

The US-India Defense Technology Transfer: Challenges and Prospects

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Abstract

This paper will focus on issue of defense technology transfer between India and the United States. It examines policies and programmes to deal the issue of technology transfer. It will analysis the various factors which have played the major role to deal the issue the defence and technology transfer in over period of time. It focuses how leaders and the policy makers of the both countries have developed the trust and mutual understanding so that US defence companies can transfer their technologies and start the production of the defence weapons or parts in India. The paper is looking how the government under leadership of Narendra Modi changed the foreign investment policy to invite the foreign investors for the manufacturing of defence parts and weapons and selling them in the global defence market.

KEYWORDS: Defense Technology Transfer, International Politics, Foreign Direct Investment (FDI), Defense Trade, Cyber Security, Terrorism.

Introduction

India and the US are democratic countries; believe in democratic values and its cultures. Both countries had good and bad experiences to deal the issue of defence and technology transfer.¹

Over the last decades, both countries have cooperated in several areas like cyber security, counterterrorism, defense and trade, science and technology, economic and trade etc, but the issue of defense transfer technology was missing. In May 2014, new government formed in India under the leadership of Narendra Modi who went to the US in September 2014. During his visit, the US agreed to transfer some technologies under the US-India Defense Technology Transfer Initiative (DTTI).² Since then some US defence companies have been transferring the defence technology and manufacturing the defence weapons and parts.³ This manufacturing will strengthen Indian defence infrastructure to overcome since long back internal and external security threats. India expected to invest billions dollars on the modernization of Indian military in the next 10 to 15 years. It has been importing defence weapons defense equipments from other countries. In order to remove dependence from other countries, 'Government of India' has decided to increase FDI cap from 26% to 49% of defense sector in 2014 and further 100 per cent FDI permitted in 2016.⁴ This FDI policy has provided the opportunity of the foreign vendors to invest in Indian defence sector. The number of US defence companies has been investing for the manufacturing of the defence weapons.

Evolution of US-India Relationship and Dynamics of Security Sphere

After just independence India was faced security threats like Kashmir conflict and Hindu-Muslim riots. India's first Defense Minister K.M. Cariappa visualised the consequences the security threats, wrote a letter to Jawaharlal Nehru to indicate

security threats from both China and Pakistan. But Nehru did not take it seriously and forwarded the idea of Hindi China Bhai Bhai slogan. Nehru realised his mistakes when China attacked on India in 1962.⁵ India was facing internal and external security threat so that it was decided that it would take military assistance from other countries like Russia and the US. After independence, India was attracted with Soviet Union that had given wrong message for the US-India relationship. And the US wanted that India should not make good relations with Soviet Union. Due to India attraction with Soviet Union, the US had started to make good relations with Pakistan, and provided massive amount of military equipments and economic assistance to it that was led security threat to India. So that India was opposing the US aid to Pakistan. So this was the entire threat sphere. In order to remove the security threat and develop indigenous defense capacity, India started to establish certain institutes like Central Training Institute of Bombay, Fertilizers Plants, Premier Automobile Factory, Bokaro Plant, North Indian Industrial Centre and Indian Institute of Technology (IIT) with help of the US. For Bokaro Steel Plant \$900 million and Tarapur Nuclear Plant \$80 million was proposed by the US. The US had also decided to build up Massachusetts Institute of the Technology (MIT) style engineering institute in India with help of American professors.⁶ The US President John Kennedy had given green signal for this. Both countries were agreed to provide mutually safeguards for sensitive nuclear materials which would not used for military purposes. This was the US high technology assistance to India. About relationship between politics and technology, Roger William said that the new politics depends on development of science and technology. The survival of the state depends on the technological capacity. The political interests are shaped the emergence of the new technologies that depends on the circumstances and state desires for establishing their business.⁷ In March 1966, Indian Prime Minister, Indira Gandhi visited US. The US President Lyndon B. Johnson discussed about establishment of Indo-US American Foundation. The objective of this foundation was to promote science technology innovation. Later on, the US President Kissinger and the Indian Defence Minister Chavan were signed an agreement to built up an Indo-US Joint Commission. The objective of the commission was to promote education and culture, science and technology, economics and trade. The Sub-Commission of Science and Education had also worked with many joint projects, and exhibited many scientific research projects in order to develop scientific capacities. The Sub-Commission of Economic and Trade, Joint Business Council have focused on the economic issues how both countries could build up deeper trade relationship.⁸ In 1982, Indira Gandhi visited the US. This visit had given larger impact on US-India relations. Because of this, both countries had resettlement of Tarapur nuclear plant issue as well as started initiative for cooperation of science and technology also.⁹ About science and technology initiatives with India, the US President Science Advisor, Jay Keyworth and the President of the American Association of Science (AAS) were suggested that the US should provide necessary funding for science and technology enhancement to India. In order to explore science project, the American team visited India welcomed by Indian Prime Minister Indira Gandhi. She was held a meeting with American team to discuss over science and technology issues. In response of India's positive attitudes, the US was agreed to sale military arms to India. The US Department of Spokesman, John Hughes said that "we want to help India meets its legitimate security needs and believe military sales would make a positive contribution".¹⁰ In 1984, the US Vice President Bush visited India. This visit helped in negotiation on the issue of high technology memorandum of understanding. But in practical, technology cooperation was not possible because of lack of trust in

