India at Center Stage

A Background Paper
For Student Delegates
To the
Thirty-sixth Annual
World Affairs Institute

Pittsburgh, Pennsylvania
November 15, 2006
INDIA AT CENTER STAGE

INTRODUCTION

“At the dawn of history India started on her unending quest, and trackless centuries are filled with her striving and the grandeur of her success and her failures. . . . We end today a period of ill fortune and India discovers herself again. The achievement we celebrate today is but a step, an opening of opportunity, to the greater triumphs and achievements that await us.”

~ Jawaharlal Nehru

Jawaharlal Nehru, India’s first prime minister, uttered these words as part of his famous “Tryst with Destiny” speech on the eve of India’s independence from Britain in August 1947. The words could just have easily been spoken today. Then, as now, India finds itself at a defining moment in its history.

After decades of being all but ignored by the rest of the world, India now finds itself the center of attention. Along with China, India is the investment destination of choice for multinational corporations, especially those based in the U.S. New Delhi, the capital of India, has become a revolving door of foreign leaders, each one eager to form a “strategic partnership” with India. In a word, India’s got buzz.

But is that buzz justified? Despite its impressive track record of economic growth over the last decade, India remains a country with high levels of poverty, millions of illiterate citizens, and insufficient infrastructure. The good news is that India has a number of important assets: a young workforce; a stable, democratic government; talented, ambitious entrepreneurs; and a resilient population.

The transformation of India that began 15 years ago is far from complete. How and whether India completes that transformation will affect all of us who live in our increasingly integrated and interdependent global community.

PUTTING INDIA ON THE MAP

India is located in South Asia, a region that encompasses Pakistan, Sri Lanka, Nepal, the Maldives, Bhutan, Bangladesh, and Afghanistan. India is surrounded by water on three sides: the Bay of Bengal, the Arabian Sea, and the Indian Ocean. It shares its extensive northern border with Pakistan, China, Nepal, Bhutan, Bangladesh, and Myanmar (Burma). India is a little more than one-third the size of the United States.

India is home to 1.1 billion people and, within the next few decades, is expected to overtake China to become the most populous country on earth. The country is divided into 28 states and 7 Union Territories. It has 16 official languages and over 1,650 dialects. All of the world’s major religions are represented in India, although the vast majority of the population is Hindu.

A RICH AND DIVERSE HISTORY

Those “who wear cotton clothes, use the decimal system, enjoy the taste of [curried] chicken, play chess, or roll dice, and seek peace of mind or tranquility through meditation are indebted to India.”

~ Historian Stanley Wolpert

The Indian subcontinent is home to one of the ancient world’s great civilizations. Extensive urbanization and trade began in the Indus River Valley 5,000 years ago. Over the next five millennia, India and other parts of South Asia were ruled by various empires. As successive rulers assimilated prior populations, a rich and diverse array of cultures, ideas, traditions, and technologies was formed. Many of India’s current societal, cultural, and religious beliefs and practices can trace their origins to the South Asian civilizations that prospered and thrived centuries ago.

More recent history has shaped India’s current political, economic, and foreign policies. Part of the legacy of British rule is a set of democratic institutions that have been wholly embraced within Indian political culture. That legacy, however, also created an Indian ruling class initially distrustful of Western countries and, in particular, their capitalistic economies. After gaining independence in 1947, Indian leaders were determined to chart a different course.

AN ANCIENT CIVILIZATION

Signs of human activity in India date back to the Paleolithic Age, roughly between 400,000 and 200,000 B.C. It was not until 3,000 B.C., however, that a sophisticated civilization, known as the Harappan, appeared in the Indus River Valley, in what is now modern-day Pakistan.

Over the next several thousand years, India was subsumed in various empires through a series of migrations and invasions. By the end of the first century B.C., South Asia was a patchwork of trade routes and an amalgamation of cultures.

The next few centuries, India’s so-called “Golden Age,” saw significant achievements in religion, education, mathematics, art, and drama. The religion that would later develop into modern Hinduism began to take shape during this period.

Another religion that would play a key role in the history of modern India—Islam—was introduced to the region in 711 A.D. when Arab military forces established an Indo-Muslim state in what is now Pakistan. Islamic rule on the subcontinent strengthened and expanded over the next few centuries, reaching its zenith during the Mughal Empire (1526-1857).
Arrival of the Europeans

It was during the reign of the Mughals that Europeans arrived in India. The Portuguese were first, with explorer Vasco da Gama landing in southern India in 1498. The British, through the East India Company, followed suit in the early 1600s. A little more than a century later, Britain had become the preeminent military and economic power in India.

In 1857, a series of rebellions in northern and central India seriously threatened British authority on the subcontinent. Although the British successfully quashed the rebellion, it marked a major turning point in British-Indian relations.

India came under direct rule of the British Crown (as opposed to the East India Company), and British attitudes and practices shifted from cultural engagement to insularity and xenophobia. Gone were the days of Company employees living freely among Indians, familiarizing themselves with Indian customs and languages, and even inter-marrying. After the rebellion in the 1850s, the British withdrew into their own enclaves and were increasingly physically and culturally segregated from their colonial subjects.

