

India and the United States have always shared a volatile relationship. The United States wants to forge a new relationship with India because India has nuclear weapons, is a fellow democracy, is the fastest growing economy, and in the next 25 years will be the world's fourth largest economy beating France and Germany. So what happens now that the US is headed to get a new President in November this year?

The two main presidential candidates are Hillary Clinton and Donald Trump. We are discussing below their policies and possible impact on India if they come to power.

Hillary Clinton – Expect Bush era of renewed ties with USA

Clinton's policies are to raise pay, create good-paying jobs, and build an economy that works for common man. She plans to cut taxes for the middle class, raise the minimum wage, and ensure the wealthiest pay their fair share. She proposes to invest in infrastructure and education. Mrs. Clinton wants to increase spending on job training and lower taxes on companies that hire more Americans.

Clinton's policies are similar to that of George W Bush who was the President of the United States from 2001 to 2009. He is credited with building the best ever Indo US relationships.

In July 2006, 15 years after the Soviet Union collapsed and five years after Islamic terrorists became America's principal enemy, Mr. Bush decisively reversed course. Raising India to the status of a strategic ally, he cut a unique exception in the global nonproliferation regime, proposing that India be allowed to keep its military stockpile even as it gained access to technologies and fuel for its civilian reactors. Over the next two years Mr. Bush used his political capital to get the deal approved by the Congress and foreign governments. When Pakistan requested a similar pact, it was told that such deals were reserved for "responsible" states.

This was the diplomacy of the grand gesture, and when this barrier fell others followed. The American and Indian militaries increased joint exercises. They exchanged trade delegations. Their companies won expanded access to the other's markets. American officials began to talk up India as a rising great power in a new century.

Donald Trump – Can bring back volatile times of Reagan period

Donald Trump plans to cut top income tax rate to 33% from the current rate of nearly 40 percent. He also pledged to renegotiate the North American Free Trade Agreement and stop the passage of the Trans-Pacific Partnership. He believes in no trade deal unless it increases US GDP growth rate, decreases trade deficit, and strengthens its manufacturing base. He also plans to impose tariffs on goods imported to the U.S.

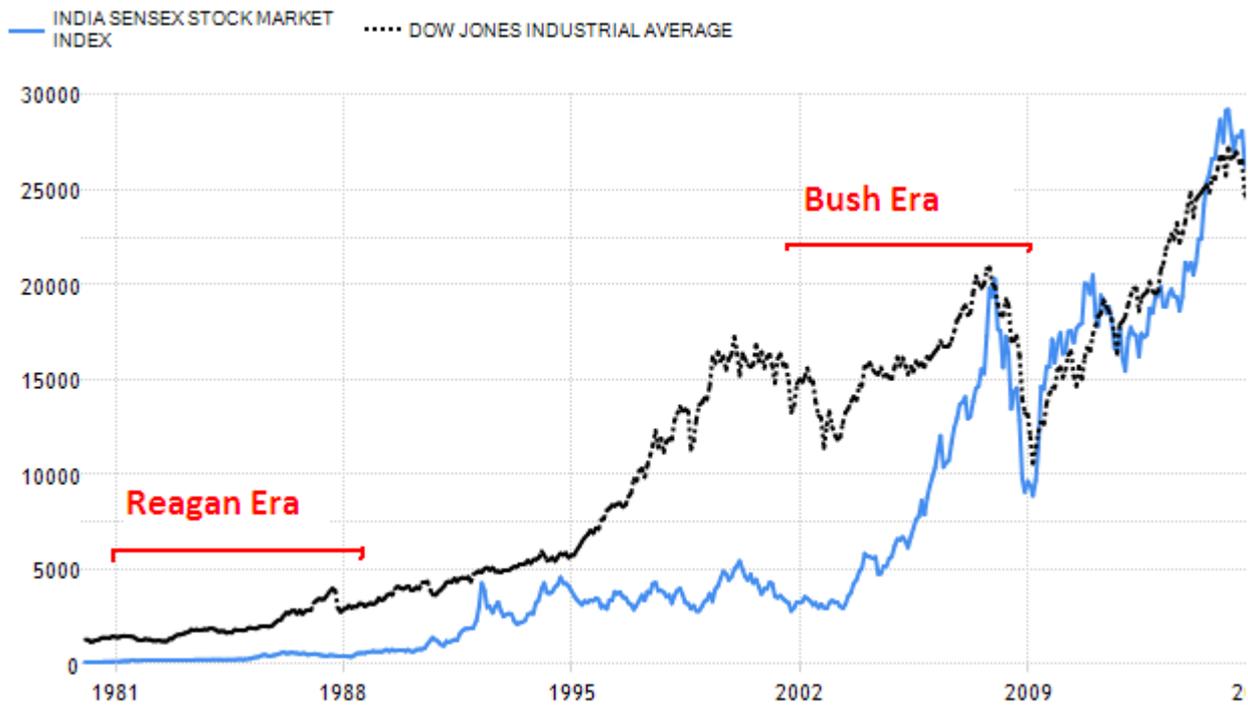
Trump's policies are similar to that of Ronald Reagan who was the President of the United States from 1981 to 1989. His tenure coincided with that of Indira Gandhi and then Rajiv Gandhi and has seen sharp ups and downs.

Washington and New Delhi went through hard times in the early Reagan years.

The Soviet Union had just invaded Afghanistan, and Reagan, sworn opponent of the "evil empire", felt that New Delhi had not opposed it. He pumped billions into Pakistan, gave it F-16s, winked while it went nuclear, and trained and bankrolled the progenitors to Al Qaeda and the Taliban.

By the time he left office in 1988 the United States had put aside its differences with New Delhi on these issues and agreed to supply jet engines for the LCA aircraft and Cray supercomputers, the most substantial hi-tech sales Washington has ever made to India.

Sensex and Dow during Reagan era and Bush era



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