Focus Asia
Perspective & Analysis
November 28, 2025

Rupture in the India-U.S. Relationship: An Indian Perspective

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In recent months, India-United States relations have experienced considerable strain. The U.S. president has imposed reciprocal tariffs as also additional tariffs on India for its Russian oil imports. These abrupt actions have disrupted a bilateral partnership that, over nearly two decades, had grown into one of the world's most consequential, built on convergences in economic, defense, and technological cooperation as well as shared interests in maintaining a favorable balance of power in the Indo-Pacific region. However, in President Trump's second term, longstanding areas of divergence have intensified, testing the resilience of the partnership. Yet, at an institutional level, both foreign policy establishments appear to be committed to overcoming the breach. This paper critically evaluates the emerging cleavages, and assesses the inherent strategic value each partner brings to the bilateral. It also considers potential recalibrations, grounded in the capacity of two mature democracies to navigate the differences in strategic perception and sustain long-term cooperation.

Introduction

Countries have long institutional memories. This typically serves a twin purpose. It helps contextualize what may otherwise be seen as *ad-hocism* or erratic impulses, while simultaneously also reiterating the underlying reasons for partners to stay the course despite frictions. There is a definite rupture in the India-U.S. relationship. Whether the rupture becomes an unbridgeable chasm or one that will eventually be overcome sooner than the one following the American deployment of the USS Enterprise to the Bay of Bengal in 1971[1] or the first Pokhran nuclear tests of 1974,[2] will demonstrate the inherent value of this most consequential bilateral going forward. Even though a fundamental shift in the long-term view of the other as a strategic partner is absent, the developments of the second Trump term seem to have consolidated the need for recalibrations and diversifications in the Indian strategic calculus in a manner not seen since the first Bush presidency.

It is, perhaps, in the resultant re-orientation, that the long-lasting impact of the Trump tariffs may more accurately be discerned. This paper intends to contextualize the apparent breach while delving into the likely long-term implications.

Old Friends, and New: India, Russia and the US

From an Indian perspective, the imposition of punitive tariffs came after a series of serious disagreements with the United States. The most publicly compelling among them, appears to have been related to New Delhi's response to the Russian invasion of Ukraine. This has been a continuing issue of disagreement in the India-U.S. bilateral relationship since early 2022 when India, in calling for peace and cessation of hostilities, concertedly refused to repeat American and European language on the subject. Situating New Delhi's well-weathered relations with Moscow would perhaps have led to lesser chagrin in Washington over the official position India took on the subject, even while the Indian PM extolled the Russian leadership privately to end the war. The foundational rationale of a relationship that has been reliable through the highs and lows of global geopolitical changes, makes it impractical to expect a severance of the tie between New Delhi and Moscow for reasons other than any fundamental discord emerging more organically between the two partners.

When juxtaposed with the relatively undeterred consistency of the mutually beneficial multi-decadal partnership between New Delhi and Moscow, the often-tenuous relations of New Delhi with the U.S. during the same period, helps explain the abiding value of the Russia-India partnership even as India makes a committed effort towards strengthening its relations with the U.S. as a partner of the future. Till about 2008, India did not have access to U.S. weapon systems because of Cold War dynamics as well as American opposition to India's nuclear weapons program. Consequently, for decades, New Delhi has depended on Russia's strategic partnership for a weapons supply chain that has been central to India's existing defense equipment architecture. Importantly, despite the recent tumult of tariffs and secondary sanctions on the issue of Russian energy purchases, it would be valuable to consider that the Americans have not reneged on the willingness to issue Countering America's Adversaries Through Sanctions Act (CAATSA) waivers for India's purchase of S-400s. It was a waiver that amply demonstrated a willingness to accommodate and appreciate India's rightful strategic and military concerns, even if it meant expanding ties with Moscow.