The Road to Independence

In 1885, the Indian National Congress (INC) was formed. Its original goal was simply to increase participation of its members—Western-educated, professional elites—in the civil service. The INC was not initially opposed to British rule. By the early 1900s, however, the INC had evolved into a true political organization and had become increasingly involved in the growing independence movement.

With its expanding base of support, the INC claimed to represent all of India. In fact, the INC represented only Hindu Indians. Accordingly, in 1909, Muslim Indians created the All-India Muslim League, whose goal was the creation of a separate and independent Muslim state.

In 1920, Mohandas (also known as Mahatma) Gandhi, a leading Indian activist, took over leadership of the INC. That same year, Gandhi instituted his campaign of nonviolent civil disobedience, urging Indians to boycott British institutions and products, resign from government employment, and refuse to pay taxes. In response, the British slowly began granting the Indian people more autonomy, particularly in local matters. Outright independence, however, remained elusive.

On August 8, 1942, Gandhi launched the “Quit India” movement calling for the immediate independence of India. It would take five years, and the ravages of a world war, to convince the British that the time had come to grant India its freedom. On August 15, 1947, an independent India was born.

The Partition of India

On Independence Day, British Colonial India was partitioned into two countries: secular India (with a Hindu majority) and Muslim Pakistan. Pakistan consisted of two areas—East Pakistan (which in 1971 became Bangladesh) and West Pakistan, geographically separated by 1,500 miles of Indian Territory.

This forced partition had disastrous consequences as millions of Hindu and Muslim refugees fled either Pakistan or India. An estimated one million people died in the wake of communal conflict that arose following partition, and countless millions of people were uprooted.

The Kashmir Issue

Kashmir abuts both India and Pakistan. At the time of partition, it had a Hindu ruler and a predominantly Muslim population. India and Pakistan each lobbied the ruler to join their respective countries. Before the ruler could decide what to do, a rebellion broke out in southern Kashmir. The ruler appealed to India for assistance, while Pakistan sent in troops to support the rebels.

The Indian army quelled the rebellion, and the ruler chose to accede to India, provided, however, that a plebiscite be held so that the Kashmiris could decide for themselves whether to stay with India or to join Pakistan. India referred the matter to the United Nations (UN) for adjudication. The UN resolved that Pakistan had to withdraw its troops, India had to draw down its forces, and a plebiscite must be held. To this day, none of the UN’s resolutions has been acted upon.

Since 1947, India and Pakistan have fought three wars over Kashmir and related matters, none of which has resolved the Kashmir issue.

The World’s Largest Democracy

“Democracy is a great institution and, therefore, it is liable to be greatly abused.”
~ Mahatma Gandhi

On January 26, 1950, the constitution for the newly independent India took effect, thereby creating the world’s largest democracy. For nearly six decades, India has defied conventional wisdom by proving that democracy can flourish in an ethnically diverse, hierarchical society, even one with high levels of illiteracy and, until recently, a small middle class.
Democracy, however, has its drawbacks. In the last three elections, no single political party has been able to claim a majority in parliament. As a result, a coalition of parties—many of whom have competing agendas—has formed each government. This government by coalition has made it increasingly difficult to pass much-needed, but politically unpopular, economic reforms.

The Nehru-Gandhi Legacy

For almost all of its post-independence period, India’s political scene has been dominated by a single political party—the Indian National Congress—and by a single family dynasty—Nehru-Gandhi. Jawaharlal Nehru, the leader of the INC at the time of independence, became India’s first democratically elected prime minister. He served in this position until his death in 1964.

In 1966, Nehru’s daughter, Indira Gandhi, was elected prime minister. Her premiership was marked by controversy, culminating in her declaration of a state of emergency in 1975. Two years later, Mrs. Gandhi held a fair election that she lost. After 30 years of uninterrupted rule, the INC was no longer in charge of the government.

The INC and the Gandhi family were not out of power for long. In 1980, Mrs. Gandhi was reelected. In 1984, she was assassinated by her Sikh bodyguards in apparent retaliation for the Indian Army’s storming of a Sikh holy shrine several months earlier.

Mrs. Gandhi’s son, Rajiv Gandhi, became prime minister following the death of his mother. He was himself assassinated in 1991 by a suicide bomber upset by India’s intervention in the dispute between Sri Lanka and a rebel group. Despite the death of its leader, the INC managed to hold onto power in the general elections later that year. From 1996 until 2004, India was governed by the Hindu nationalist Bharatiya Janata party.

India’s most recent general elections, held in 2004, saw the return to power of the INC, headed once again by a familiar name: Sonia Gandhi, Rajiv Gandhi’s widow. Mrs. Gandhi, an Italian by birth, declined the premiership, suggesting instead that the position go to Manmohan Singh.

Government by Coalition

The 2004 elections saw the continuation of a trend that began in the 1990s: the splintering of India’s electorate. India’s political system is transitioning away from national parties toward regional and caste-based parties. These smaller parties are generally resistant to change and are committed to serving the interests of a very narrow group, often at the expense of the majority.

