

Corporate Influence on Indian Foreign Policy

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Abstract:

Business firms influence government to formulate favourable policies at domestic as well as international level. This paper attempts to analyse various sectors in which corporate influence is substantially practised for favourable foreign policy making. The nature and extent of influence vary from business to business & from government to government. They play crucial role in government decision making in formulating foreign policy by various means such as lobbying, funding political campaigns, establishing think tanks etc. The study shows that MNCs are becoming very active and eager in order to capitalize on a change in the political status of a policy. Sovereignty of a state is being challenged by corporates as any international decision making involves corporate opinions, their will and wishes and corporate expectations from other countries are being given greater weightage than welfare. This is slowly eroding away state's ability to take decision independently.

Keywords: Lobbying, foreign policy, track 2 diplomacy, MNC influence on state

Introduction:

The nexus between the State and business establishments has been around for a long time, existing across time by various means such as lobbying, funding political campaigns, establishing think tanks etc. Lobbying is a type of political activity which is defined as “an effort designed to affect what the government does.”(Nownes, 2006) It may involve huge money game which possess ethical question on the whole process. In India, corporate lobbying, in the form of intensive briefings and presentations to ministers has expanded and operations like these are being routed through public relations firms and some well-connected individuals. However due to lack of organizational set up these firms largely operate on word of mouth. (Titus, D. 2007) As per the “Private Members Bill”(Loksabha website, 2013) introduced in Parliament in 2013, by Kalikesh Narayan Singh Deo, The Bill required lobbyists to register themselves and defined lobbying as “communication with and payment to a public servant with the aim of influencing a legislation or securing an award of a contract” (Disclosure of Lobbying Activities Bill ,2013). Such a definition however blurs the distinction between lobbying and bribery. In India, the only law that has some relevance to lobbying is Section 7 of the Prevention of Corruption Act, 1988, which makes it illegal for a public servant taking gratification other than legal remuneration in respect of an official Act.

Till 1980, Indian foreign policy was focused at consolidation of power, disarmament, alignment; Presence of business sector was almost negligible. Public sector was centrally given utmost importance. It was only in the 1980s that Indian business, especially the private corporate sector, came into its own and began to influence political thinking on foreign policy issues. The liberalisation of economic policy in 1991 opened a new chapter in government-business interaction in India. Their views began to be better articulated through organizations such as Indian Chambers of Commerce and Industry (FICCI) and the Confederation of Indian Industry (CII). Business leaders increasingly facilitate meetings between officials and politicians of countries, they influence the bilateral agenda, and they contribute funds to political parties or leaders when asked to. Indian business delegations now routinely accompany the PM when he travels abroad. Regional forums like SAARC, the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation, ASEAN and the European Union invite Indian business leaders to participate in parallel meetings along with the Prime Minister. The views of business leaders are discussed even within closed door meetings between high officials, and issues like market access, investment opportunities, visa regimes, are increasingly focused on business perspectives. Another popular way used by Indian business groups is to invest in ‘Track-II’ diplomacy in shaping foreign policy perspectives. India's largest business houses have funded a think tank focused on strategic policy & foreign affairs. Other Indian companies may fund ‘Track-II’ diplomatic initiatives through CII and FICCI. CII runs several ‘Track-II’ dialogues funded by various member companies. Business leaders with country specific interests invest in these dialogues and also participate in them.

1stchapter describes in detail different tactics being used by foreign MNCs (Pharma sector)to pressurises India to change policies of patent act to suit their own interest. 2th chapter explains the role of private players in influencing FDI policy of strategically important sector such as defence. It specifies the role of Indian lobbying firms such as FICCI &CII in influencing FDI policy. Chapter 3 analyse role of corporates in influencing Indo-US nuclear deal. The bilateral trade, nuclear industry and US defence industry calculations behind the nuclear deal have been analysed in this chapter. 4th chapter analyse the role of corporate sponsored think tanks on foreign policy formulation. Nowadays, government seems to hire more knowledge from private think tanks and routinely engages with them via Track II initiatives. However, it is important to understand their motives in order to make unbiased decisions. The chapter analyses how close party affiliation and backing of businesses groups influence their research agenda which ultimately influence the foreign policy formation in India.

