India Matters for America Matters for India

AsiaMattersforAmerica.org/India
The **East-West Center** promotes better relations and understanding among the people and nations of the United States, Asia, and the Pacific through cooperative study, research, and dialogue. Established by the US Congress in 1960, the Center serves as a resource for information and analysis on critical issues of common concern, bringing people together to exchange views, build expertise, and develop policy options.

Established in 1927, the **Federation of Indian Chambers of Commerce and Industry (FICCI)** is the largest and oldest apex business organisation in India. Its history is closely interwoven with India’s struggle for independence, its industrialization, and its emergence as one of the most rapidly growing global economies. A non-government, not-for-profit organisation, FICCI is the voice of India’s business and industry. From influencing policy to encouraging debate, engaging with policy makers and civil society, FICCI articulates the views and concerns of industry. It serves its members from the Indian private and public corporate sectors and multinational companies, drawing its strength from diverse regional chambers of commerce and industry across states, reaching out to over 250,000 companies. FICCI provides a platform for networking and consensus building within and across sectors and is the first port of call for Indian industry, policy makers and the international business community.

**INDIA MATTERS FOR AMERICA/AMERICA MATTERS FOR INDIA**

This project explores the important and multi-faceted relationship between the United States and India. Part of the *Asia Matters for America* initiative, this publication and its corresponding website provide tools for a global audience to explore the growing connections in the US-India relationship in the 21st century.

[AsiaMattersforAmerica.org/India](http://AsiaMattersforAmerica.org/India)

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Highlights

US AND INDIA PROFILE
The United States and India Are the Two Largest Democracies in the World
There are now over 50 bilateral dialogue mechanisms between the two governments on topics ranging from defense and trade to energy, education, health, space, and science.

SECURITY
Defense Trade Between the US and India Increased from $1 Billion to Over $15 Billion
India was named a “Major Defense Partner” of the United States in 2016, a status which was created to facilitate technology sharing with India to a level at par with that of the United States’ closest allies and partners.

TRADE
Two-way Trade Between the US and India Increased Nearly 200% Since 2005
The United States is India’s 2nd largest trading partner while India is the 9th largest goods trading partner of the United States.

JOBS FROM TRADE
Exports to India Support Over 260,000 Jobs Across All 50 States
Thirty-one states have more than 1,000 jobs dependent on exports to India, while an additional six states have 10,000 jobs or more.

INVESTMENT
US Investment in India Increased Almost 200% in a Decade
The United States is one of the largest sources of investment into India, ranking in the top five for investment flow in 2015.

TRAVEL AND TOURISM
The US Is the Number One Source of Tourists to India
As the 7th largest source of visitor spending to the US, Indian tourists in one year contributed $11.4 billion to the US economy.

INDIAN AMERICANS
Nearly 3.5 Million Indian Americans Live in the United States
Indian Americans make up approximately 18% of the Asian American population in the US.

EDUCATIONAL EXCHANGE
India Is the 2nd Largest Source of International Students in the US and Over 4,000 US Students Study in India Annually
Almost 166,000 Indian students studied in the US during the 2015/16 academic year, a 25% increase over the previous year; these students contributed over $5 billion to the economy.

SISTER PARTNERSHIPS
The United States and India Share 25 Sister Relationships
Sister relationships are partnerships between cities, counties, and states with similar jurisdictions that work to build civic and people-to-people relationships, and support commercial ties.
The United States and India Are the Two Largest Democracies in the World

The US-India relationship is founded on common values including rule of law, respect for diversity, and democracy. The two countries have a mutual interest in the free flow of global commerce, including through the Indian Ocean. They share membership in a number of international organizations, such as the United Nations (UN), G-20, East Asia Summit (EAS), International Monetary Fund (IMF), World Bank, and World Trade Organization (WTO).

India’s rapid economic growth and large, youthful population make the country an important partner for the United States. Almost 80% of India’s population, roughly 1.1 billion people, is expected to be part of the global middle class by 2030. With one of the world’s highest growth rates, India’s rapidly growing economy is set to become the 2nd largest in the world by 2050.

The United States and India have deepened their strategic partnership in recent years. A turning point was the India-United States Civil Nuclear Agreement (123 Deal), in which India separated its civil and military nuclear facilities and opened its civil facilities to international safeguards in exchange for US civil nuclear cooperation. There are now over 50 bilateral dialogue mechanisms between the two governments on topics ranging from defense and trade to energy, education, health, space, and science. Six US presidents have made a total of seven trips to India since relations were established, while nine Indian prime ministers and one president have made a total of 31 trips to the United States.