This trend has created an unwieldy number of political parties. Members from more than 40 different parties, plus a number of independent candidates, were elected to parliament in 2004. The current government is an amalgamation of 20 different political parties. The communist faction of this coalition, called the Left Front, is thwarting Prime Minister Singh’s efforts to reform further India’s economy.

Economic Transformation

“We are determined to improve the conditions of life for our people, and this can only be done by transforming our economy into a modern, middle-income economy as quickly as possible.”

~ Manmohan Singh

When the British pulled out of India in 1947, they left behind a primitive industrial base, vast levels of poverty in the country’s growing population, and a stagnant economy. The economic policies adopted by India’s new leaders did little to improve the situation. It would take a fiscal crisis, the global expansion of high-speed internet, and an entrepreneurial spirit to transform India’s economy.

And what a transformation it has been. India’s unparalleled success in providing low-cost, high-quality information technology (IT) services to the world’s Information Age economies has propelled the country to a robust 8.1 percent average annual GDP growth rate over the last three years. India now has the fourth largest economy in the world, and by 2040, is projected to move into third place.

There is, however, a downside to India’s economic transformation. The IT boom has benefited a growing segment of India’s population—English-speaking, well-educated, urban dwellers—but this segment represents only a small portion of India’s population. Over 700 million people still live in rural India and have yet to see the benefits of the IT revolution.
Hindu Rate of Growth

In the late 1940s, the task of developing an economic game plan for the newly independent India fell to Prime Minister Nehru. His economic philosophy was shaped by his admiration of British socialism and his fascination with Soviet-style central planning. Distrustful of the private sector, Nehru believed that the state should run everything.

Those industries that were not owned outright by the state were subject to stringent price and production controls through an elaborate bureaucracy known as the License Raj. Nearly every activity performed by a business—opening a new plant, hiring workers, changing suppliers, taking out a loan, importing equipment, increasing production—required a license. The license application process often took years, and countless bribes, as the requisite paperwork slowly worked its way through India’s notorious bureaucracy.

Nehru was also determined to make India self-sufficient. He banned imports in favor of domestically produced goods, allowed only limited export of Indian products, and discouraged foreign investment.

The result of Nehru’s policies (and those of his successors) was a stagnant, overregulated, inefficient, isolated economy. From 1950 to 1980, India averaged an economic growth rate of only 3.5 percent. This very modest growth was offset by India’s burgeoning population (rising at an average annual rate of 2.5 percent), resulting in an annual per capita income growth of only 1.3 percent, the so-called “Hindu rate of growth.”

India’s Economy Opens Up

In the 1980s, Prime Minister Rajiv Gandhi began to liberate India’s economy. Although his reforms were modest, they managed to increase India’s growth rate to 5.5 percent per year. This time period, however, also saw a huge increase in politically motivated subsidies and public investment. States went on a spending spree financed through heavy borrowing, much of it from foreign sources.

By 1991, India faced a true financial crisis, sparked in part by the sharp hike in oil prices brought on by Saddam Hussein’s invasion of Kuwait in 1990. The country was weeks away from defaulting on its foreign debt. The International Monetary Fund (IMF) agreed to grant India access to special funding, but that access came with strings attached: India would have to loosen its rigid economic structure.

Manmohan Singh, who was then India’s finance minister, responded to the IMF’s demands by lowering tariffs and other trade barriers, abolishing the License Raj, and opening India to foreign investment. He also began allowing private investment in state-owned public sector industries. The effect of these reforms was nearly immediate and almost uniformly positive. These reforms continue today, with Singh now serving as prime minister.

Bollywood

Did you know…?

Bollywood, the nickname given to the Hindi language film industry in India, is a combination of Bombay (now known as Mumbai) and Hollywood.

The signature Bollywood film is a melodramatic, colorful, song- and dance-filled extravaganza, often telling the story of young lovers kept apart by disapproving parents. Mughal-E-Azam (The Great Mughal), released in 1960, is one of Bollywood’s biggest blockbusters. It tells the story of a doomed love affair between a Mughal crown prince and a dancer in the royal court.

Bollywood produces as many as 1,000 films a year—more than double the output of Hollywood. On average, 14 million tickets a day are sold to Bollywood films—the most in the world. The biggest audience for Bollywood films outside India is Britain.

A number of awards ceremonies are held each year to honor Bollywood films, including the National Film Awards, which are handed out by India’s president.

The IT Revolution: India Finds its Niche

It was in the second half of the 1990s, however, that India’s economy really took off. India’s entrepreneurs, freed from the restraints that had previously bound them, seized upon the opportunities presented by the global expansion of high-speed internet services. With its pool of well-educated, English-speaking, low-cost workers, India was ideally poised to take full advantage of everything that the new Information Age economies had to offer.

Indian IT companies made their mark initially by figuring out ways to overcome the Y2K millennium bug. When the U.S. dotcom industry went bust in the late 1990s, U.S. companies began outsourcing IT work to India, where it...
was a fraction of the cost. Western companies were soon partnering with Indian entrepreneurs who had acquired world-class expertise in software application, development, and maintenance.