Literature Review:

Literature about influence of corporates on Indian Foreign policy has been very limited. Books such as 'Indian Foreign Policy' (Ogden, 2014) & 'India's Foreign Policy: Retrospect and Prospect' (Ganguly, 2011) charts all of the vital aspects of India's contemporary transitions such as economic, political & diplomatic, detailing the core foreign policies that over time have variously persisted, evolved & discarded by tracking different phases of Indian Foreign policy & the on-going challenges faced by policy makers. The book 'India's New World: Civil Society in the Making of Foreign Policy' (Ashok Malik, 2011) elaborates on how India's international relations are being influenced by big business and economic diplomacy has become core to strategic diplomacy while research paper 'The Growing Influence of Business and Media on Indian Foreign Policy' (Sanjay Baru, 2009) explained different tactics used by Indian corporates in influencing foreign policy decisions. Books such as 'Strategic Sell-out: Indian-U.S. Nuclear Deal' (P. K. Iyengar, 2009) & 'Indo-US Nuclear Deal: Seeking Synergy in Bilateralism' (P R Chari, 2009) highlights economics behind Indo-US nuclear deal. It speaks in detail highlighting lobbying done in India and US congress by private players in support of this deal. Research papers and articles like 'Indian Think Tanks and their Influence on Foreign Policy' (Stuti Bhatnaga), 'Think tanks in South Asia' (Jayati Srivastava, 2011) has also been referred to understand increasing role of think tanks on foreign policy formulations and theoretical framework.

Theoretical framework:

Analytical model proposed by Harstad and Svesson (2011) represents relationship between lobbying, bribes & growth. According to the model, firms bribe at low levels of development, whereas they lobby in richer societies. However, the holdup problem associated with corruption can prevent firms from investing enough to make a switch to lobbying worthwhile. The outcome might be a poverty trap. In this model, firms can gain influence by lobbying politicians or by bribing bureaucrats. The difference is that with lobbying, firms can get politicians to change the rules to their advantage while by bribing bureaucrats firms can only hope to stop the latter from enforcing the rules. Thus, in this framework, corruption and lobbying are substitutes. While bureaucrats who take bribes cannot commit not to ask for bribes again in the future, a change in the rules themselves through politician intervention is much more difficult to overcome. Through lobbying, a firm is much more assured that in the future there won't be a need for further payments to someone in the public sector. Firm's bargaining power vis-à-vis bureaucrats is decreasing in the level of investment that the firm commits to, while this is less of a problem for lobbyists facing politicians. This means that at higher levels of development, lobbying will tend to be the dominant method of influence while bribing will tend to dominate at low levels of development where bribes are relatively inexpensive. Through their model they suggest that lobbying is relatively more important as an instrument of policy influence for bigger firms or firms in more developed countries while corruption should be more likely for smaller firms or firms in less developed countries.

Another contribution by Damania (2004) analyses relationship between corruption and lobbying. Corruption and lobbying are viewed as complementary. More specifically, the idea is that lobbying is not done in order to change the rules favourably thus making bribing unnecessary, but it is done to persuade politicians to underinvest in law enforcement, thus making bribing easier. This means that, contrary to the previous framework, firms that choose to bribe bureaucrats are also more likely to exercise influence through lobbying. The mechanism is that firms feel more threatened by instability as they worry that future government will be keener to enforce the law. Since law enforcement requires significant investments, lobbying for underinvestment today will significantly undermine any future government's law enforcement efforts. (Nauro, Francesco 2006).

Apart from this, Mancur Olson in his book 'The Logic of Collective Action: Public Goods and the Theory of Groups' (1965) theorized that lobby groups are more likely to form when free riders are easier to detect and discourage. He argues that the segment of society that has the largest number of lobbies working on its behalf is the business community. The high degree of organization of business interests, and the power of these business interests, must be due in large part to the fact that the business community is divided into a series of (generally oligopolistic) "industries," each of which contains only a fairly small number of firms. Because the number of firms in each industry is often no more than would comprise a "privileged" group, and seldom more than would comprise an "intermediate" group, it follows that these industries will normally be small enough to organize voluntarily to provide themselves with an active lobby-with the political power that naturally and necessarily flows to those that control the business and property of the country.

Karl Marx has also thrown light on this issue. Marx's theories about society, economics and politics—collectively understood as Marxism—hold that human societies progress through class struggle: a conflict between ruling classes (known as the bourgeoisie) that control the means of production and working classes (known as the proletariat) that work on these means by selling their labour for wages. Marx believed that this system was inherently unfair. Under capitalism, Marx believed that the workers would become poorer and poorer and experience alienation. Capitalism is an economic system where the means of production is owned by private individuals. In this system, the economy and the use of resources are controlled by individual business owners and private companies. Capitalism is based on capital through which the capitalists purchase the labour of the workers on a lesser wage or price by way of profit and thereby increase their capital. In the process of increasing the capital the capitalists carry on the exploitation of the workers. Classes are the creation of capitalist society and in such a society class struggle is inevitable. The capitalists increase the means of production which are generally concentrated in certain places. According to Marx, states are run in the interests of the ruling class but are nonetheless represented as being in favour of the common interest of all. He predicted that, like previous socioeconomic systems, capitalism produced internal tensions which would lead to its self-destruction and replacement by a new system: socialism.