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>UNITED STATES</th>
<th>INDIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>321 million</td>
<td>1.3 billion</td>
</tr>
<tr>
<td>GDP</td>
<td>$18 trillion</td>
<td>$2.1 trillion</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>$56,116</td>
<td>$1,598</td>
</tr>
<tr>
<td>Total trade of goods and services (BoP)</td>
<td>$5 trillion</td>
<td>$920.5 billion</td>
</tr>
<tr>
<td>Exports of goods and services (% of GDP)</td>
<td>12.6%</td>
<td>19.9%</td>
</tr>
<tr>
<td>Imports of goods and services (% of GDP)</td>
<td>15.4%</td>
<td>22.5%</td>
</tr>
<tr>
<td>FDI, net inflows (BoP)</td>
<td>$379 billion</td>
<td>$44 billion</td>
</tr>
<tr>
<td>FDI, net outflows (BoP)</td>
<td>$349 billion</td>
<td>$8 billion</td>
</tr>
<tr>
<td>Military expenditure (% of GDP)</td>
<td>3.3%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Time required to start business (days)</td>
<td>5.6</td>
<td>26</td>
</tr>
</tbody>
</table>

Source Indicators: World Bank. All figures 2015 except time required to start business 2016. Numbers rounded throughout. All monetary values are in current US$ unless otherwise noted. Whenever possible, most recent available data is used.

Defense Trade Between the US and India Increased from $1 Billion to Over $15 Billion

The US is one of India’s largest defense partners. India was named a “Major Defense Partner” of the United States in 2016, a status which was created to facilitate technology sharing with India to a level at par with that of the United States’ closest allies and partners. The Defense Framework Agreement (renewed in 2015) and the Defense Technology and Trade Initiative (DTTI) aim to strengthen defense cooperation through technology. The Logistics Exchange Memorandum Agreement (LEMOA) furthers cooperation by allowing for an exchange of logistics support, supplies, and services between the two countries’ armed forces, and opening access to each other’s military bases. India conducts over 50 events with the US including bilateral exercises and personnel exchanges, more than with any other country.

The US and India have increased multilateral cooperation on humanitarian assistance and disaster relief (HADR) efforts and maritime activities. Closer collaboration and communication between US and India has led to successful HADR operations, including the 2015 Nepal earthquake response efforts. Maritime dialogues on improving information sharing and collaboration on commercial sea lanes have enhanced India’s ability to be a net security provider in the Indian Ocean. The two countries’ militaries also collaborate multilaterally through United Nations Peacekeeping Operations (UNPKO), where India is the world’s 2nd largest contributor of military and police forces.

SELECTED MILITARY EXERCISES

<table>
<thead>
<tr>
<th>EXERCISE</th>
<th>TYPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>RIMPAC</td>
<td>Navy; multinational US-hosted exercise with Indian Navy participation since 2015</td>
</tr>
<tr>
<td>HABU NAG</td>
<td>Navy; aspects of amphibious operations</td>
</tr>
<tr>
<td>JOINT EXERCISE INDIA (JEI)</td>
<td>Tabletop exercise in Alaska; combined exercises on HADR scenario</td>
</tr>
<tr>
<td>MALABAR</td>
<td>Navy; exercise alternates between Indian and Western Pacific Oceans, includes Japan</td>
</tr>
<tr>
<td>RED FLAG</td>
<td>Air force; involves interdiction, attack, air superiority, airlift, and air refueling</td>
</tr>
<tr>
<td>SALVEX</td>
<td>Navy; focuses on diving and salvage exercises</td>
</tr>
<tr>
<td>SHATRUEET</td>
<td>Marines; exchanges in amphibious doctrine and exercises</td>
</tr>
<tr>
<td>SPITTING COBRA</td>
<td>Navy; focuses on explosive ordnance</td>
</tr>
<tr>
<td>VAJRA PRAHAR</td>
<td>Special Forces exercise</td>
</tr>
<tr>
<td>YUDH ABHYAS</td>
<td>Army; includes battalion-level, live fire maneuvers, as well as brigade-level command post exercises</td>
</tr>
</tbody>
</table>