In recent years, India’s IT sector has expanded its range of services and expertise to include business process outsourcing (BPO). Indian-owned companies, as well as the Indian-based operations of multinational corporations, now operate call centers, transcribe medical records, process payroll, and handle insurance claims—anything that can be done remotely. The level of sophistication of these BPO services is growing. Indian companies are increasingly asked to review legal documents, analyze financial data and medical tests, and process complicated business contracts.

India’s IT industry—virtually nonexistent 15 years ago—generated revenues of $36 billion in 2005 and is projected to reach $60 billion a year by 2010. India now accounts for 65 percent of all IT work performed offshore. In addition, it has already captured nearly 50 percent of the world’s BPO work.

American companies now view India as a safe bet and are significantly expanding their operations and investment in the country. The IT revolution has also seen the explosive growth of Indian-owned companies, such as Tata Consultancy Services, Infosys, and Wipro, all of whom compete on a global scale.

**Derailing the Economic Engine**

“India cannot take its golden age of growth for granted. If it does not continue down its path of reform...then a critical opportunity will have been lost.”

~ Gurcharan Das, former CEO, Procter & Gamble India

India’s recent economic growth is impressive, but it marks the beginning, not the end, of a very long road towards complete economic reform. Such reform will require India’s political leaders to tackle a number of vexing problems, including a lack of infrastructure, a shortage of manufacturing jobs and a lack of qualified IT workers, and the need to expand private and foreign investment in the country.

in the last decade and a half. India has made huge strides in improving the lives of many of its citizens. As the country’s economic fortunes rose throughout the 1990s, the number of Indians living in abject poverty fell significantly. Nonetheless, transforming any society—especially one as large and diverse as India—will take a long time and substantial effort. Here is a short list of some of India’s most pressing challenges:

**Combating HIV/AIDS**

According to a 2006 UNAIDS report, India has 5.7 million people living with the HIV/AIDS virus—the most of any country in the world. In just four years, experts predict that this number will rise dramatically: to 20-25 million. In a country that lacks an effective public health system, tackling HIV/AIDS represents a major challenge.

**Improving Education**

Although India’s illiteracy rates have been declining, they are still extremely high: 30 percent of the country’s men and 52 percent of its women are illiterate. These are the official numbers; unofficially, the rates are likely much higher. India cannot expect to reduce further its illiteracy rates unless it improves all aspects of its education system, starting with more schools and better qualified teachers.

**Raising the Standard of Living**

More than 800 million Indians live on $2 per day or less. Half of India’s children are malnourished. On the United Nations Human Development Index, which measures poverty, life expectancy, and other factors, India ranks 127 out of 177 countries. Analysts agree that the surest way to lift a country out of poverty is to increase economic growth. India is on the right track, but its focus on economic development needs to be sustained for the long term.

**Helping Rural Farmers**

Government records indicate that more than 17,000 farmers committed suicide in 2003. Life in rural India has been compared to sub-Saharan Africa. All the elements are there for India to become a leading producer of food—the world’s largest arable land, multiple climates, and a large pool of low-cost manpower. Indian farmers cannot get there, however, without a major assist from the government in terms of infrastructure, irrigation systems, and an organized system to get produce to market.
India’s poor infrastructure is often cited as the number one impediment to the country’s continued growth and development. A third of India’s population lives in villages that lack all-weather roads connecting them to the rest of the country. Only nine percent of India’s 65,000 kilometers of national highways have two lanes in each direction. More than half of the households in India lack electricity. Companies are forced to build their own generators to ensure adequate and consistent sources of power for their factories. Hardly a single city in India is able to provide a 24-hour water supply to its residents. Airports and railways are grossly inadequate for India’s billion-plus population and cannot support current economic development, let alone future growth.

Prime Minister Singh and his government are well aware of the problems. The government has promised multi-billion dollar investments in the country’s infrastructure over the next few years, and is reaching out to private investors to fund the development of public works projects.

Capitalizing on India’s Youth

Over the next five years, India will add 71 million young people to its workforce. This “youth bulge” is a double-edged sword. On the one hand, it will provide India with the human capital it needs to power the economic engine that is transforming the country. On the other hand, it means that India will have to properly educate and train all those young people and create enough jobs for them.

India’s booming IT sector provides jobs for just 1.3 million people, out of a total workforce of more than 400 million. Most of the job growth, therefore, will have to come from the manufacturing sector.

Although India’s manufacturing sector has seen significant growth in production over the last decade, it has not seen a corresponding growth in jobs. Experts blame this discrepancy on India’s outdated labor laws, which are seen as discouraging employers from hiring additional workers.

One group of employers more than willing to hire additional workers is IT companies. The IT sector is not hampered by antiquated labor laws; it is hampered by a lack of qualified workers. Experts predict that India will be facing a shortfall of nearly 500,000 capable IT employees by 2010 if current trends continue.

The solution to these problems is simple—change the labor laws and better train IT students. Implementing these solutions, however, is far from simple. Prime Minister Singh’s efforts to reform India’s labor laws have met with resistance from one of his own coalition partners—the Left Front—which is committed to protecting unionized labor, despite the fact that unions constitute only seven percent of the work force. Changing the curriculum at India’s technical institutes to ensure a minimum standard of competence takes time, and it will require a shift in government policy allowing educators to adapt their courses as they—not the state—see fit.