Methodology:

Our main source of data for analysis is the secondary data. Documentary analysis is conducted which involves obtaining data from existing documents which includes data from sources such as published books, journals, research papers, newspaper articles, websites, documents & reports published by government etc. Qualitative analysis was conducted in order to gain more insights on this topic as well as to understand in detail the experience and opinion of the people who are working in the business environment & being interviewed in the form of 'semi structured interviews.' For this, our data source is the people working in private business sector.

Overview of terms:

Foreign policy - In simple words, foreign policy is a government's strategy in dealing with other nations. Foreign policy dictates how a country will act with respect to other countries politically, socially, economically, and militarily. It is the bundle of principles and practices that regulate the intercourse of a state vis-à-vis other states. It is also a plan of action adopted by one nation in regards to its diplomatic dealings with other countries.

Lobbying - Lobbying can be defined as an organized group of people who work together to influence government decisions that relate to a particular industry, issue, etc. It is an attempt to persuade someone in authority, usually an elected member of a government, to support laws or rules that give your organization or industry an advantage.

Track II Diplomacy - The term 'diplomacy' referred to interaction between nation-states. However, scholars have delineated several levels of diplomacy. Track II Diplomacy **involves** unofficial dialogue and problem-solving activities between nation states aimed at building relationships and encouraging new thinking that can inform the official process. Track 2 activities typically involve influential academic, religious, and NGO leaders, corporates and other civil society actors who can interact more freely than high-ranking officials. Some analysts use the term **track 1.5** to denote a situation in which official and non-official actors work together to resolve conflicts.

Think tank - Think tank is a group or institution organized for intensive research and solving of problems, and plan future developments. It provides advice and ideas on problems of policy, commerce, and military interest, politics, technology, and culture etc. These research institute (usually independently financed) staffed with interdisciplinary group of experts are engaged in the study of policy issues in business and government.

Non-proliferation - Non-proliferation means prevention of something increasing or spreading. (Especially the prevention of an increase in the number of countries possessing nuclear weapons). In other words it means providing for the stoppage of proliferation. It is the action or practice of curbing or controlling an excessive, rapid spread of something, pertaining to diplomatic agreements limiting the spread of nuclear weapons

Classification of corporates:

In the following table, different private organizations which has been analysed in the dissertation has been classified based on the area of influence (based on industries) on foreign policy and major tactics being used to influence foreign policy decisions.

Classification of corporates

Industry Name →	Nuclear	Pharmaceutical	Defence	Research
Major tactics used →	Collective Lobbying	Lobbying & high level visits	Individual influence	Research presentations, discussion
Corporates involved →	Westinghouse, General Electric, Bechtel, Nukem, Edlow International, Thorium Power, Boeing, ; Lockheed Martin, Air India, EP-Team, Leading Authorities, Parsons Brinckerhoff International, and the Wire Group, EP-Team, Leading Authorities, Parsons Brinckerhoff International, Wire Group, Best Buy; PSEG, Lighthouse Funds, ITT, Max New York Life, American Express, Intel, Microsoft, JP Morgan Chase, Bechtel, American International, Dow chemicals, Patton Boggs, Barbour, Griffith, and Rogers	Pfizer, Merck, PhRMA, Mylan, Natco, Bayer, Amgen, Eli Lilly, Akin Gump,	EADS, Boeing, British Aerospace, Rolls-Royce, L&T, Punj Lloyd and Pipavav Defence, Mahindra Group, Tata group, HCL, BAE Systems, SAAB Dynamics, Northrop Grumman ,Babcock Group, Almaz-Antey, Relaince Defence, Nexter Systems, Ashok Leyland, Rafael, Bharat Forge, Ultra Electronics	Reliance Industries, Tata Sons, Maruti Udyog Ltd., Hindustan Aeronautics Limited, RSS, HDFC Bank, ACC Ltd., Reliance, Kotak Mahindra, Infosys, Suzlon energy, TVS Motor, Avantha Group, CKBirla group, RP-Sanjiv Goenka Group, HSBC, Godrej & Boyce

Rationale for study:

Since the new government came to power in 2014, foreign policy of India has been given utmost importance by PM Narendra Modi. Total 44 countries had been visited by him during 2014&2015 to pursue diplomacy. In most of the visits, especially visits to industrialised nations, business delegations ranging from 5 to 50 people (approx.) consisting of India's biggest corporates accompany him. Most of the bilateral deals struck under these visits are by private players in both countries mounting to billion dollars. As a part of foreign diplomacy PM now addresses business groups or forums in foreign countries in addition to addressing parliaments. Initiatives launched by government for national development such as 'Make in India', 'Act East Policy' are also tilted more towards maintaining international relations through private business players. Therefore, it is evident that state's strategic international relations are becoming economic relations which in turn are handled and shaped by private corporates. Therefore, it is important to understand role of corporates in influencing foreign policy, the extent of influence on policy formulations, major techniques being used since they are emerging as the major non state actors who have started defining nation to nation relationship.

1.Role of MNCs in influencing Indian Foreign policy ... The case of drug corporations (Indian Patent Act)-

Multinational companies have an undue influence over the making of global trade rules at multilateral institutions such as World Trade Organization (WTO). Big business lobbyists have privileged access to government policy-makers and use it to push trade agreements that undermine the fight against poverty. This case highlights example of privileged corporate access to, and excessive influence over, the WTO policy-making process, pressure tactics on Indian government by Foreign MNCs through lobbying at ministerial levels to change its policy in order to make it more suitable for Multinational Corporations. Trade Related Aspects of Intellectual Property Rights (TRIPS) is administered by WTO. The importance of the TRIPS is that it lays down minimum standards that the member countries need to provide to protect intellectual property (IP). Under TRIPS, if a member country does not adhere to its obligations then another member country can lodge a complaint with the Dispute Settlement Body (DSB) of the WTO.

In the context of WTO negotiations on intellectual property, PhRMA, a US drug industry group whose members include Pfizer and Merck, waged a comprehensive lobbying campaign in India that helped push through a new WTO-

compliant patent law in 2005. Drug industry representatives lobbied the Indian prime minister's office and used their easy access to government officials to put pressure on the Indian government to bring in the new law. There is fear that it will deny AIDS treatment to up to 350,000 people who depend on low-cost Indian drugs worldwide as 90% of the 11 million people living with HIV/AIDS in developing countries are on generic drugs, most of which come from India. Senior officials from Pfizer, the world's largest drug company, negotiated directly with the director-general of the WTO and officials from WTO member states in 2003 to block a proposal from developing countries that would allow them to import cheaper copies of patented drugs during public health emergencies, including the HIV and AIDS pandemic. (Spinwatch report, 2006) Although the agreement reached allows countries in theory to import copies of drugs during health crises, relentless and sometimes aggressive lobbying by the drug multinationals helped ensure the process of compulsory licensing. The drug lobby also helped to make sure the WTO's agreement on intellectual property means key countries that are able to manufacture cheaper copies of patented medicines – including Brazil, India and Thailand – are only permitted to do so under compulsory license. This is in spite of the fact that large numbers of people in poor countries suffering with conditions such as HIV and AIDS rely on cheaper drugs from these countries for treatment.

The global drug industry's biggest victory so far under the new WTO TRIPS regime came when India enacted a new patent law in spring 2005. The TRIPS Agreement requires governments to align their national policies with WTO rules by January 2005. The pharmaceutical giants wanted India's 30-year old Patent Act consigned to history, and to use the opportunity of new national legislation to limit some of the flexibilities built into TRIPS that they had not managed to block at the WTO level. The old law allowed Indian companies to manufacture brand name drugs, keeping prices substantially lower than in the developed countries, and it led to the rise of a strong local generic drug industry. By the 1990s, the Indian pharmaceutical industry had become a world leader, supplying life-saving medicines to African countries battling the AIDS epidemic at a very low cost. Indian drug companies are widely credited for lowering the prices of ARV drugs in Africa from more than \$10,000 to about \$300 per person each year. (Eagleton D, 2006)

