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US-India Relations Update

By Helena Baruch

The current state of U.S.- India relations, as elaborated in the briefing, is like a diplomatic tango, of sorts; both nations continue to gracefully and strategically navigate the intricacies of geopolitics. In late November, the Justice Department announced charges against Indian national Nikhil Gupta in a “foiled” plot to kill a US citizen and noted Sikh advocate. As per legal records, earlier this year, an Indian government official collaborated with others, including Gupta, to orchestrate this assassination. The intended target was an attorney and political activist, who is purportedly a U.S. citizen of Indian descent residing in New York City (Office of Public Affairs).

Since the Biden administration caught wind of the alleged plot in July, top U.S. officials have urged New Delhi to investigate the foiled plot. Capitol Hill has voiced concerns, with India under scrutiny during a Congressional hearing on transnational repression shortly after the indictment's unveiling. Five Indian-American Democratic representatives issued a statement highlighting risks to their jobs and livelihoods, cautioning against potential harm to bilateral relations. This incident has created, undoubtedly, some rocky waters between the US and India.

But US-India relations have withstood shocks like this before. It is unlikely that the countries' long standing partnership will crumble. Thus far, the Biden administration has pressed ahead on cooperation. If anything, this incident proves that US-India relations are stronger than they may seem; they are able to withstand moments of increased tension and polarization like this one.

In other news, FDI (Foreign Direct Investment) in India took a sharp nosedive, contradicting the upbeat narrative of foreign tech investments under "Make in India." RBI data reveals a 27% YoY drop in 12-month FDI inflow, while World Bank figures indicate manufacturing stuck at 13% of India's GDP. Notably, Foxconn abandoned a \$20 billion chip venture with Vedanta. Despite these setbacks, October 2023 saw a promising \$6.5 billion new equity inflow. The decline is attributed to a reform slowdown, insufficient state-level initiatives, frequent regulatory shifts, and lingering foreign investment restrictions. Collaborative efforts between the US and India, such as the Memorandum of Understanding on Semiconductor Supply Chain, could revitalize Indian manufacturing and benefit both countries.

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