitation and Hygiene (WASH) alliance wherein US is set to serve as knowledge partner to support India to achieve its goal of preparing young Indians for 21 st century.	<ul style="list-style-type: none"> ▪ Ensuring essential public utilities for Indian population ▪ Expert consultancy to upgrade Indian higher education standards

Source : PHD Research Bureau, compiled from various sources

4. Conclusions

India and the United States share a strong and growing economic partnership. Bilateral economic relations are growing strength to strength as India is one of the fastest growing economies and US is the largest economy in the world. Bilateral trade flows between the two increased strength to strength over a period of time. PHD Chamber believes that India's goods trade with US would touch US\$325 billion mark by 2025. India's trade in services is also projected to touch US\$200bn by 2025. This would be an indicative of a major breakthrough in the production processes, manufacturing and expansion in trade in services.

India-US merchandise & services trade projections (US\$ bn)

Year	Indo-US merchandise trade	Indo-US Service trade
FY2014	63	34
FY2015	70	38
FY2016	80	43
FY2017	90	48
FY2018	100	54
FY2019	120	65
FY2020	144	80
FY2021	160	96
FY2022	204	120
FY2023	260	145
FY2024	330	160
FY2025	325	200

Source: PHD Research Bureau

These strong, widened and deepen economic linkages between India and US are the result of several dialogues initiated over a period of time and recently both the nations have made attempts to further deepen businesses and economic linkages between the two nations. This is reflected in various key initiatives of the Government in the form of breakthrough India-US Nuke deal; renewal of defence pact for 10 years; partnering for developing smart cities in India among others.

The result of these pacts would enable both the nations to create win win situation for each other. India would be able to derive benefits in terms of ensuring energy security, development of indigenous industry for producing defence weaponry; addressing financial challenges of India for undertaking clean energy projects; encouraging investment flows from US in varied sectors; bridging infrastructure deficit; technology up dation; supporting agriculture sector; supporting MSMEs sector; empowering social sector for India. While, these strategic moves would open vast business opportunities for US business community in the area of supplying nuclear fuel, components, technology and nuclear reactors to India; enhancing production/sales of defence related products in India; providing technical/consultative expertise to develop infrastructure among others.

In the light of this positive outlook towards strengthening bilateral economic relations, it is imperative on the part of both India and US to frame the strategies in such a way so that these initiatives can well be executed at the ground levels; effective benefits can be derived out of these relations, untapped potential can be harnessed and economic relations between the two can be strengthened in coming times.

In this regard, both India and US have to identify the potential items for exports and imports to each other. Promising sectors for investment should also be explored and bottlenecks which hinder their trade and investment growth should be addressed. Efforts should be made to connect the farmers and small sector of both India and US which are considered to be the backbone of an economy and possess huge potential for business growth. By these ways, potential of both India and US would be tapped efficiently which would result in upliftment of the overall growth, development and prosperity of the nations as a whole.

5. Key Suggestions

5.1 Widening trade basket

India's trade with US has shown an upward trend over the years, while it is observed that India's exports product concentration to US has increased from 57% to 62% over the last decade and India's imports product concentration from US is also consistently high at 80% during the same period. This implies that India's trade with respect to US is confined to few commodities. Therefore, it is imperative for both the nations to broaden their trade basket by identifying other trade potential items with respect to each other.

5.2 Encouraging US investors

India carries huge potential to become a manufacturing hub because of its unique combination of three great strengths: **Democracy, Demography and Demand**. Under this purview, the government has announced several measures including launch of **'Make in India' campaign**; enhancing FDI limits in insurance and defence sector to 49% and to 100% in railway infrastructure; moving towards digitization and so forth. To make all these measures successful for putting prominently India on the global manufacturing map it is imperative for India to improve its ease of doing business by creating state of the art infrastructure, digitization, and smart cities among others. Thus, it generates vast opportunities for US investors to support India in building efficient infrastructure including ports, roads, rails, cold storages, industrial corridors, dedicated freight corridors etc. going ahead. Additionally, US can partner India in developing indigenous industry by sharing its technical knowhow in varied areas. Thus, this is the right time to push US investors to employ their resources in India for taking the benefit of vast but untapped business opportunities in the country.

5.3 Building of information hub

To enhance bilateral investments flows, this is imperative on the part of both the nations to make efforts towards creating awareness amongst potential investors about the investment opportunities in India as well as in US. Building of information hub for providing comprehensive information relating to business opportunities and business environment in the different countries of United States of America as well as of India is a right move towards enhancing investment relations between India and America as a whole.

5.4 Indo US dedicated committee & sub committees

Recently, both India and US have undertaken/announced several initiatives to derive growth and prosperity for their economies. At the outset, the major concern is to execute all these initiative at the ground level effectively and timely which involves several procedural, informational, liaisoning, administrative requirements to be discharged. In order to provide one top shop solution to all these requirements, setting up of a dedicated committee is highly suggested for keeping a monitor over the execution of all reforms undertaken/announced recently. The committee should be comprised of official representative from both the countries and a portal is to be created especially for Indo US bilateral ties for providing complete information relating to growth prospects, investment procedures, business environment among others in both the nations.

5.5 Connecting Indo-US business communities

Last but not the least, India and US both the nations have undertaken/announced various measures at the government level, the benefit of which is aimed for the business entrepreneurs of varied sectors. At the outset, this is imperative on the part of India and US to well inform their business communities about the joint initiatives undertaken; to provide them the detailed information about the initiatives; to support them for deriving the entrepreneurial benefits out of the initiatives and finally to connect the business people of both the nations. For this, India and US should frequently organize the focused business shows wherein business entrepreneurs of both the nations can explore business potential and opportunities across different sectors in the respective countries. Without, these focused efforts, both the nations would not be able to produce the fruitful and effective results of the strategic partnership moves.

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Disclaimer

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