Similarly, it has been Moscow's unequivocal support on international platforms that has tided New Delhi over many instances where other governments have demanded recalibrations in India's national prerogatives to coincide with western assessments. India's commitment to maintaining strategic autonomy would have faced far more challenges than it currently has by giving up on partnerships such as those with Russia.

The Russia-India relationship is a time-tested one. A fundamental breach in this Indo-Russian bilateral is unlikely given the past history and contemporary equations. Yet, while its past nourishes it, contemporary exigencies and future ambitions argue Russia's case differently in India's strategic calculus today. This does not imply any break in this abiding partnership, but revisions and rebalancing based on domestic growth trajectories and differing tactical compulsions on the part of both partners.

In India's case, there has been a definite recalibration in the nature of India's defense procurement, a major part of Indo-Russian ties. As the world's second largest arms importer with nearly 8.3 percent of the global arms procurement,[3] patterns of India's defense purchases can be considered an important bellwether for assessing strategic orientations in some bilaterals. Although there has been a systematic reduction in the share of Russian arms exports to India, at 36 percent they continue to be the largest share of India's arms procurement basket.[4] While data indicates that Russian defense sales have reduced considerably and are in fact now trailing not just the U.S. but also France and South Korea, India continues to top Moscow's list of pending deliveries.[5] This is in parallel to New Delhi now diversifying its defense procurement basket substantially to include the French, the Americans and the Israelis substantively in the mix.

While a large-scale replacement of dated military equipment is integral to the modernization program New Delhi has launched, India's policy of defense indigenization has substantially altered its degree of import dependence across many components of its weapons import basket. Further development of the sector can be expected to supplant many of the procurement lines that are coming from Russia.[6]

Despite this, however, drawing a direct proportionality between the improvement of ties with the U.S. with some degree of muting of ties with the Russians may be a false equivalence to draw. Given that the Indo-Russian defense partnership has been the strongest component of the bilateral, the fact that New Delhi has very organically, albeit gradually, been making the conscious decision to explore more avenues of partnership with the U.S., lays out a far more nuanced approach to how the country prioritizes both partnerships, with a clear appreciation of the past but a robust clarity of future pathways.

Convergences

On the Indian side, the rationale for investing in the bilateral with the U.S. has largely been founded on the following considerations: First, economic engagement with the United States is viewed as a crucial element in fostering India's economic growth and prosperity. The U.S. is India's largest trading partner. With over USD 132 billion in trade (2024-2025) with the United States, India has a trade surplus of approximately USD 40 billion (see Table 1).[7] Simultaneously, service sector trade amounted to about USD 83.4 billion.[8] Relatedly, the economic logic for seeking to do business with the world's largest capital market, is almost tautological. India's plans of achieving a $10 trillion economy by 2033, can hardly hope to fructify by bypassing or being bypassed by American markets.[9]

Second, the U.S.-India Comprehensive and Strategic Partnership has provided a robust framework through which the bilateral has been able to venture into significant areas of joint development and production of defense equipment. This shift has occurred on account of the following considerations: (a) New Delhi is capitalizing on access to technologies that the U.S. was averse to sharing until a decade or so ago, but is now willing to provide given the emerging depth of the strategic partnership between the two sides; (b) interoperability between the two has increased, especially through the multiple joint defense exercises in which they have been engaged; (c) India's capabilities are being facilitated in view of the role it is expected to assume in the Indian Ocean Region (IOR) and the Indo-Pacific; (d) the sheer economic opportunity of becoming the primary defense exporter to the world's second largest arms importer.

These considerations have prompted an increase in purchases from the U.S and joint development of defense articles. It is estimated that since 2008, the U.S. has exported defense equipment worth USD 24 billion to India, and this amount is expected to increase further in the coming years.[10] Additionally, the opportunities inherent in the Defense Trade and Technology Initiative (DTTI), the Defense Production and Procurement Group (DPPG), establish robust long-term cooperation in the field of defense manufacturing between India and the US.[11] Despite the current stress in the relationship, India and the U.S. continue to work on the Reciprocal Defense Procurement Agreement (RDPA), which aims to increase collaboration between defense firms of the two countries by reducing regulatory procedures.[12] Relatedly, while there has indeed been a significant increase in the purchase of defense articles from France, Israel, and the UK, it is important to underscore that these avenues do not offer an effective supplanting of the weapons and high-tech transfer options that have been a part of the Indo-U.S. partnership over the last decade.