Even though India had 10 years to comply with the TRIPS Agreement after its introduction in 1995, pharmaceutical firms wanted India to guarantee them stronger intellectual property protection in a shorter timeframe. On behalf of its pharmaceutical industry, the US kept up the pressure on India by filing a complaint to the WTO in 1997, stating that India was failing to comply with its obligations under the TRIPS Agreement. The US also kept India on its 'Section 301 list' and threatened the country with trade sanctions. Industry representatives lobbied the Indian prime minister's office and used their easy access to the US-India High Technology Cooperation Group (HTCG), an inter-governmental body set up to facilitate cooperation between businesses in the two countries, to put pressure on the Indian government. Ken Juster, one of the US officials PhRMA thanked in its 2004 Section 301 report, is a co-chair of the HTGC and Susan Finston, PhRMA's associate vice president for intellectual property, attended an HTGC meeting. The drug multinational GlaxoSmithKline publicises its efforts to increase access to essential medicines in poor countries. At the same time, it is an influential member of the Pharmaceutical Research and Manufacturers of America (PhRMA), which lobbies aggressively for WTO rules and national laws that restrict people's access to low-cost drugs in developing countries. According to Columbia University professor Jagdish Bhagwati, the Agreement primarily benefits big business: "TRIPS does not involve mutual gain; rather, it positions the WTO primarily as a collector of intellectual property-related rents on behalf of multinational corporations." (J. Bhagwati, 2000)

In response to pressure from the US and its drug companies, as well as lobbying from Indian business groups and elements within the Indian government, the Indian parliament amended India's patent law in March 2005. The new Indian Patents Act does not make maximum use of flexibilities in the TRIPS Agreement, and actually contains stronger intellectual property protection than the WTO requires, known as 'TRIPS-plus' provisions. In other words, the act was used by the US and the pharmaceutical industry to regain ground they had been forced to give to developing countries in the WTO. Developing country governments, civil society groups and patients' rights organisations, as well as the Indian generic drug industry, had warned that the new Act could have devastating effects on India's five million HIV patients and on people living with HIV in other poor countries. Critics say the new law will:

- ▶ Severely limit the ability of the Indian generic drug industry to produce the next generations of ARVs, making them prohibitively expensive
- ▶ Deprive patients in other developing countries of low-cost drugs.

According to the aid group Médecins Sans Frontières also known as 'Doctors without Borders', an estimated 350,000 people on AIDS treatment depend on Indian generic production worldwide – around half of all people on ARVs in developing countries. A study by predicted that the new generation of anti-AIDS drugs could cost up to 12 times more in sub-Saharan Africa, and cited a lack of competition and the new India Patents Act as reasons for the projected price differences between the first- and second-generation lines of ARV drugs. (Médecins Sans Frontières Report, 2005) It has generated fear in other developing countries, especially in Africa, where many people are likely to be affected by it. News accounts report there were public protests against the Indian laws in countries that rely on Indian generic drugs, including in Kenya, Tanzania and Uganda. (BBC News, 18March 2005)

Multinational drug companies are now lobbying through PhRMA for a further amendment to India's patent law to include 'data exclusivity'. This would mean generic drug firms are denied access to information needed to make drugs, further crippling their ability to produce cheaper products. According to Dr. Vineeta Gupta, an Indian physician and human rights lawyer "Data exclusivity, in combination with the new Patents Act, can result in absolute monopoly in pharmaceuticals which would further affect the production of generic medicines. PhRMA has spent nearly \$132 million lobbying Congress since 2008 and ranks 5th among the top spenders in Washington, according to the MapLight campaign finance database. Alliance for Free Trade with India AFTI spent a total of \$240,000 on lobbying Congress and the State

Department in 2013 and 2014. The group exclusively hired lobbyists with the firm Akin Gump, which provides lobbying and legal services on international trade, intellectual property and other issues.

As per the news report lobbying records confirmed that "intellectual property" and "market access" issues related to trade with India have been among the organization's top issues when lobbying Congress, the White House and the Department of Commerce. PhRMA is a member of the AFTI, a coalition of manufacturers ranging from the music recording industry to agricultural companies that also have gripes with India's intellectual property laws. In the days before Modi's visit, AFTI sent a letter to Obama urging the president to push Modi on economic and intellectual property reforms. This resulted in commitment from Mr. Modi during bilateral visit with Obama to establish an intellectual property working group at the US-India Trade Policy Forum. (TruthOut report, 2014) In 2013, top officials from a number of US drug makers such as Pfizer, Mylan and Merck met the Department of Industrial Policy & Promotion (DIPP) Secretary to lobby against use of compulsory licences by India. The delegation, organised by the US India Business Council (USIBC), also tried to dissuade the Government from putting in place restrictions on foreign direct investment in pharmaceuticals and urged it to enforce stricter intellectual property rules. The Indian Patent Office allowed Natco to sell the copied version at Rs. 8,800 for a month's treatment compared to Bayer's version priced at Rs. 2.8 lakh making treatment affordable to thousands of patients afflicted with kidney cancer. It created strong discontent among US and European drug manufacturers. (The Hindu Business line, 23 October 2013)