Expanding Private and Foreign Investment

Following India’s 1991 fiscal crisis, India began to privatize much of its economy, allowing private companies to own and run companies that have been owned by the state. That process has proceeded slowly, and Prime Minister Singh wants to accelerate it and expand its scope.

To date, the Singh government’s privatization achievements have been modest, and further progress has been hampered by party politics. In July 2006, the prime minister was forced to halt all privatization when one of his coalition partners threatened to withdraw its support of the government. In October, Prime Minister Singh renewed his efforts to privatize industry by proposing the sale of ten percent shares in four state-owned power companies. It remains to be seen whether this new proposal will win cabinet approval.

Prime Minister Singh also wants to expand direct foreign investment in India. Such investment is seen as crucial to India’s continued growth and development. In fact, many analysts believe that foreign direct investment has been the most important driver of China’s phenomenal economic growth. The prime minister’s coalition partners, especially the Left Front, are generally opposed to such expansion.

NAXALITES: A GROWING INSURGENCY

Any society undergoing the kinds of changes India is witnessing will have groups who are unhappy with the country’s direction. One such group is the Naxalites (also known as Maoist Rebels) who claim to represent India’s millions of indigenous people, poor peasants, and landless laborers. According to one of their leaders, the Naxalites want to “liberate India from the clutches of feudalism and imperialism.”

The Naxalites can now be found in 13 of India’s 28 states and are becoming increasingly violent. In 2005, nearly 900 people were killed in Naxalite-related attacks. They have established shadow governments in several areas of India, and are deterring investment and development in some of India’s resource rich (i.e., iron and coal) regions.

Prime Minister Singh has called the Naxalites the “single biggest internal security challenge ever faced by our country.” He has promised to strengthen police forces in affected regions and has implemented programs aimed at reducing rural poverty and unemployment, which he views as the underlying causes of the growing problem.
Indira Gandhi’s foreign policy has been completely revamped in the last 15 years. Gone are the days of Cold War politics that saw India collaborating with the Soviet Union’s totalitarian regime, while growing increasingly estranged from a democratic United States. Today, India and the United States are strategic partners.

Gone too is India’s economic isolation. India’s leaders have embraced globalization as the key to domestic and regional prosperity and stability, and have established a dizzying array of bilateral and multilateral trade agreements with countries near and far.

India stands ready and willing to play a greater role in world events, seeking as a start a permanent seat on the United Nations Security Council. The rest of the world is likewise beginning to see India in a new light.

Getting to this point for India has been a long road.

Non-Aligned and Peaceful Coexistence

In 1947, a newly independent India found itself in a world that was dominated by Cold War politics and Western capitalism. Prime Minister Nehru wanted nothing to do with either. Accordingly, Nehru adopted a policy of non-alignment. That is, India refused to formally align itself with either the Soviet Bloc or the United States and its allies.

The legacy of India’s nonviolent struggle for independence shaped the remaining tenets of its foreign policy: that international disputes should be settled through nonviolence and international cooperation; that colonialism and racism should be abolished; and that the nations of the world should work together to alleviate poverty and promote economic development.

Throughout the 1950s and into the 1960s, India enjoyed considerable international prestige. India’s prominence on the world stage declined, however, as its leaders found it more and more difficult to put the country’s idealistic foreign policy into practice.

India’s stated policy of non-alignment was the first casualty. India openly collaborated with the Soviet Union on a range of global issues and, in 1971, signed a Treaty of Peace, Friendship, and Cooperation. Concerned about Pakistan’s growing military capabilities, India increasingly turned to the Soviet Union for support and soon became dependent on Soviet supplies and equipment for its armed forces.

In 1974, India conducted its first nuclear weapons test, which it called a “peaceful nuclear explosion.” In 1998, it conducted five underground nuclear weapons tests—followed in short order by Pakistan, which tested its own nuclear weapons. Neither India nor Pakistan ever signed the Nuclear Non-Proliferation Treaty (NPT), so their tests were not a violation of international law and were not viewed in the same light as developing nuclear programs in other states (such as Iraq, Iran, and North Korea) that had pledged to remain non-nuclear in the NPT.

In developing its nuclear capability, India argued that its weapons were needed principally to balance China, its nuclear-armed rival to the north. India also argued that the NPT reflected a double-standard among the five states (the United States, the Soviet Union, China, France, and the United Kingdom) that were allowed to have nuclear weapons under that treaty, while excluding India. India has also repeatedly pointed out that it has never violated the principle of non-proliferation by sharing its technology with other countries.

India and Pakistan’s 1998 tests caused significant concern in the international community because they raised the prospect of a regional conflict escalating to nuclear war. This prospect reached a new height in 2003 during a major flare-up of violence between India and Pakistan, in which each country made threatening statements about the possible use of nuclear weapons. It appears that both countries have recognized that they were in danger of falling into an abyss, and they have since initiated discussions on how to avoid confrontations that might spiral out of control.

A final note: nuclear weapons did not make either India or Pakistan a great power. India is considered a global player today because of its growing economic impact and political stature.
India’s espousal of peaceful coexistence and non-violent resolution of disputes fell by the wayside when it went to war with Pakistan in 1947-1948 and again in 1965. India also waged war against China in 1962 over a border dispute.