Third, India appreciates that strategic coordination and compatibility- if not coincidence- with the US is crucial to balancing power in the Indo-Pacific in general and the IOR, in particular. This is an arena in which New Delhi has long-term strategic concerns and is investing in the development of power projection capabilities. Consequently, despite periodic differences over the form the grouping may assume, India continues to see the US as an integral partner in the Quad framework.

Fourth, despite the challenge, the Chinese technological ecosystem has been able to mount, the US remains the foremost center for global technological advances. It makes ample sense for India, then, to explore cooperation in the field with the US in order to develop a framework where global AI and Space governance is concerned.

Fifth, there is a large presence of the Indian diaspora in the US. The positive economic and political relations between the two countries would have a spillover impact on the economic fortunes of the diaspora. While the recent months have seen episodes of racism escalate in the US, with some aimed at Indians, the value proposition that the high-skilled immigrant group brings to the US economy is likely to help tide over the rough patch in the long-term. Importantly, the numerous business leaders from the diaspora have also played an important role in India's own start-up ecosystem[13].

On the U.S. side, the value of this partnership is supported by some specific considerations: First, Washington views India as a reliable partner which while prizing democracy also carries its weight in global economics and regional security. While New Delhi's policy of strategic autonomy has commonly been misrepresented by many external actors as one of being non-committal, Washington must be cognizant of the fact that there are very few global forums that India does not presently have a seat at. Relatedly, having India be a part of multilateral organizations like the BRICS (Brazil, Russia, India, China, and South Africa) and the Shanghai Cooperation Organisation (SCO) that the U.S. is not part of, allows Washington access through a strategic ally it can reasonably count on to not pursue steps such as de-dollarization, for one.

Second, India's substantially large markets that U.S. firms have benefited from for decades continue

Table 1 : India-US Trade (in USD Million)

Year	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Export	40,336.01	42,212.27	47,878.48	52,406.27	53,088.77	51,623.14	76,167.01	78,542.60	77,515.03	86,514.28
Import	21,781.39	22,307.44	26,611.03	35,549.48	35,819.87	28,888.10	43,314.07	50,863.87	42,195.49	45,625.20
Total Trade	62,117.39	64,519.71	74,489.51	87,955.76	88,908.65	80,511.24	1,19,481.08	1,29,406.47	1,19,710.52	1,32,139.48
Trade Balance	18,554.62	19,904.83	21,267.44	16,856.79	17,268.90	22,735.05	32,852.94	27,678.73	35,319.54	40,889.09

Source: Import-Export Data, Ministry of Commerce, Government of India to grow. Unlike in China, U.S. tech companies dominate India's digital space in domains such as app ecosystems, cloud services, e-commerce, and device sales. Microsoft's India business has an annual revenue of INR 22,891.58 crore and registered an impressive growth of 38.44 per cent in 2023-2024.[14] With India placing restrictions on Chinese tech companies, the U.S. firms have even easier access to India's digital markets. U.S. firms, such as Amazon and Flipkart (Walmart has 77 percent controlling stake) dominate India's retail markets. Furthermore, U.S. corporates in 2024-2025 made a profit of USD 40 billion in India.[15]