The US lobby groups put pressure on India through congress lobbying. Akin Gump and its employees top the list of 2014 contributors to Sen. Ron Wyden's (D-Oregon) campaign committee, with \$61,533 in total donations, according to the Centre for Responsive Politics (CRP). Akin Gump also donated nearly \$20,000 during the 2012 cycle, and the drug company Amgen Inc. and its employees donated \$26,000 in 2014. Wyden is a member of the Senate Finance Committee, and is one of four members of Congress who helped put mounting diplomatic pressure on India by requesting the International Trade Commission to launch a special investigation into India's trade policies in 2013. As Prime Minister Modi arrived in Washington in late September 2014, Wyden and his allies filed another request to the commission demanding a second investigation into "India's trade policies that discriminate against US trade and investment" to build on the first. (PQ Portland blog, 2014) Joining Wyden in the request was Finance Committee Chairman Sen. Orrin Hatch (R-Utah), who received \$341,600 in campaign contributions from pharmaceutical manufacturers since 2008 - more than any other member of Congress. Since 2012, Hatch's campaign war chest has received more than \$105,800 from Merck, \$117,000 from Amgen and \$44,000 from Pfizer. (The European AIDS Treatment Group report, 2014) The out-of-cycle review of India's trade policy came only months after the US Trade Representative once again placed India on its "priority watch list" of countries of concern in its annual Special 301 Report on the intellectual property regimes of US trading partners. Both moves amount to the threat of economic sanctions, according to Health GAP and Doctors Without Borders. Since 2013, Camp has received \$15,000 in donations from the political action committees associated with Amgen, Eli Lilly and Pfizer. Levin receives support from several health care firms. Since 2012, Paulsen has received \$94,000 in campaign contributions from pharmaceutical manufacturers, according to MapLight and the CRP. During PM Modi's US visit, the CEOs of Merck and other drug companies pressed Modi on India's patent laws during a breakfast meeting with US businesses leaders.

To conclude, we can say that big pharma corporations from developed countries put very strong pressure on developing countries like India to formulate laws that would benefit corporations for maximization of profits despite understanding its implication on lives of poor people in developing countries. It is necessary to put the needs of poor people above those of multinational corporations. Therefore the access to MNCs in world multilateral platforms such as WTO should be restricted or regulated properly. Practise of companies advocating policies that damage human rights and the environment, or from blocking legislation designed to protect the same should be stopped. Countries should enhance democratic scrutiny of the policymaking process, reduce the corporate sector's excessive influence policy making over sensitive area such as pharma sector and should improve the quality of decision-making by not coming under any pressure and taking decision as independent as possible in order to serve the national interest.

2. Influence of Corporates on FDI policy formulation (Defence Sector)-

FDI is one of the important instruments of foreign policy nowadays by which international relations are being shaped and maintained. Limit of FDI in respective sector implies the nature and extent of influence and control of a foreign entity in a host country. Influence and control over here includes influence of economic, political, technological etc. FDI in commercial sectors such as real estate, retail, textile etc. is a common phenomenon but FDI in strategically important sectors like defence has been a debatable issue for quite some time.

Many arguments so far have been put forward for and against it. Ex: - Supporters say that this move would reduce India's import dependence on other countries and lead to increased Indian manufacturing through technology transfer by foreign firms in India, which would make India a global hub for manufacturing weapons, while opponents argue that this provision will harm national security by giving foreign players greater control over Indian defence market. After much discussion and debate the government in year 2015 have relaxed FDI norms in the defence sector by allowing FDI up to 49 % under automatic route and beyond that through FIPB's approval (DIPP, 2015). The government has also done away with the earlier requirement of mandatory permission from the Cabinet Committee on Security (CCS) beyond 49%. As per the earlier FDI policy in the sector, foreign investment up to 49 % was permitted under government approval route. Portfolio investment and investment by FVCIs were restricted to 24%. Though it is a strategically important issue, the corporate sector has always been key influential force behind government decision making. Opening up defence production means the entry of companies such as EADS, Boeing, British Aerospace, Rolls-Royce and a host of component

makers with investments potentially running into billions of dollars. A number of manufacturers such as Larsen & Toubro, Punj Lloyd and Pipavav Defence have benefited from this relaxation as there was a policy grey area when it came to investment in them by foreign institutional investors (FIIs). (Economic Times, 2 July 2014)