India’s hopes of creating a new economic world order were foiled by its policy of economic self-sufficiency. While much of the world was enjoying a post-World War II global trading boom, India grew increasingly isolated from the international marketplace.

Economic Integration and Regional Stability

Fifteen years ago, three events forced India to completely rethink its foreign policy. The end of the Cold War rendered India’s policy of non-alignment essentially irrelevant. The collapse of the Soviet Union deprived India of its strategic trading partner and left it vulnerable to a rapidly rising China. India’s 1991 financial crisis revealed just how far behind the country had fallen in the trade globalization race.

This new world order forced India’s leaders to reassess the country’s foreign policy priorities. The number one priority became economic development and integration. India also began focusing on new ways to ensure stability in the region. Setting aside its anti-Western biases, India reached out to the United States with an open mind.

India Looks East – In 1992, India launched its “Look East” policy. This policy was designed to create a network of partnerships with Southeast and East Asian countries through free trade and economic cooperation agreements. India also hoped to use this policy as a means of countering the growing influence of China in the region.

Closer to home, India is a founding member of the South Asia Association for Regional Cooperation (SAARC). In 2006, SAARC passed a free trade agreement, reuniting the region’s ancient trade routes for the first time since 1947.

India has also concluded free trade agreements with Singapore and Thailand and become a “full dialogue partner” of the Association of Southeast Asian Nations (ASEAN).

China – India and China have a long history of antagonistic relations, dating back to their 1962 border war. India justified its 1998 nuclear tests on the basis of a perceived Chinese threat. In recent years, the two countries have dramatically changed their relationship. Bilateral trade has been the driving force behind the transformation.

Increasing trade relations have led to an improving political relationship between India and China. For the first time in decades, the leaders of the two countries are taking substantive steps to settle their long-standing border disputes.

India’s relationship with China will not likely always be amicable. They are competitors in the energy arena, where both countries are trying to secure adequate sources of fuel for their booming economies. A greater problem may be China’s apparent interest in moving into the Indian Ocean, which India views as a vital element of its security. There is also the issue of China’s long-standing friendship with Pakistan.

Pakistan – India’s continuing conflict with Pakistan in many ways hampers India’s ability to assert greater influence in global affairs. In March 2003, relations between the two countries showed signs of improvement when India and Pakistan agreed to a ceasefire in their most recent clash over Kashmir. To date, however, the countries have not concluded an official peace treaty. The peace process was dealt a severe blow in July 2006 when India postponed further talks following train blasts in Mumbai, which India blamed on Pakistan.

Although the two sides have recently agreed to restart talks among high-level officials, an immediate solution to the decades-old dispute appears unlikely.

United States – Ironically, for most of the last century, the world’s largest democracy and the world’s strongest democracy were on opposite sides of the international fence. Over the last ten years, however, India and the United States have found a way to meet in the middle.

Expanding economic ties and the growing community of Indians in America helped pave the way for the two governments to reassess their relationship. In March 2000, President Bill Clinton visited India, the first visit by an American president in 22 years. In September of that year, Indians in America helped pave the way for the two countries to work together on fighting terrorism, promoting democracy, expanding free trade, improving human health and the environment, and meeting energy demands through new technologies.

In July 2005, the Indo-U.S. relationship was further solidified when Prime Minister Singh and President George W. Bush unveiled the framework for a newly expanded and strengthened “strategic partnership.” India and the United States have agreed to work together on fighting terrorism, promoting democracy, expanding free and fair trade, improving human health and the environment, and meeting energy demands through new technologies.

President Bush with India’s Prime Minister Singh

© 2006 WORLD AFFAIRS COUNCIL OF PITTSBURGH
A particularly controversial aspect of this new partnership is President Bush’s commitment to cooperate with India in developing India’s civilian nuclear energy. To date, the United States and other nations in the international community have been reluctant to cooperate with India because India has refused to sign the Nuclear Non-Proliferation Treaty.

Despite this growing closeness, tensions remain a part of the Indo-U.S. relationship. For starters, not all government officials share Prime Minister Singh’s enthusiasm for India’s new strategic partnership with the U.S.; anti-Western bias remains strong among some top-ranking Indian officials.

Divergent views on some of the world’s hotspots are also an issue. India is working closely with Iran to secure long-term access to energy supplies. The United States has labeled Iran an axis of evil. India views Pakistan as a threat to regional security. The United States sees Pakistan as an important ally in the global war on terror.

