



Nitish Kumar Singh

Impact of India-US Trade in Indian Economy

Research Scholar- Deen Dayal Upadhyay, Gorakhpur University, Gorakhpur (U.P.) India

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E-mail : aaryavart2013@gmail.com

Abstract: *The Trade Relationship between India and the United States is a cornerstone of India Economic strategy and global engagement. This Partnership has evolved into a dynamic, encompassing goods, services and investment. The bilateral trade volume between the two country has grown significantly over the years, with the US emerging as one of India largest trading partners. India exports a range of goods such as textile, pharmaceutical. IT services and engineering product to the US while Importing Machinery, aerospace technology and Agriculture Products. US foreign direct Investment (FDI) Contribute significantly to India industrial growth and job creation.*

Key words: Bilateral Trade, Economic growth, FDI, Export Import Balance, Trade partnership.

Introduction- India and the United States a dynamic Share dynamic trade relationship that significantly influences the Indian economy. As two of the world largest democracies and leading global economic, their bilateral trade has grown steadily, encompassing goods, services and investments. The US is one of India largest Trading partners. Providing Access to vast consumer market, Advanced Technologies.

India Export to US trade and pharmaceutical while import of Machinery, electronic and agriculture product support domestic needs and Industrial growth. This trade relation drive key sector like Manufacturing, Information technology and service, while creating employment and fostering innovation.

The India-US trade relationship is a vital component of the global economy, reflecting a dynamic partnership between the country. Established formally in the Mid-20th Century, this trade partnership has evolved significantly, over the decades, driven by mutual economic interests, geopolitical consideration and shared democratic values. Over the decades, the trade this between the two countries have evolved significantly, fostering economic growth, job creation and innovation.

Objective - The objective of India-US trade relations is to enhance economic growth, create jobs and strengthen the strategic partnership between the two Nations, Key objective include.

1. Expanding Bilateral Trade:

- Increase trade in goods and services by reducing tariffs and trade barriers.
- Foster sector – specific partnership, such as technology, energy and Agriculture.
- Strengthen India GDP by leveraging trade and investment from the United States.
- India was largest trading partners, with Bilateral trade in goods and services reading over \$ 190 billion in 2023.

2. Attracting Investment:

- Promote Mutual Investments by creating favourable business environment.
- Support foreign direct investment (FDI) in sector like infrastructure, defence and manufacturing.
- Attracting investment in India and the US involves different strategies due to their unique business environments legal framework and investor expectation.

3. Enhancing Market Access:

- Ensure fair and transparent market access for exporter from both countries.
- Resolve trade dispute through negotiation and agreements.
- Improve access for Indian goods and services in the US Market, including resolving tariff.
- Enhancing market access involves strategies that enable business to reach broader customer bases, enter new market and increase sales.

4. Strengthening Supply Chains:

- Collaborate on building resilient and diversified supply chain.
- Reduce dependence on third countries for critical goods and services.
- Strengthening a supply chain involve optimizing process, enhancing efficiency and increasing resilience against disruptions.

5. Promoting Innovation and Technology Transfer:

- Boost cooperation in Innovation research and development.



- Facilitate technology transfer in critical area like IT, pharmaceuticals and clean energy.
- Facilitate access to advanced technology and innovation to boost industrial manufacturing capability

6. Creating Employment Opportunities:

- Generate jobs through increased trade, investment and industrial cooperation.
- Creating employment opportunities involve fostering and environment.

7. Strategies and Geopolitical Goals:

- Align economic relations with shared strategic interest in the Indo-Pacific region.
- The strategic and geopolitical goals of India- US trade are shaped by mutual economic interest, shared democratic values and concerns about regional and global security

8. Export and Promotion:

- Enhance India export capacity in key sector such as IT, pharmaceuticals, textile and engineering goods.
- Export and Promotion of India-US trade involves strategies, policies and agreements, designed to boost bilateral trade. Between the two countries.
- Both nations work through various trade forums, agreements promotional activities to strengthen economic ties.

Review of Literature –

1. **Srinivasan (2002)** : Explored how India's economic reforms paved the way for improved trade relation with the US.
2. **Panagariya (2006)** : Analyzed the role of globalization in enhancing India's exports to developed countries like the US.
3. **Gupta (2007)** : Focused on India's Comparative advantage in services export to the US.
4. **Bhat and Narayan (2019)** : Explored India-US collaboration in renewable energy.
5. **Chatterjee (2018)** : Analyzed barrier to achieving a US- India Free Trade Agreement.
6. **Metha (2020)** : Discussed how changes in GSP states impacted India exporters.
7. **Basu (2021)** : Explored the impact of protectionist policies on bilateral trade.
8. **Mitra and Roy (2022)** : Studied Tariff related disputes in India-US relations.
9. **Mohan (2021)** : Connected India-US trade cooperation to strategic objective in the Indo Pacific.

Limitation of the Study-Despite benefit the partnership face challenge issue such as trade imbalance, tariffs. Intellectual property right and market access for key sectors have occasionally strained ties.

1. **Data availability and reliability:** Accurate and up-to-date trade data may be limited, especially in sector where informal trade occurs or where statistics are not regularly updated.
2. **Political and diplomatic factor:** Political shift, diplomatic tension, and international relation can influence trade dynamics, making prediction uncertain.
3. **Economic Fluctuation:** Global economic changes, currency fluctuation, and market volatility can affect trade patterns, complicating long term assessments.
4. **Technological and innovation Gaps:** Rapid technological advancement can out pace the scope of traditional trade studies.
5. **Sectors specific forums:** Studies may concentrate on specific industries missing the broader context of the entire trade relationship.
6. **Limited Access to Qualitative insight:** while qualitative data is available, quantitative like business perspective cultural influence and Negotiation dynamics are harder to measure.

Addressing these limitations requires comprehensive data collection multi-disciplinary research approach and continuous monitor of trade policies and market condition.

Research Finding -Recent research and policy updates highlight the evolving trade relationship between India and United States, marked by increased economic cooperation, technological collaboration and trade policy adjustment.

Recent Development – The India US trade relations has recently several note worthy development.

1. **Economic growth and investment:** Bilateral trade has seen significant growth, reaching over \$ 191 billion in 2023. Investment in critical sector, such as semiconductor and defence, are boosting India Technological and manufacturing capabilities.
2. **Resolution of trade disputes :** The two nations resolved long standing disputes at the WTO and agreed on measures to improve market access for goods like agriculture products.



3. **Technological and strategic collaboration:** Partnership in emerging technological such as 5G/6C, quantum computing and critical intelligence.
4. **Geopolitical and supply chain resilience:** Overall, India US trade relations are evolving into more strategic partnership with both nation working toward resolving challenges and leveraging opportunities to boost bilateral trade and investment.

Conclusion -India-US trade has positively influenced the Indian Economy by driving growth, fostering innovation and promoting global integration. While challenges persist, the partnership provides a framework for sustainable development and long term economic resilience for India. The trade relation between India and United State has evolved into a strategic economic partnership marked by natural benefits and shared goal. Both countries have strengthened ties though increasing bilateral trade, Investment flow and cooperation in critical sectors such as technology, defence, energy and health. While challenges like trade imbalance, tariff disputes, and regulatory barrier persist, regular high level engagement and trade agreements have helped in addressing there issues.

In Conclusion, India- US trade relation hold significant potential for growth driven by complementary economic strengths, shared democratic values, and a commitment to deepening strategic cooperation, continued efforts to resolve trade disputes, enhance market access and factor innovations will be key to sustaining and expanding this vital partnership.

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