the views of State and Commerce Department, Department of Defence and Arms Control Disarmament Agency. These agencies believed that India could leak the US technology to Soviet Union. The US Department of Defence was thinking that Indian Defense System could leak US defense informations. Dr. Fred Iklr, Pentagon's Under Secretary for Policy visited India in 1984. The main purposed of his visit was to control Soviet attraction with India and promote Indo-US security cooperation. He indicated the possibility of defense assistance to India including Light Combat Aircraft (LCA) that India was urgent required. And India and United States could play crucial role in 21st century, said by him. With respect of US policy, India wanted to develop indigenous capacities and hoped to produce LCA in the 1990s. In the same year, the US Secretary of Air Force, Vern Orr suggested that the US should change its defense policy toward India. His suggestion welcomed and provided some technical assistance to India for building its defense capacity by the US. After 1962, this was the first time, when the US was agreed to provide technical assistance on the LCA for India.¹¹ Regarding transfer of military technology, in September 1985, the Science Advisor of Defence Ministry, Dr. Arunachalam visited India. After this visit, India took interest to purchase GE-404 engine and F-18 which were most advance US Air Craft Engine for using in the next generation of Indian fighter plans.¹² And in 1986, before coming of the US Defense Secretary Caspar Weinberger in India, the US Congress had permitted to sale GE F-404 engines to India. In 1984, US Secretary of Air Force, Vern Orr suggested that the US should change its defense policy toward India. Consequently, the US agreed to provide technical assistance and technology equipments in order to increase India's defense capacity. India tested nuclear device in 1974 and entered in space in 1980.¹³

After Ninety Nine One

In 1990, Soviet Union collapsed, and India adopted the policy of liberal economy and changed its view toward western countries.¹⁴ In 1995, US-India signed a defense agreement. And the issue of technology transfer got boost and their relationship was going to deeper but this relationship was disturbed in 1998, when India tested nuclear devices. In 1999, Kargil conflict occurred between India and Pakistan. Over this conflict, the US has taken decision in favour of India by saying to Pakistan withdraw their forces from Cargill.¹⁵ The India-US relations entered a new phase in 2000, when the US President Mr. Bill Clinton visited India. Both countries have taken policy decisions to strengthen the defence and security relationship. They established the Indo-US Science and Technology Forum to promote mutual understandings in transfer of technology, research & development, creation of electronic references, electronic exchanges and others but issue of defense technology transfer was missing.¹⁶ C. Raja Mohan said that Bill Clinton's visit to India ended the historic US foreign policy tilt toward Pakistan.¹⁷ In May 2000, Thomas Pickering¹⁸ told that the US wanted to build up a healthy relationship but military co-operation could not until India not signed NPT.¹⁹ Further, the US National Security Advisor, Mr. Rumsfeld met with Indian security advisor, Brajesh Mishra in the 37th annual security conference at Munich in February 2001. They discussed on several issues but they did not touch the issue of defense technology transfer.²⁰ Indian Prime Minister, Atal Bihari Vajpayee visited the US in 2000. During the joint statement, he focused on democracy, terrorism, economic issues, high technology trade, biotechnology cooperation, power generation, civil aviation, environmental protection and break off proliferation of dangerous technology. He also discussed military and intelligence cooperation but the issue of defense technology transfer was also missing.²¹