**Sources and References**

- “The New India,” Newsweek (March 6, 2006)
- “India Inc.,” Time (June 26, 2006)
- “Can India Fly?” The Economist, Special Report (June 3, 2006)
- “The India Model,” Gurcharan Das, Foreign Affairs (July/August 2006)
- “A Younger India is Flexing its Industrial Brawn,” The New York Times (September 1, 2006)
- “The Next Wave: India’s IT and Remote-Service Industries Just Keep on Growing,” The Economist (December 14, 2005)
- “India’s Looming IT Labor Shortage,” Business Week (December 16, 2005)
- “Can India Work?—India’s Economic Reforms,” The Economist (June 10, 2004)
- “India Stops Privatization, Casting Doubt on Reforms,” The New York Times (July 11, 2006)
- “Democracy’s Drawbacks,” The Economist (October 27, 2005)
- “Will India Become a Global Power?” Council on Foreign Relations, Panel Discussion (June 19, 2006); transcript available at www.cfr.org
- “India and the Balance of Power,” C. Raja Mohan, Foreign Affairs (July/August 2006)
- “Will Kashmir Stop India’s Rise?” Sumit Ganguly, Foreign Affairs (July/August 2006)
- “A Global Partnership Between the U.S. and India,” Thomas Donnelly and Melissa Wisner, American Enterprise Institute for Public Policy Research (August-September 2005); available at www.aei.org./asia
- “America’s New Strategic Partner,” Ashton B. Carter, Foreign Affairs (July/August 2006)
- “Asia’s Challenged Giants,” Shalendra D. Sharma, Current History (April 2006)
- “A Spectre Haunting India,” The Economist (August 17, 2006)
- “Light and Shade,” The Economist (August 10, 2006)

© 2006 World Affairs Council of Pittsburgh

---

**Where Does India Go from Here?**

**Jawaharlal Nehru**

“Are we brave enough and wise enough to grasp this opportunity and accept the challenge of the future?”

~ Jawaharlal Nehru

Although this question was first posed nearly 60 years ago, it is just as appropriate today. Will India continue to grasp the opportunities presented by its economic rebirth? Can its leaders close the gap between the haves and the have-nots?

How will India’s standing in the new world order be affected if its own economy fails to continue growing at a brisk pace?

Can India remain one of the world’s great democracies? Or will the challenges created by an increasingly diverse electorate prove too much?

Only time will tell. Stay tuned.
Take Me Out to the Ball Game!
Since when do baseball players swing like that? If you’re in India, that’s not baseball. America’s national pastime may bring thousands to ballparks on summer nights, but in this South Asian country, cricket, the unofficial national sport of India, is king. Cricket’s enormous fan following throughout the country means that stadiums are always packed when India’s beloved national team takes the pitch. The sport is taken strongly to heart by many Indians, and the raucous crowds provide an atmosphere that makes the team almost unbeatable at home. Cricket also serves as a barometer of relations between India and Pakistan. If tensions between the two countries have reached a boiling point, matches are cancelled. Fans know that a crisis has been averted when play resumes.

To learn more about how to play cricket, visit: http://en.wikipedia.org/wiki/Cricket

India in Our Backyard
Pittsburgh is home to numerous prominent Indian business leaders and entrepreneurs, pioneers in computer technology, physicians, and engineers. The Indian community in Southwestern Pennsylvania that began in the mid-1960s now boasts more than 2,500 families in the tri-state region. The vibrant culture of India comes to life locally through the many cultural, religious, and educational organizations that are active in the region. You can attend a music or dance performance at the University of Pittsburgh’s Center for Performing Arts of India; listen to Hindi film songs Sunday evenings on WDUQ (90.5 FM); read The Pittsburgh Patrika, the quarterly magazine for the Indian Diaspora; or visit the nationally renowned Sri Venkateswara Temple in Penn Hills, one of the earliest Hindu temples to be built in the U.S.

For more information about the regional Indian community, visit www.globalpittsburgh.org.

Common Hindi Phrases

<table>
<thead>
<tr>
<th>English</th>
<th>Hindi</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hello/Goodbye (North)</td>
<td>namaste</td>
</tr>
<tr>
<td>Hello/Goodbye (South)</td>
<td>namaskăr</td>
</tr>
<tr>
<td>Thank you very much</td>
<td>bahutbahut</td>
</tr>
<tr>
<td>Don’t mention it</td>
<td>koi bāt nahī</td>
</tr>
<tr>
<td>How are you?</td>
<td>āp kaise/kaisi hai?</td>
</tr>
<tr>
<td>Where are you from?</td>
<td>āp kaha se hai?</td>
</tr>
<tr>
<td>I’m from ...</td>
<td>mai ... se hū</td>
</tr>
<tr>
<td>Good/really?/OK...etc.</td>
<td>accha</td>
</tr>
</tbody>
</table>

Source: http://wikitravel.org/en/Hindi-Urdu_phrasebook

Hinduism: “You reap what you sow”
With four out of five Indians considering themselves Hindus, it is certain that Hinduism has a profound impact on the way life is conducted in the country. The world’s third largest religion boasts 900 million followers, and a large number of those can be found in India. Hindus claim no founder, prophets, or single teacher, but believe in a universal soul or God called Brahma, who is the foundation of all existence. They believe all religions lead to the same goal and so do not attempt to convert others. The aspect of Karma is essential to the Hindu belief in a cycle of birth, death, and rebirth. It is believed that behavior in one life is rewarded or punished upon incarnation into the next, hence the saying: “You reap what you sow.”

