

U.S.-India Insight

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The United States Still Needs an Indian States Strategy



India’s surprise election results brought coalition politics back to prominence. While this result may have been difficult to predict for *this particular election*, coalitions have been the norm in India for decades. Over a dozen of India’s regional parties have exerted significant influence over Union government policymaking in recent years—including on issues important to U.S.-India ties.

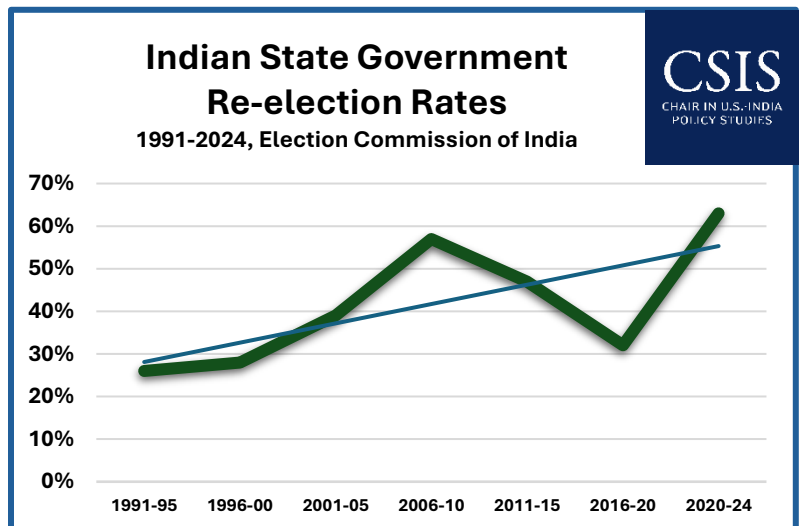
Let this be an inflection point—the United States needs to build a far more robust and consistent program of work to engage and support India’s states.

There are two critical reasons why the United States must do more to deepen subnational cooperation:

1. **States Drive Development:** India’s progress in areas like education, healthcare, sanitation, climate, and investment will primarily be determined by state governments. The 7th Schedule of the Indian Constitution has devolved power in these areas to states, and states have not further devolved authority to cities.
2. **Regional Parties Can Exert a Powerful Influence on U.S.-India Relations:** We do not have to look far back into the history books for proof here. The Congress-led United Progressive Alliance (UPA) could not muster enough regional parties to assure clean passage of legislation to set liability for a civil nuclear accident. The compromise legislation approved in 2010 has precluded any nuclear trade with the United States.

The network of U.S. consulates plays a key role in building local connections with state governments. But sometimes, a senior U.S. visitor is required to really show commitment to engaging India outside of the Delhi-Mumbai lane. The United States has consulates in Mumbai, Chennai, Kolkata, and Hyderabad, and is planning two additional consulates—in Ahmedabad and Bangalore—in the coming years.

Today, the political parties running Bihar and Andhra Pradesh hold quasi-vetoes over Union government policies. The U.S. has a long track record of positive engagement with the chief minister of Andhra Pradesh, N. Chandrababu Naidu. But, apart from our Embassy team, we have not had any senior, high-level engagement with the chief minister of Bihar, Nitish Kumar, despite the fact he has been leading the state for nearly 20 years. Helpfully, Indian state governments’ re-election rates are on a very positive trajectory over the past 30 years, so investments in building relationships should be less transient.



The Indian Union government has sometimes shown hesitation when U.S. agencies have attempted to engage Indian states directly. As our trust builds in other areas like defense and strategic technology trade, our governments must continue giving more latitude in such engagement. Prime Minister Modi himself brought the world to India's state capitals by holding 200 G20 meetings in 60 Indian cities, including every state and territory.

Much of what the United States would want to do with Indian states comports with Modi government initiatives, such as improving the business investment environment, helping states accelerate their adoption of renewable energy, improving basic amenities like safe water access and healthcare, and more. With the new [Subnational Diplomacy Unit](#) at the U.S. Department of State, the United States is clearly trying to improve how we engage with key subnational leaders globally.

A more robust engagement plan for engaging India must include:

- **Directing Senior U.S. Visits:** The highlight of U.S. subnational engagement was during the tenure of former Secretary of State Hillary Clinton. Secretary Clinton took the time to [meet](#) powerful regional leaders in Tamil Nadu and West Bengal during her visits to India. It is important for other U.S. government officials— apart from those with a South Asia regional designation –to engage more Indian states.
- **Hold Bilateral Summits Wholly, or Partly, in Key States:** The U.S. and India have a multitude of dialogues between government agencies. While these are normally held in New Delhi (or Mumbai for some financial sector deliberations), our governments should pledge to hold all, or part, of these discussions in states that get less attention from policymakers. This kind of exposure is good for both the Indian state leaders as well as the visiting U.S. officials, who will get a comprehensive view of India's challenges and opportunities.
- **Improve Engagement with Indian States Visiting the U.S.:** Indian state governments regularly have visits to the United States, often as business roadshows. These visits tend to be last-minute and poorly organized. Still, the U.S. government needs to prioritize to change schedules to accommodate such visits.
- **Proactively Recruiting U.S. State Delegations to Engage Indian Counterparts:** Some of this work is being done already, however, U.S. governor visits to India are far too rare and focus on the same handful of Indian states for engagement. More top leaders from U.S. states need to visit Indian states and increase the gamut of states engaged. There are several underexplored complementarities in critical areas—some of which my [team](#) has been exploring robustly.

Across a range of topics and themes, the differences between Delhi and D.C. are shrinking. We see common threats and opportunities and are building new areas of cooperation. However, in both nations, progress cannot be limited to our national capitals. India's powerful mix of coalition politics and strong state governments requires a higher degree of attention than it has received in the last decade. A new government at the center in Delhi – with an increased role of state level parties—as well as the upcoming elections in the U.S., give us an opportunity to recalibrate.

KEY DATA

-9%

U.S.-INDIA GOODS TRADE, 12-MONTH
PER U.S. CENSUS BUREAU

+0.3%

FOREIGN DIRECT INVESTMENT, 12-MONTH
PER RBI

\$28.2 bn

FII ASSETS NET FLOWS, 12-MONTH
PER NSDL