The Nine Eleven Attacks

The September 2001 terror attack in 'New York City' was a game changer in global politics, the US realised terrorism as a serious security threat.²² In the attack, terrorists were used sophisticated military equipments that indicates they were well trained how to use these weapons.²³ In the same year, 'Indian Parliament' was victimised by the terrorist attack on 13 December 2001. After the 9/11 attack, US recognised terrorism as global problem and it must be through international cooperation. The US President George Bush stated that all nation-states must be clear their stands on terrorism. They are either with us or terrorists.²⁴ The US started the war against terrorism in which it has used sophisticated military equipments.^{25/26} The sophisticated weapons have used by the US military forces in the military operations to identified terrorists activities.²⁷ The US government has worked on the development of military weapons. For examples; (i) Future Attribute Screening Technology' (FAST) equipment is one them which is able read psychological responses of human body;²⁸ (ii) Secure Electronic Enrolment Kit is able to read finger prints, facial scans and iris scan. It has helped soldiers to get the data people and sent it to other networks immediately;²⁹ (iii) Critical Infrastructure Inspection Management System is able any photograph of the ground from the airplane. This device is able to get correct information of the land.³⁰ The US soldiers have used these technologies in the military operations in Afghanistan and Iraq.³¹ Similarly the US, India has been also working on sophisticated military weapons like Electro-optics System, Land Based Electro-Optics and Naval Based Electro-Optics.³²

In February 2002, a landmark decision took by the US was to cleared to the sale eight 'Raytheon Counter-Battery Radars' to India. This was the first arms deal during five decades.³³ In the same year, 'General Security of Military Information Agreement' (GSMIA) signed by US-India. Donald Rumsfeld said that "the way for greater technology between US and India," in response George Fernandes said that "I am very happy today....we have able to receive our military relationship".³⁴ Under the agreement, both parties agreed to protect classified information and sensitive technology, and allow to India for access dual technologies and military equipments from the US. The US also agreed to sale defense weapons and approved licences for twenty weapon systems to India. Later on, General Richard Myers announced to sale 'surveillance radar system' to India. In 2004, Master Information Exchange Agreement (MIEA) signed by both countries for rationalization, standardization and interoperability of military equipments and decided to improve their conventional defense capacities through help of new technologies and research development programmes.³⁵ The US understood that the need to strong relationship with India and it could be seen in US National Security Strategy in 2002 in which the US declared that "US interests require a strong relationship with India".³⁶

In 2004, Next Steps in Strategic Partnership (NSSP) signed by George Bush and Atal Bihari. Under the first phase of NSSP, the US decided to remove restriction on dual technology export and improve cooperation in civil nuclear, space and defense missile to India. Both countries signed High Technology Trade Agreement. Under this agreement, it had to be decided that due use technology items would not control due to proliferation reasons. In second phase of NSSP started when US Christina Rocca visited India on October 21, 2004. India recognised the progress in four areas like nano technology, biotechnology, advance information technology and defense

technology. The 2004's tsunami hitting in India has largely transformed U.S.-India security and military engagement, because the US assisted India after tsunami. After that, the US started to look India as a security provider in the Indian Ocean Region (IOR).³⁷ In 2004, Research Development Testing and Evolution (RDTE) signed an agreement for military cooperation and research development issues. Under the agreement, it was decided that use of emerging technologies should be primary concern in defense sector because that can improve India's military capacity. The 'US-India Science Technology Cooperation Agreement' was signed in 2005 for promoting technological cooperation between them.³⁸

Later on, both countries agreed to set up an 'Indo-US Science & Technology Commission in 2010 science and technology cooperation.³⁹ Further both countries also established India-US Science & Technology Forum (IUSSTF) to promote technology cooperation. Under IUSSTF more than 12,000 scientists of the both countries have interacted and exchanged their ideas. The US-India had signed Defence Framework Agreement in 2005. Under this agreement, both countries were decided to conduct military exercises, defense transactions and building good understanding in defense establishments including discussion of technology of transfer, co-production, collaboration, research and development.⁴⁰ The US wanted to sale military weapons like F-18, F-16 and P-3C in order to get commercial benefit. But it was not taking interest on transfer defense technology to India because of commercial, security and technological superiority reasons. The US is technological advance country so that it has to be seen that the issue of technology transfer is always cornerstone in the US defense policy.⁴¹ In March 2006, India-US 'Maritime Cooperation Framework Agreement' signed. Under this agreement both countries agreed to cooperate in maritime joint operations, military exercises, ensure protection from sea piracy and help in rescue operations during natural disasters.⁴²