Source: http://www.bbc.co.uk/religion/religions/hinduism/

Reading Suggestions

India: Emerging Power
Stephen Cohen

India: An Illustrated History
Prem Kishore, Anuradha Kishore Ganpati

A Fine Balance
Rohinton Mistry

Everybody Loves a Good Drought
P. Sainath

Interpreter of Maladies
Jhumpa Lahiri

Monsoon Diary: A Memoir with Recipes
Shoba Narayan

What’s This India Business?: Offshoring, Outsourcing, and the Global Services Revolution
Paul Davies

Next Step in Music Television
While the likes of Shakira and Jessica Simpson find their faces flashing across television screens in the U.S., MTV India lists Kailash Kher as one of the top artists as of mid-summer, with pop song Tauba Tauba. The relatively new network of MTV India is a 24-hour music channel that attracts viewers from ages 15 to 34 and beyond. The network reaches 23.5 million homes, playing 70 percent Indian music from both the pop and film industries and 30 percent international music.

To learn about Indian pop music and more, visit: http://www.mtvindia.com/
<table>
<thead>
<tr>
<th>U.S. Government</th>
<th>World News</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Intelligence Council</td>
<td>The Associated Press</td>
</tr>
<tr>
<td><a href="http://www.cia.gov/nic">www.cia.gov/nic</a></td>
<td><a href="http://www.ap.org">www.ap.org</a></td>
</tr>
<tr>
<td>U.S. Agency for International Development</td>
<td>BBC World Service</td>
</tr>
<tr>
<td><a href="http://www.usaid.gov">www.usaid.gov</a></td>
<td><a href="http://www.bbc.co.uk/worldservice">www.bbc.co.uk/worldservice</a></td>
</tr>
<tr>
<td>U.S. Department of Defense</td>
<td>CNN News</td>
</tr>
<tr>
<td>U.S. Department of State</td>
<td>The Economist</td>
</tr>
<tr>
<td><a href="http://www.state.gov">www.state.gov</a></td>
<td><a href="http://www.economist.com">www.economist.com</a></td>
</tr>
<tr>
<td>U.S. Institute of Peace</td>
<td>Financial Times</td>
</tr>
<tr>
<td><a href="http://www.usip.gov">www.usip.gov</a></td>
<td><a href="http://www.ft.com">www.ft.com</a></td>
</tr>
<tr>
<td>The White House</td>
<td>Guardian Unlimited</td>
</tr>
<tr>
<td><a href="http://www.whitehouse.gov">www.whitehouse.gov</a></td>
<td><a href="http://www.guardian.co.uk">www.guardian.co.uk</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>International Agencies</th>
<th>Indian Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Monetary Fund</td>
<td>Prime Minister’s Office</td>
</tr>
<tr>
<td><a href="http://www.imf.org">www.imf.org</a></td>
<td><a href="http://www.pmindia.nic.in">www.pmindia.nic.in</a></td>
</tr>
<tr>
<td>United Nations</td>
<td>Indian Parliament</td>
</tr>
<tr>
<td><a href="http://www.un.org">www.un.org</a></td>
<td><a href="http://www.parliamentofindia.nic.in">www.parliamentofindia.nic.in</a></td>
</tr>
<tr>
<td>The World Bank Group</td>
<td>Ministry of Tourism</td>
</tr>
<tr>
<td><a href="http://www.worldbank.org">www.worldbank.org</a></td>
<td><a href="http://www.tourismindia.com">www.tourismindia.com</a></td>
</tr>
<tr>
<td>World Economic Forum</td>
<td>Indian Embassy in the United States</td>
</tr>
<tr>
<td><a href="http://www.weforum.org">www.weforum.org</a></td>
<td><a href="http://www.indianembassy.org">www.indianembassy.org</a></td>
</tr>
<tr>
<td>World Trade Organization</td>
<td>The Times of India</td>
</tr>
<tr>
<td><a href="http://www.wto.org">www.wto.org</a></td>
<td><a href="http://www.timesofindia.indiatimes.com">www.timesofindia.indiatimes.com</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Research Organizations</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>American Enterprise Institute</td>
<td></td>
</tr>
<tr>
<td><a href="http://www.aei.org">www.aei.org</a></td>
<td></td>
</tr>
<tr>
<td>The Brookings Institution</td>
<td></td>
</tr>
<tr>
<td><a href="http://www.brook.edu">www.brook.edu</a></td>
<td></td>
</tr>
<tr>
<td>Center for Defense Information</td>
<td></td>
</tr>
<tr>
<td><a href="http://www.cdi.org">www.cdi.org</a></td>
<td></td>
</tr>
<tr>
<td>Center for Strategic and International Studies</td>
<td><a href="http://www.csis.org">www.csis.org</a></td>
</tr>
<tr>
<td>Council on Foreign Relations</td>
<td></td>
</tr>
<tr>
<td><a href="http://www.cfr.org">www.cfr.org</a></td>
<td></td>
</tr>
<tr>
<td>GlobalSecurity.org</td>
<td></td>
</tr>
<tr>
<td><a href="http://www.globalsecurity.org">www.globalsecurity.org</a></td>
<td></td>
</tr>
<tr>
<td>The Heritage Foundation</td>
<td></td>
</tr>
<tr>
<td><a href="http://www.heritage.org">www.heritage.org</a></td>
<td></td>
</tr>
</tbody>
</table>