Around the time when Modi government took charge at the Centre, industry chamber FICCI (corporate lobby group) wrote to the commerce & industry ministry suggesting opening up the defence sector to FDI, virtually a no-go area so far. It went to the extent of recommending 100% overseas investment. When the ministry moved a note proposing allowing up to 100% FDI in sector, compared to 26% previous, rival lobby group CII issued a statement welcoming the development, only to withdraw it within minutes. A few days later, it came up with a new statement, where it said, "CII is hopeful that the present government is going to roll out a forward looking FDI policy in the defence sector at the earliest" (CII press release, 2014). But it remained silent over the extent of increase. As per the news report released by times of India, the Mahindra group too wrote a letter to the government suggesting up to 100% FDI, with local sourcing requirement and other safeguards. But over the weekend, CII made a U-turn, and wrote to defence Minister Arun Jaitley, saying FDI beyond 49% should only be permitted on a case-to-case basis. The stand is more in line with what some of its members such as Larsen & Toubro have said with A M Naik, the company's chairman, opposing the move to allow up to 100% FDI, arguing it is not in national interest. Naik's protests was not surprising given that his company has been amongst the biggest beneficiaries of the defence license raj, bagging permits to manufacture submarines and also work on radars and other equipment. The Tata group, along with Mahindra, Godrej, Wipro and HCL are among other prominent private players, which bagged 209 licences between 2001 and 2013. The FICCI, which also has L&T as a member, is no longer as vocal in its support to FDI. "FICCI believes opening up of FDI floodgates will not guarantee technology transfer," the chamber's secretary general A Didar Singh. He, however, maintained that the chamber's stand remains unchanged from the time he wrote to the government, backing up to 100% FDI. (Times of India, 30 June 2014)

Lobbying for 100% FDI is being carried out since 2010. First application the MoD rejected in 2010 was that of a proposed JV involving Mahindra Defence Systems (74%) and UK-based BAE Systems (26%); the second rejection involved L&T (74 %) and Franco-German corporation EADS (26%). R&D-oriented private sector companies were apprehensive that global majors will use their Indian subsidiaries to get the MoD to fund the development of weapons systems under the 'Make' category of the Defence Procurement Policy of 2008 (DPP-2008). The DPP-2008 allows any Indian company and a 100% Indian subsidiary of a global major would be eligible for this to receive funding from the MoD for developing defence platforms under the 'Make' category. The MoD has undertaken to fund up to 80% of the development cost, with the private vendor paying just 20% of the development cost.

US is India's biggest arm supplier. The US industry bodies like the US-India Business Council have also lobbied for the present raising the cap to at 49 % by meeting Mr. Modi (The Indian Express, 27 July 2014). Domestic as well as international private lobbies have influenced government to a large extent. In 2013, India requested proposals from 8 foreign vendors for 56 medium transport aircraft to replace the Indian Air Force's ageing fleet of HS 748 Avros. What is striking about the deal is not its value of around Rs 28,000crore, but the fact that the ministry has deliberately kept the state-owned Hindustan Aeronautics Ltd away from the competition. (The Hindu, 14 May 2013) The deal involves off-the-shelf purchase of 16 aircraft with the balance to be made in a facility in India established by the foreign vendor and an Indian private sector partner of its choice.

As per the report published by 'The Hindu' Newspaper, "Evidence suggests that Defence Public Sector Units (DPSU) managers have actually been going out of their way to serve the interests of the foreign "partner," rather than the PSU they head. This is not a disease confined to 1 or 2 companies alone but almost all DPSUs suffer from it. The roots of this could well lie in that other problem which was revealed by the second major scandal, relating to the import of 12 VVIP helicopters corruption. The VVIP helicopter deal suggested that not a single major defence purchase arrangement had escaped corruption, excluding, perhaps, the US FMS arrangements." (The Hindu, 14 May 2013)

Many foreign firms have been able to secure contracts in this way. Defence Acquisition Council (DAC) has also revised the so-called defence offset clause, which will now be applied to contracts of more than Rs.2, 000crore instead of the current Rs.300crore, thereby removing a hurdle to foreign companies eyeing the Indian market. (Mint, 12 Jan 2016) Offsets, currently, are a provision in the DPP that require any foreign arms manufacturer securing an order worth more than Rs.300 crore from India to source components worth 30% of the value of the order from India. The offsets opportunity is expected to be worth \$15 billion within the next 10-15 years, according to consultancy firm KPMG. To change the India's defence offset clause and to make it favourable to them, corporates lobbied hard. Besides high-profile pitches by American officials accompanying President Barack Obama and UK defence secretary Liam Fox, a joint letter from the British, German and French aerospace industries and the US-India Business Council had sought policy changes. (Telegraph, 29 November 2010) According to reports, the letter sought a 74-100 % stake for foreign firms in Indian defence to help them to meet the offset requirements. Indian industry bodies such as ASSOCHAM, FICCI had been regularly supporting lobbying efforts which made government to rethink defence acquisition clause which gradually resulted in changing the policy in favour of corporates.