Third, the kind of unprecedented situational awareness that a strategic partnership with India affords the Americans in the Indian Ocean Region (IOR)—adjacent to the Chinese sphere of operation—carries its weight in any objective calculation. For instance, the growing power projection capabilities of India from the Andaman and Nicobar Islands,[16] and the fact that India is among the few that patrol a strait of water that is of interest to the Americans,[17] positions India uniquely. New Delhi has carried out sustained anti-piracy operations and also impressive HADR operations in the Indian Ocean Region. In fact, there were instances of American citizens getting rescued during the Indian HADR operations.[18] India's Information Fusion Centre – Indian Ocean Region (IFC-IOR) has acquired a considerable reputation for its maritime domain awareness work and hosts officers from friendly countries such as the U.S., Australia, and Japan.[19]

Balancing China in Asia, used to be a commonly attributed purpose underlying the U.S.' recalibration towards India since the mid-2000s. While the mercurial Trump foreign policy may choose to mute this aspect of the relation as it maneuvers to find ways of arriving at a workable, even if unquiet peace, with the Chinese, New Delhi will, for the foreseeable future, remain the only hedge the Americans may have in South Asia. How keen the Indians would, however, be to play the role of a balancer to its problematic neighbor, though, may be based on an entirely different and inherently independent calculation by New Delhi that would reflect its own exigent as well as long-term policy goals.

Divergences in the Economic Domain - Tariffs and Implications

Instead of building on these significant convergences, President Trump's policies are, however, systematically unthreading the core foundations of the India-U.S. relationship. President Trump had imposed 25 percent reciprocal tariffs and an additional 25 percent tariffs on India for its purchase of Russian oil. The imposition of punitive tariffs on India's exports was seen as discriminatory and unfair by the policymakers and the general public in India. Despite its attempts to reduce natural gas imports, the European Union has imported a whopping 19 percent of its pipeline gas and LNG from Russia in 2024.[20] China is the leading importer of Russian energy resources, and yet it has been tariffed less than India. In fact, Russian President Putin stated during the Alaska summit that bilateral trade with the United States had grown by about 20 percent since Donald Trump became President of the United States.[21] The United States also continues to import minerals (such as palladium and uranium) and fertilizers from Russia.[22]

Given these interactions of Europe, China, and the United States with Russia, there is a perception in India that President Trump is unfairly targeting India. To compound the disappointment, President Trump is also discouraging investments from companies such as Apple in India[23] and has called on other European countries to impose tariffs up to 100 per cent on India for its purchase of Russian oil.[24] When coupled with the revocation of exemptions relating to Chahbahar, this slew of actions were quite understandably perceived not merely as a negotiating tactic but as policies aimed at creating hurdles for the growth of the

Indian economy.[25] The punitive export tariffs on India will undoubtedly have an impact on the Indian economy. Some of the important items of exports, such as gems and jewelry, textiles, and seafood, will become uncompetitive in the U.S. market. In September 2025, while India's total merchandise exports rose by 6.7 percent, its exports to the U.S. contracted by 11.9 percent due to increased tariffs.[26]

While a long-term breach with the world's largest capital market is not a battle that India could wage without suffering substantial losses, it is also true that the pressure being imposed by American policies has served as an impetus for seeking and accelerating diversification of India's trade and investment portfolio. Data for the period indicates that the Indian government's efforts to diversify exports to over 50 countries have resulted in some positive outcomes.[27] Some Indian 'cut and polish diamond' firms were able to export more to the United Arab Emirates and Hong Kong.[28] However, complete diversification will take time, and exporters will experience considerable anxiety. Overall, firms, such as those exporting diamonds/jewelry, seafood and textiles, to the U.S. have experienced considerable stress.[29] Importantly, the tariffs convey an impression that economic interactions with the U.S. will be unpredictable. Furthermore, since India is subject to higher tariffs, FDI will also be negatively impacted.