INDIAN PROCUREMENT OF US DEFENSE EQUIPMENT*

<table>
<thead>
<tr>
<th>QTY</th>
<th>SYSTEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>C-130 Hercules transport aircraft</td>
</tr>
<tr>
<td>12</td>
<td>P-8I Poseidon ASW aircraft</td>
</tr>
<tr>
<td>51</td>
<td>RGM-84L Harpoon-2 anti-ship missile</td>
</tr>
<tr>
<td>10</td>
<td>C-17A Globemaster-3 heavy transport aircraft</td>
</tr>
<tr>
<td>22</td>
<td>AH-64D Apache combat helicopter</td>
</tr>
<tr>
<td>15</td>
<td>CH-47F Chinook transport helicopter</td>
</tr>
</tbody>
</table>

Sources: Stockholm International Peace Research Institute (SIPRI); US Department of Defense; United Nations (UN)
*Refers only to selected major procurements since 2000.
Two-way Trade Between the US and India Increased Nearly 200% Since 2005

The total value of US-India bilateral trade increased from $37 billion in 2005 to $109 billion in 2015. US exports amounted to $21.5 billion in goods and $18.1 billion in services to India in 2015. The United States is the top destination for Indian goods, accounting for 14% of India’s goods exports.

GOODS AND SERVICES EXPORTS TO INDIA

Montana’s goods exports to India grew 62% per year between 2004 and 2015. Maryland and India signed an agreement in 2011 that helps companies create trading partnerships. India was Nevada’s 2nd largest goods export market in 2015 and 3rd largest in 2016. With an annual growth rate of 23% since 2003, India is Missouri’s fastest growing market. Alabama opened the India Trade Development Center in New Delhi in 2007.

The United States is India’s 2nd largest trading partner while India is the 9th largest goods trading partner of the United States. US goods imports from India increased from $11 billion in 2000 to almost $45 billion in 2015, a fourfold increase.

GOODS EXPORTS BY INDIAN STATE*

LEGEND

- No data
- $500 million or less
- $500.1 million – 2 billion
- $2.1 billion or more

COMPOSITION OF US GOODS AND SERVICES EXPORTS TO INDIA

Transportation Equipment $1.7b
Computers & Electronic Products $2.2b
Primary Metal Manufacturing $2.8b
Chemicals $3.1b
Miscellaneous Manufacturing $4.5b

LEGEND

- $75 million or less
- $75.1 - 250 million
- $250.1 - 500 million
- $500.1 million – 1 billion
- $1.1 billion or more

COMPOSITION OF INDIAN GOODS AND SERVICES EXPORTS TO THE US

Telecommunications, Computer, & Information Services $15.3b
Other General Merchandise $7.0b
Automotive Vehicles, Parts, & Engines $1.2b

Exports to India Support Over 260,000 Jobs Across All 50 States

Every US state exports to India, and these exports support more than 260,000 jobs directly and indirectly. Thirty-one states have more than 1,000 jobs dependent on exports to India, while an additional six states have 10,000 jobs or more. Per capita, exports to India support the most jobs in Maine, Nevada, the District of Columbia, New York, and California. Exports to India comprise the greatest percentage of export-dependent jobs in Nevada, New York, West Virginia, California, and the District of Columbia.

JOBS SUPPORTED BY EXPORTS TO INDIA

Per capita, exports to India support the most jobs in Maine, Nevada, the District of Columbia, New York, and California. Exports to India comprise the greatest percentage of export-dependent jobs in Nevada, New York, West Virginia, California, and the District of Columbia.

JOBS SUPPORTED BY EXPORTS TO INDIA TOP 10 STATES

<table>
<thead>
<tr>
<th>State</th>
<th>Share of Export-Dependent Jobs Supported by Exports to India</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nevada</td>
<td>7.25%</td>
</tr>
<tr>
<td>New York</td>
<td>3.41%</td>
</tr>
<tr>
<td>West Virginia</td>
<td>3.09%</td>
</tr>
<tr>
<td>California</td>
<td>3.08%</td>
</tr>
<tr>
<td>District of Columbia</td>
<td>2.95%</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>2.92%</td>
</tr>
<tr>
<td>Maine</td>
<td>2.78%</td>
</tr>
<tr>
<td>Hawai‘i</td>
<td>2.61%</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>2.61%</td>
</tr>
<tr>
<td>Maryland</td>
<td>2.53%</td>
</tr>
</tbody>
</table>

Source: Estimated by the Trade Partnership (Washington, DC), 2015 data
US Investment in India Increased Almost 200% Over a Decade

Cumulative investment from the United States into India reached $28.3 billion in 2015. The United States is one of the largest sources of investment into India, ranking in the top five for investment flow in 2015. Since 2000, the United States has invested over $20 billion in India, accounting for more than 6% of India’s total inflow of investment.