After the Mumbai Attack

In 2008, Taj Hotel in Mumbai attacked by the some terrorists who came from sea route Karachi, Pakistan. This attack was like 9/11 attack in the US, and the terrorists used sophisticated military equipments. Peter Bergen expert on terrorism said that "We talk about internet being important of terrorism, which I think ridiculous. The people who died the Mumbai attack did not sit around reading how to do attacks on the Internet. They actually went to training camps in Muzaffarabad for several months".⁴³ They had highly trained and knew very well how to use sophisticated weapons. They were used Global Positioning System Handset, Internet phones and satellite phones. To trace the calls from satellite phones was difficult. Hasan Gafoor, Police Commissioner said "complicated technologies—including global positioning systems and satellites phones—have become simpler to operate, terrorists, like everyone else, have become adept at using them. Well, whether terrorists or common criminals, they do try to be a step ahead in terms of technology".⁴⁴ In 2009, Hillary Clinton visited India. During this signed on three landmarks agreements; (i) Technology Safeguards Agreement; (ii) End Use Monitoring Agreement; (iii) Science Technology Cooperation Agreement. The objectives of these agreements have to access the sensitive technology.⁴⁵ In 2010, the US President Barak Obama visited India. He said that the US is ready to provide some relaxation on export of high technology, promised to expand US-India Nuclear deal, cooperation in defense and space.⁴⁶ He also declared some projects for coproduction with India like aerial

vehicles, protective gear against biological and chemical weapons. The US had already declared to explore cooperation on technology of jet engine and aircraft carrier design.⁴⁷ Sahgal argued that India's needs technological and military hardware support for capacity building as well as develop of indigenous military capabilities which could be possible through US military and technological assistance. Both countries has achieved remarkable progress in their relationships but still doubt remained in several areas like C4ISR, information technology, space and cyber domain.⁴⁸ Despite the progress of US-India defense engagement, the issue of technology transfer remained main obstacle. The US does not want to transfer sophisticated defense technology to India. The fact is that defense is the main source of US economy. If the US will transfer technology to other countries, it means that it would direct affect its economy in the coming years.⁴⁹ Indian Prime Minister Narendra Modi visited US in 2014. The US government was approved to transfer two defense technologies for India. The both countries renewed 'US-India Defense Framework Agreement' for next ten years.⁵⁰ This time, the US not only agreed to sale military weapons to India but also agreed to co-production and co-development of military technologies, from aircraft carrier launch system to mini spy drone setting with Modi make in India.⁵¹ This was the first time, when the US is ready to coproduce weapons like exploration of C130 J Super Hercules Aircraft and Raven UAV with India.⁵² Both countries also decided to transfer technology under Defense Trade and Technology Initiative (DTTI) that would really help in building of India's defense capacities, said by Frank Kendall. He was Under Secretary of Defense for Acquisition, Technology and Logistics in the US. The US wanted to transfer 17 technologies to India. Indian Former Secretary Kanwar Sibal said that what type of technologies that US wanted to transfer India. He said that other players like Russia, France, Israel and Germany are also available in the global defense market, India should evolutes accordingly.⁵³ Rahul Bhonsle said that the US laws could become obstacles especially in issue of technology transfer to India. And only low level technology sharing would be possible despite the good relations between them.⁵⁴ Cowshish argued that the issue of technology transfer would not be easy to short out. Because, there will need coordination among multiple agencies like ministries, departments and organizations. So that, India should develop its indigenous defense capacities and it must be reduce its import of defense equipments from other countries, and try to fulfil its objectives without compromising any other national interests.⁵⁵ Shah argued that Modi government must keep in minds three outlooks. First, the government make sure good relations with its neighbour countries and formulate policies according to understanding Russian-Chinese engagement and Pakistan-Russian relationship and Chinese Pakistan relationship. Second, the government must try to fulfil the objectives of DTTI that decided by the both countries. Third is that the government should provide good milieus in order to attract foreign investors who are willing to transfer meaningful defense technology to India.⁵⁶ The fact is that technology transfer to India is the "acid test" of US commitment. And it is also "touchstone" for stable and long term relationship.⁵⁷ India is seeking advance technologies in order to modernise its defense sector, and want to fulfil objectives of domestic economic development. But at the same time, suspicion on leakage of transfer technology and controlling policies through organizations e.g. NSG, MTCR and NPT. Since independence onwards, India has invested larger amount of budget on defense sector. But it could not fulfil India's defense requirements which were needed. Recently, the government has decided to FDI from 26% to 49% in defense sector. The private companies like Tata Sons, Mahindra &