Divergences - Political Domain

The inability to arrive at a trade deal, arguably has very little to do with the trade deficit alone. It appears, particularly in the Trump years, to hinge on factors that touch upon secondary or even tertiary concerns, most of them political or even symbolic. In addition to economic stress, there are also growing divergences in the political domain between India and the U.S. that have been playing out rather uncharacteristically publicly over the past few months. Despite the improvements in the India-U.S. relationship, many in Washington DC were disappointed with Delhi's failure to stand more vociferously in support of Ukraine's territorial integrity. It is important to note here that the U.S. has never fully recognized India's territorial integrity with reference to Jammu & Kashmir and Ladakh, as cartographically defined by Delhi.[30] If the logic of political compulsions in the case rationalizes Washington's sleight of India's—an avowed strategic partner's—*de jure* claims over Jammu &Kashmir (J&K) and Ladakh, the same logic should also countenance the strategic compulsions that define the India-Russia relationship. While divergence over territorial sovereignty issues persist, U.S. defense exports to Pakistan and Indian defense imports from Russia could be expected to be deal-breakers in any strategic partnership. The fact that this bilateral relationship has not just sustained but evolved fundamentally over the past two decades is a testament to the considerable premium both sides have placed on the relationship.

Again, the U.S. president's embrace of Pakistan has significant security implications for India. In his social media communications, after Operation Sindoor, President Trump has often overlooked 'terrorism' emanating from Pakistan. For instance, in his Diwali message, President Trump claimed that he conveyed to the Indian premier not to have a war with Pakistan.[31] There is a concern in India that Trump's reference to the India-Pakistan conflict without referring to terrorism may convince the Pakistan military leadership to read it as a sign that the U.S. is turning a blind eye towards its terror tactics in the region.

There was always a correlation between the strength of the U.S.-Pakistan relationship and Islamabad's terrorist activities in India. During the Afghan war, Pakistan was a frontline state, and around the same time, it launched terror operations in the Punjab province of India. After the September 11 terrorist attacks, the United States depended on Pakistan to conduct its Afghan operations. For decades, there is a perception in India that the close strategic partnership with the United States emboldened Pakistan to maintain hostile interactions with India.[32] If Pakistan does not perceive that the West, led by the United States, will not frown upon its terror activities, then the temptation to indulge in such activities will be high, and India will have no option but to use military force in response to such terrorism.

The growing bonhomie between the U.S. and Pakistan should not be assessed as erratic or sudden. It is part of a long continuum of now seemingly forgotten vintage where Islamabad and Washington were both part of formal security architectures.[33] It is, therefore, not a passing affectation that is evolving due to the political mood in DC today. In the past seven decades, Pakistan has consistently played a pivotal role in the U.S. strategy in South Asia, Central Asia and beyond. American defense forces often relied on the Pakistan army to carry out their operations in the region, and there continues to be significant military collaboration between the two. Consequently, the U.S. has repeatedly looked the other way on China-Pakistan nuclear cooperation and Islamabad's use of terrorism as an instrument of state policy against India. Such decisions in favor of the Pakistan military spread over decades cannot be perceived in India as temporary tactical adjustments by the U.S. Instead, it is being perceived as sustained strategic investments in the Pakistan army because of its usefulness to the U.S.

In addition to its support for terrorism, Pakistan is a nuclear-weapon state having a close strategic partnership with China, one that constitutes an existential challenge. Therefore, the U.S.' relationship with Pakistan generates considerable anxiety in India, something that has been compounded by discussions over access being granted to Pasni port—something that could translate into a longer-term connection between Washington and Islamabad.[34]

The recent camaraderie on display between Trump and the Pakistani leadership, no doubt, complicates New Delhi's neighborhood calculus. Despite this unease over the likely ramifications this apparent emboldening of Pakistan may have on India's borders, recognizing its own relevance to Washington's larger geopolitical and geo-economic objectives may allow India to disaggregate its own value to the U.S. from the seeming highs and lows of a U.S.-Pakistan equation. However, the Indian leadership, since the 1980s, has noted that United States was indifferent to the profound security implications of supplying the latest weapon systems to Pakistan. The U.S. policy in the sub-continent raises an important question: How can India be a strategic partner to the U.S. if the latter equips Pakistan, which, in collusion with China, is keen on containing India's rise?