India’s foreign direct investment (FDI) in the United States totalled $9.2 billion as of 2015, up more than 500% since 2006. According to the US Trade Representative, India’s direct investment in the United States is led by professional, scientific, and technical services; depository institutions; and manufacturing. Among Asia Pacific countries, India is the 7th largest investor in the United States.

INDIA INVESTMENT INITIATIVES AND US INVOLVEMENT

The Government of India has launched several initiatives to promote investment, many of which have received support from US companies.

#startupindia  **Startup India** is aimed at providing financing for startup ventures to boost entrepreneurship and job creation. This initiative helps reduce business startup fees, source funding, and eliminate red tape. As part of this initiative, Google has included six Indian startups in its Launchpad Accelerator, which works closely with startups. Oracle has also planned to create nine incubators in India to support startups.

The **Skill India** campaign aims to train over 400,000 Indians in various skills by 2022 under a number of different programs. As part of this initiative, Oracle is building a campus for its Oracle Academy in Bengaluru to train more than half a million students each year to develop computer science skills.

**Digital India** is a campaign that ensures the availability of government services online. The initiative focuses not only on updating government websites, but also on expanding internet access to more of the Indian population. Both Google and Microsoft have supported this effort by assisting in creating Wi-Fi and broadband capabilities in rural India.

The **Smart Cities Mission** is an urban renewal and retrofitting program with a focus on citizen-friendly and sustainable development. Bloomberg Philanthropies supported the competitive “Smart Cities Challenge”, which selected cities to support by providing assistance to cities developing proposals, and hosted an Ideas Camp that brought together leaders from across India and global experts in urban innovation. Other US companies involved in the initiative include AECOM, IBM, and KPMG.

**Make in India** is aimed at transforming India into a global design and manufacturing hub by encouraging multinational and national enterprises to manufacture their products in India. Many US companies have, or are planning, manufacturing plants in India including Apple, GE Energy, GM, HP, and Lockheed Martin.

The **Clean India** movement is a campaign to clean up over 4,000 cities and towns in India with a focus on constructing 12 million toilets in rural areas. The Bill and Melinda Gates Foundation donated millions to this cause and sponsored an annual challenge to reinvent the toilet – one winning design, proposed by Caltech students, is now being developed by Kohler for distribution.
CORPORATE INVESTMENT

Nearly 2,000 American multinational enterprises (MNEs) operate in India, more than from any other foreign country, and employ over a million people, according to US Bureau of Economic Analysis (BEA) estimates. Sales by these companies amounted to $76.7 billion in 2014.

There are also over 200 Indian companies in the United States. Surveys of some leading companies indicate Indian MNEs have invested more than $15 billion and employ over 100,000 people across the United States.

INDIAN MULTINATIONAL ENTERPRISE INVESTMENT

IN THE US

Sources: Grant Thornton-CII survey, Uniworld Business Publications (accessed May 2017), US Bureau of Economic Analysis, individual companies

SELECTED STORIES

WIPRO

Indian technology company Wipro operates chapters of its not-for-profit Wipro Cares foundation across the US. With chapters in New Jersey, Georgia, Texas, Florida, and Missouri, Wipro Cares developed initiatives to foster excellence in science education among students living in disadvantaged areas of the US, teamed up with First Book to donate over 145,000 books to children, and signed on to the Million Women Mentors (MWM) initiative to address gender diversity in the tech workforce. Wipro has also invested in teacher training through its STEM Fellowship Program at universities across the US to improve science and math education.

MICROSOFT

Washington state-based Microsoft set up operations in India in 1990 and now employs 8,000 persons spread across 11 cities. Microsoft is dedicated to helping drive India's digital transformation through various initiatives. “Project Sangam”, a life-long skill development and jobs platform, and “Massively Empowered Classroom (MEC)”, a research project that gives Indian engineering students the highest quality classroom material. Microsoft Philanthropies and associated programs contributed over $10 million towards community, teacher and student development over the past 26 years. Combined they have trained over 800,000 teachers, supported over 1,400 technology learning centres as well as provided skills and digital literacy training to over 500,000 youths in India.
The US Is the Number One Source of Tourists to India

More than 1.2 million US tourists visited India in 2015, accounting for over 15% of all international visitors, and contributing over $3 billion to the Indian economy.

In the same year, over 1 million Indians traveled to the United States. As the 7th largest source of visitor spending in the United States, Indian tourists contributed $11.4 billion to the US economy. Thirty-one US states saw an economic impact of $100 million or greater from spending by Indian visitors.