Mahindra, Reliance Group, Larsen Toubro have got opportunity for the production of defense equipments. The government is thinking that if these private companies would produce defense equipments in India that would help in fulfils India's defense requirements as well as creates opportunities of job also. The government strategy behind the promotion of FDI in defense sector is to reduce import of defense equipments from 60% to 30% in the next five years.⁵⁸ India has decided to provide facilities whatever is possible from it. Along with this, India entailed certain restrictions about resident and non-resident Indian who want invest here. The investors who belong from Pakistan and Bangladesh invest in India under certain rules.⁵⁹

Challenges

India and the US are democratic countries; both are doing political business for secure their national interests. After the 9/11 attack, the US was agreed to sale military weapons to India but the issue of defense technology was missing. India is developing countries which need technology in order to achieve goals of development. There is no doubt that the US is giving assistance to India for its development but the issue of transfer defense technology remain to serious concern because the China and Pakistan has still become serious threat to India and without defense technological enhancement, India cannot able to mitigate its security threats. Between India and the US, there are certain security challenges that need to be considered. First, if Pakistan producing terrorism that creates insecurity in India then why the US has been giving military assistance to Pakistan. For example, the US provided \$ 5.2 billion worth of military weapons (e.g. P-3 C origin maritime patrol aircraft's, TOW anti-armor missiles, AN / TPS-77 surveillance radars and military radio sets) to Pakistan during 2002-2011.⁶⁰ The main objective of this aid was that the Pakistan army should become modernized.⁶¹ In war against terrorism in Afghanistan, India played a crucial role. On the one hand, India allowed the US to use the Indian Naval bases and on the other it worked for peace process in Afghanistan. India has invested \$2 billion in Afghanistan. The US government has decided to withdraw its forces from Afghanistan that can direct affect India's national security. So that India wanted to presence the US forces in Afghanistan⁶² because after 9/11 attack, the terrorists activities has reduced.

Table 3.3: Fatalities in terrorist attack in India from 1994 to 2014*

Year	Civilian/ Common People	Security Forces Personnel	Terrorists	Total
2000-2002	4670	2132	7985	14787
2003-2005	3285	1291	5027	9603
2006-2008	3161	1167	3676	8004
2009-2011	1909	996	2302	5207
2012-14**	823	446	1132	2401

Source: South Asian Portal⁶³

Note: *Data till 2004 does not include Fatalities in Left-wing Extremism. ** Data till October 12, 2014.

Second, the bureaucratic structures of both the countries have also become obstacles to deepening of bilateral cooperation. According to the US bureaucrats the Indian policy making process and its implementation is very slow. For instance, whatever

decisions took by the individual Integrated Defense Staff Headquarters and Service Headquarters for international engagement first needed to be sent for the approval to the 'Ministry of Defense' (MoD). MoD must gain the consensus of the 'Ministry of External Affairs' (MEA). Thereafter, the defense wing of the 'Ministry of Finance' (MoF) has power to approve or deny any decision taken by the MoD. If it would approve, the proposal is again sent to the MoD. Again, the Defense Minister himself reviews the proposal for authorization. During the process of the review, Indian Defence Minister has the right to deny any original request or demand.⁶⁴ In US, without permission of the US Congress, the government cannot sale defense equipments or cannot transfer any defense technology to other countries including India. Third, the US laws cannot allow transfer sophisticated defense technology, because the US is thinking that India is not able to secure sensitive defense technology. Therefore, the US is feeling uncertainty to transfer defense technology to India. Fourth, In 2016, the 'Modi Government' has decided to increase FDI from 49 per cent to 100 per cent.⁶⁵ Fifth, in order to develop India's defense capacities, the Indian government is taking defense assistance from other countries like Russia, Germany, Israel, United Kingdom and France, while the US is thinking that India should import military weapons only from the US, not from other countries. Because, it is direct influence US defense business. Through defense trade, the US wanted to pursue its economic interests. Sixth, the US defense companies have serious concern on India's offset policy that has created hurdles in defense technology transfer. The meaning of the offset policy is that a buyer seeks compensations from seller for obtain goods and services.⁶⁶ Seventh, the procurement process of India is also creating hurdles for purchasing defense articles and technology from the US. On the defense deal, there need approval of several departments approval that is not easy. For instance, without permission of the Ministry of External Affairs no defense agreement is possible.⁶⁷