India, China and a Reductionist Logic

A reductionist logic[35] may also be leading to the direct proportionality that is being drawn between the discord in India-U.S. ties and an apparent rapprochement between India and China.[36] There are arguments that, due to growing divergences with the United States, India will, in all likelihood, move closer to China. Perhaps, the most relevant part of the thawing of tensions cited beyond the troop disengagement at Depsang and Demchok[37] and the optics of the SCO summit,[38] has been the willingness to allow Chinese entities to acquire a 24 percent stake in Indian companies without any prior approval.[39]

This, however, may be better interpreted as a tactical effort at diversification and the calming of avoidable tensions at a time of significant geopolitical changes globally. The need to diversify, even hedge, when relatively longer-lasting and reliable partnerships are called into question, is a prudent approach. Cooperating where possible while competing where one must, then, seems the most logical way forward to avoid getting embroiled in distractions along the immediate border. This is especially the case given that New Delhi is surrounded by simmering tensions within its sub-region. Reading more into this approach, much less attributing any fundamental alteration of India's strategic perception of its relationship with China, may, therefore, be an unwise enterprise at the moment.

It should be noted that there continues to be considerable stress in India-China relations with the presence of a large number of forces on both sides of the border. There has been disengagement at a few points on the border in Ladakh, but large-scale demobilization is yet to happen. During Operation Sindoor, the consolidation of the China-Pakistan axis was evident in the significant space-based surveillance support that Beijing provided to Islamabad.[40] In the economic domain, Indian exports still struggle to access the Chinese markets. Given the domestic industrial over-capacities in China and the consequent need to export in large amounts, it is unlikely that India's exports will find a footprint in that country.

The recent interactions between the Indian and the Chinese leadership at the SCO summit constituted an attempt to stabilize the relationship after the recent border skirmishes. The relationship still has a long way to go before it can be termed as a 'normal relationship.' Therefore, there are very few in Delhi policy circles who see China as an alternative to the U.S. The issues with the U.S. have a temporal and political character to them, while the differences with China are far more strategic and existential given the regional framework that both New Delhi and Beijing compete in.

There is also a perception that India's participation in multilateral frameworks, such as BRICS, indicates that it is steadily moving towards organizations with an anti-American character. However, India sees these organizations as reflective of the growing multipolarity in the world order. Since India is not a member of the United Nations Security Council, it becomes imperative for India to engage with all powerful players and multiple frameworks. While U.S.' support for India's candidature for UNSC membership would be welcomed, the P-5 countries have not shown any inclination to reform the United Nations. Therefore, the potential membership remains precisely that – a potential. Furthermore, as an emerging economy, India needs to engage with multiple countries to access resources and find markets for its goods.

India's participation as a member of the BRICS is also in the larger interests of the West, in general, and the U.S., in particular. The evolution of BRICS is being modulated by India's presence. Whether it is in the rapid expansion of the BRICS framework or in operationalizing an alternative currency, India's positions are unique. India is keen that BRICS should increase multipolarity, ensuring it does not result in constrained opportunities for other developing countries. Specifically, there is an opinion in Delhi that any elevation of currencies of countries with adversarial relations with India, as alternatives to the U.S. dollar, is not in the interest of India. India is neither working specifically to undermine the importance of the dollar in the global economic system nor is it actively seeking to undermine the U.S. presence in global politics. Overall, India is keen on improving its choices and space for autonomous action, and it may effectively be argued that what works in India's national interests often coincides with the U.S.' own global agendas.

In addition to the promise and potential of economic relations and trade, the Indo-U.S. partnership over the past decade had benefited in no small measure from a degree of synergy on their views on China. It then stands to reason that President Trump's seeming recalibration of the value the U.S. places on the Indo-Pacific strategy with a concomitant refocusing on the

Middle East and the Western Hemisphere, changes the immediate import India carries to DC. Rapprochement between the U.S. and China, even if tenuous on specific issues of trade, forces countries like India other American partners/allies that have had persistent tensions festering with Beijing, such as Taiwan, Japan, the Philippines and Australia, to reconsider their own value in the U.S.' strategic calculus.