Non-stop flights connect five American cities to the Indian cities of Delhi and Mumbai. More than half of the passengers traveling on direct flights to India departed from Newark, New Jersey. The first flights connecting Washington, DC and Delhi began in 2017.
Nearly 3.5 Million Indian Americans Live in the United States

Indian Americans are the 3rd largest Asian ethnic group in the United States following Chinese and Filipinos. With a population of almost 3.5 million, Indian Americans make up approximately 18% of the Asian American population in the United States. Over half of the Indian American population, 2.4 million people, speak an Indic language at home.

The Indian American population of North Dakota increased 95% since 2010, the largest increase in the country.

California is home to the largest Indian American population in the United States.

Indian Americans account for 40% of New Jersey’s Asian American population and 4% of the state’s overall population, the largest share in the United States.

Indian Americans, over half of whom are immigrants, are among the wealthiest ethnic groups in the US with a median household income of over $100,000 in 2015. India is the 3rd largest recipient of remittances from the United States with an estimated $12 billion sent in 2015. Indian immigrants are among the largest foreign populations becoming American citizens, ranking 2nd in US naturalizations in 2015.

Sources: US Census Bureau, American Community Survey; US Department of Homeland Security; World Bank; Pew Research Center

Indian Americans

Sources: US Census Bureau, American Community Survey; US Department of Homeland Security; World Bank; Pew Research Center

US POPULATION THAT SPEAKS AN INDIC LANGUAGE AT HOME

LEGEND

- 7,500 or fewer
- 7,501 - 15,000
- 15,001 - 50,000
- 50,001 - 100,000
- 100,001 or more

NOTABLE INDIAN AMERICANS

NIMRATA “NIKKI” HALEY, United States Ambassador to the United Nations, former Governor of South Carolina

INDRA NOOYI, Chairman and Chief Executive Officer of PepsiCo

HASAN MINHAJ, Comedian, actor, and writer

KAL PENN, Actor, and former White House official

NORAH JONES, Grammy Award-winning singer and songwriter

SATYA NADELLA, Chief Executive Officer of Microsoft Corporation

AJIT PAI, Chairman of the Federal Communications Commission (FCC)

KAMALA HARRIS, US Senator from California

Sources: US Census Bureau, American Community Survey; US Department of Homeland Security; World Bank; Pew Research Center
India Is the 2nd Largest Source of International Students in the US and Over 4,000 US Students Study in India Annually

The United States is the top destination for Indian students studying abroad, with US schools hosting half of all Indian international students. Almost 166,000 Indian students studied in the United States during the 2015/16 academic year, a 25% increase over the previous year, and contributed over $5 billion to the economy. Indian students make up 16% of all international students in the United States. A majority of Indian students study at the graduate level, and 35% study in a math or computer science field.

American students in India numbered over 4,000 during the 2014/15 academic year. India is the 4th most popular destination for US students studying abroad in the Asia Pacific. According to a survey conducted by the Government of India, 87% of American students studying in India are undergraduates.

ECONOMIC IMPACT OF INDIAN INTERNATIONAL STUDENTS

Sources: Institute of International Education (IIE), NAFSA: Association of International Educators
The United States and India Share 25 Sister Relationships

The United States and India share 23 sister city and county relationships and two sister state relationships. Sister relationships are partnerships between cities, counties, and states with similar jurisdictions that work to build civic and people-to-people relationships, and support commercial ties. These relationships connect nine US states to 13 states and territories in India.

California has the most sister relationships with 11, followed by Ohio with four. Minnesota and California share sister state relationships with the Indian states of Haryana and Gujarat respectively.

US SISTER REALTIONSHIPS WITH INDIA

The sister city relationship between San Francisco and Bengaluru connects Silicon Valley to its counterpart Silicon Valley of India.

San Antonio hosts one of the largest Diwali celebrations in the US, an event organized by Anuja San Antonio that was set up in 2011 to promote the city’s sister relationship with Chennai.

The University of Toledo in Ohio provides a “Sister Cities Award” scholarship for students from Toledo’s sister city of Coimbatore.

Kochi and its sister city of Norfolk, VA share histories as major seaports and naval centers in their respective countries.

One of Bengaluru’s most upscale neighborhoods is named “Cleveland Town” in honor of its sister city in Ohio.

Sources: Sister Cities International, individual sister city organizations
This project explores the important and multi-faceted relationship between the United States and India. Part of the *Asia Matters for America* initiative, this publication and its corresponding website AsiaMattersforAmerica.org/India provide tools for a global audience to explore the increasing significance of the US-India relationship in the 21st century.

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