Prospects

So many challenges existed in front of US-India Defense Technology Transfer, but it does not mean that both countries can not able to mitigate these challenges and search the ways for making deeper understanding and cooperation to each other. Over the past decade, India has purchased military weapons almost \$10 billion which has possible under Foreign Military Sale (FMS) program.⁶⁸ The US has sale military aircrafts and ready to transfer defense technology also. In order to promote defense business, Indian government has decided to increase FDI in defense sector that means now the US defense companies can invest in India and spread their businesses at least three possible ways. First, Direct Commercial Sale (DCS) the US can sale defense articles to international partner but it does not directly involve to the US government, and the defense contactors of the US act like seller, they can directly negotiate and execute DCS transactions with global partners. But it does not mean that contractors are not bound with US government regulations. Indian government launched "Offset" policy which would help more in DCS transactions. And it would strength India's defense industry. Second, Hybrid FMS/ DCS Transaction is another alternative to sale military weapons to other countries. Basically, it is the combination of FMS and DCS arrangements so that it called "hybrid". When the US government has designed a defense article or services which restricted for sale due to defense technologies and there are no chance to sale their weapons to other countries without the US government permission then through Hybrid FMS/ DCS Transaction, the US

contractors sell their weapons to other countries. Third, Co-production and Co-development of military weapons, for this, both countries agreed on DTTI which was launched in 2012 for deeper defense cooperation. Under DTTI, both countries have decided to “build an enduring partnership in which sides treat each other at the same level as their closest partners, including defense technology transfers trade, research, co-production, and co-development”. And the both countries have also decided to launch projects for co-production, and co-development of military weapons, jointly produce defense articles, share research and development costs and deliver technology and the other assistance also.⁶⁹ In India, the new government is formed by the ‘Bhartiya Janta Party’ (BJP) under the leadership of Mr. Narendra Modi in 2014. In September 2014 Summit, the US Secretary of State, John Kerry said that Narendra Modi and Barack Obama would generate new dynamics in the Indo-US relationship. He said that it is an opportunity to move from past misunderstandings and generate new ties for future partnership. Barack Obama administration must interact with Narendra Modi government to promote business for achieving a vision of strategic partnership which is in favour of their national interests. The Indian Prime Minister Narendra Modi visited the US in September 2014. During joint statement, Mr. Narendra Modi and Barack Obama pledged to enhance the cooperation in security, counterterrorism and to exchange military informations. On the issue of defense co-operation, the leaders of the both countries have taken decision to renew 2005 Framework for the Indo-US Defense Relationship for next ten years. The leaders also directed new policies and program for strengthening defense cooperation. They decided to revive the Political-Military Dialogue. They appreciated the first meeting of new defense cooperation which has taken place under the framework of the Defense Trade and Technology Initiative in 2014, and approved its decision to set up a Task Force to assess and make a decision on unprecedented technology and projects which would have a positive impact on defense relations. It will enhance the capacities of India’s military and defense industries. The US has taken decision to provide education and training in the area of military, and endorsed to provide India’s designed National Defense University. They agreed to strengthen cooperation in the area of maritime security to ensure security of commercial activities and to upgrade their joint military exercise MALABAR.⁷⁰ Through the US assistance, Indian military capacity can become strengthen and self reliance. And it would be also able to produce military weapons according to the global competition.⁷¹ Frank Kendall said that ‘DTTI is one of the US Policy to build a deeper, closer, and broader relationship with India that is the most one of the important country on the earth. DTTI has significant mechanism to achieve the objectives of the US-India defense technology transfer. The prominent prospects can be seen in the US President Barak Obama statement “India and the United State are not just natural partner.....America can be India’s best partner”.⁷² In order to facilitate defense research and development, in January 2015, both countries have signed India-US, Research, Development, Testing and Evolution Agreement.⁷³ So there is no doubt that the US and India could be able to build up deeper understanding in the short coming years.

Conclusion

India-US has developed their mutual understanding but the issue of defense technology transfer was missing in their relationship till 2001. Since 1950 to 2000, the US did not show interest in Indian defence sector. It did not transfer defence technology to India. But after 2001, both countries have achieved remarkable progress

in their relationship. India has permitted 100 per cent FDI defence sector in 2016 to providing the relaxations for the foreign vendors for the manufacturing of the defence weapons or parts in India. This FDI policy has influenced the Indian defence sector now several defence companies have been manufacturing the defence weapons and parts in India. There are number of US defence companies have been manufacturing the defence parts and weapons in India. The produced parts have been importing by the US and Indian defence companies for the weapons. The US not only manufactured the weapons or parts but also selling the defence weapons to India. The imported weapons and manufactured parts have strengthened the capacity of the Indian defence sector.

End Note

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