Conclusion

India's relevance to the U.S. cuts across the din of political optics and fluctuating personal preference of the U.S. leadership. There are multiple stakeholders across the political spectrum in the U.S. that value the bilateral relationship.[41] Bureaucracies on both sides may consider their respective national interests and recalibrate in order to repair the relationship, and in the coming months, the U.S. may dilute the punishing tariffs on India. However, this period of dramatic overhauls in what was emerging as a valuable strategic partnership will have a lasting impact on the public perception of the United States in India.

The visual optics too disappoint. While it may be legally valid to handcuff/chain illegal immigrants, the repeated use of tactics and proactively broadcasting such images has generated considerable discomfort in India, given the sizeable Indian diaspora living in the U.S. There are fears that even law-abiding immigrants may inadvertently be subjected to such treatment. Unwarranted harsh language by personnel perceived as close to the top echelons of U.S. leadership has also contributed to the angst and disappointment in the Indian public. As both countries seek to repair the relationship, there will be greater domestic scrutiny of the Indian government's policy towards the United States in the coming months.

Given these dynamics, it is imperative that India and the U.S. repair their bilateral relationship at the earliest. As such, it can be argued that adopting a piecemeal approach may be relatively easier, because each issue may then be sorted without carrying the inconvenient baggage of the other. For instance, issues relating to the H1B visa quotas have persisted for some time, as have DC's tacit overlooking of many of Islamabad's actions along the Indian border. An issue-based approach may help by not conflating either of these two subjects—or the multiple other irritants in the relationship—with the issue of trade or synergies in defense calculations in the IOR or the Indo-Pacific, for instance.

However, such a piecemeal approach would work only if the U.S. leadership also adopted a similar stance. President Trump is using a host of issues, such as overlooking India's security concerns in the neighborhood, repeatedly stating that India lost 'brand new aircraft'[42] during Operation Sindoor and threatening to reduce people-to-people interactions through stringent visa regulations, as part of an integrated strategy to build leverage in a manner that would allow Washington to perhaps derive the economic and political concessions it has been seeking from New Delhi, in the protracted trade negotiations. Notably, 2024 and 2025 were marked by considerable strategic divergences between New Delhi and Washington's stances in South Asia.

The sub-region has been in a state of flux with a throughline of political instability and popular uprisings running through India's neighboring states. The difference in the U.S. and India's positions and approaches in the case of Bangladesh and the ouster of PM Hasina is indicative of the possibility that despite growing defense partnership between New Delhi and Washington, they may not always be working towards the same end-goals, much less having similar threat perceptions. It is necessary that India secure its vital strategic neighborhood. A stable neighborhood offers not just security guarantees to pursue its growth ambitions but in fact also accords New Delhi a point of leverage in its bilateral pursuits with the U.S.

For India, no other bilateral relation can serve the purpose that the one with the U.S does. The value the U.S brings to India is cross-sectoral—encompassing economics, defense, and technology—and has multi-decadal implications for India's growth and security trajectories. The U.S. may also approach this relationship differently by remaining cognizant of the fact that they are today dealing with an India, which, though ranked lower relative to the U.S.' economic clout, is among the most well-poised to emerge as one of the central pillars of the world economy and drivers of growth over the next decade.

Considering that India remains central to not just Washington's geopolitical calculus and global investment potential but is also a stable partner committed to democratic principles, would prove indispensable to the U.S.' long-term hopes of drawing up regulatory frameworks that will chart how the technologies of the future, including those relating to AI and space, will be deployed and adopted globally. Although the world's oldest democracy and the largest one have had many run-ins over trade and other issues, it may be in the fields of global regulatory and normative frameworks for global supply chains and the technologies of the future that the Indo-U.S. bilateral may eventually find its most effective partnership model.

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Endnotes

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