Other major contract deals include deals such as Pipavav Shipyard has signed a contract of \$ 660 million for the design and construction of naval gunboats for the Indian Navy. Pipavav Shipyard has strategic tie-ups with foreign partners including SAAB Dynamics, Northrop Grumman and UK's Babcock Group for defence production. (Defence Now, 30 November 2010) Another big deal was made by Reliance Defence; it has signed a manufacturing and maintenance deal, potentially worth \$6 billion, with Russia's Almaz-Antey, the maker of an air defence system. This deal was signed by PM Modi's Russia visit on 24 December 2015. (Huffington Post, 24 December 2015) Other deals include Mahindra Special Services Group (MSSG) secured contract worth Rs 40 crores from the Uttar Pradesh Police Department for implementation and maintenance of Smart Surveillance 2.0 for Lucknow City. (Economic Times, 14 Apr, 2015) Nexter Systems, Larsen &

Toupro Limited (L&T) and Ashok Leyland Defence Systems have signed a consortium agreement to collaborate for the Mounted Gun System (MGS) artillery programme of the Indian Army. (Hindu Business Line, 20June 2014)Tata Motors bagged an order for high mobility military trucks for Rs1, 300 crores. Bharat Forge the world's 2nd biggest forging company announced a joint venture (JV) with Rafael Advanced Defence System from Israel to manufacture Spike anti-tank guided missile. Mahindra Defence Naval Systems joined hands with Britain's Ultra Electronics to manufacture and supply underwater warfare equipment for the Indian Navy and radios for the Army. The government has cleared 3 'Make in India' contracts worth \$3.4 billion, including a project to procure US-origin M777 artillery guns. It includes manufacturing of ultra-light howitzers with BAE proposing to shift its production unit here in partnership with a private firm. The economic Times, 14 May 2015)

All the deals so far signed or all the contracts which have been sanctioned to private players, these corporates were all involved in lobbying to ministers for policy change in Defence. All of them are members of Industry organizations such as FICCI or CII or US-India Business council through which they lobbied. Though collective lobbying was major tactic being used by businesses, some big corporates such as Mahindra, Reliance did also influence individually by sending letters, discussion with ministers giving presentations, organizing talks & debates with ministry to pursue government to change policy etc. Therefore, it can be said that the private sector influences on not only commercial sectors but also strategically important sectors and they put pressure on government to formulate foreign policies that fulfil needs and demands of private sector globally.

3. Indo- US nuclear Deal -

India's Pokhran-II nuclear tests in 1998 resulted sanctions on New Delhi by America; a low point in modern US-Indian relations. It only took three years for most of the sanctions to be waived. By 2005, the Bush administration had agreed to co-operate with New Delhi on nuclear technology a decision that gave the Non-Proliferation Treaty (NPT) a shove towards terminal irrelevance. This dramatic 8 years U-turn represented the first major victory for the private lobbying. The US had initiated and led the strengthening of the international nuclear non-proliferation regime during and also after the Cold War. After the Cuban missile crisis and after China had joined the nuclear club in 1964, the US took the initiative to negotiate the NPT. Later on, the US was also the driver behind the export-control regimes such as the Zangger Committee and the Nuclear Suppliers Group (NSG). Curiously, with the US-India deal, the US set aside the existing regime, more in particularly the rule that says that states that do not adhere to the existing non-proliferation regime cannot obtain the advantages of civilian nuclear cooperation. As per the deal, India agreed to separate its civilian and military nuclear activity and opened up the civilian part to inspection by the International Atomic Energy Agency. In return, the US offered to resume full nuclear trade with India, ending its nuclear ostracism.

The Bush-Singh agreement was not just about nuclear energy, but also about the role of big business firms in US and India in actively getting legislative changes in law to facilitate bilateral trade with Indian has been noteworthy. Main reason behind nuclear deal was nothing but the huge Indian untapped market for US nuclear industry and opening of other commercial trade for both the countries which was mainly restricted because of economic sanctions on India by USA. In a fast globalising world where business interests are shaping strategic relations, the India-specific waiver cannot be looked into without taking the economic factor into account. It is business and commercial interests that are transforming two hitherto "nuclear-unfriendly" nations into strategic partners. The economic connotation of the bill lies in the bilateral economic relations between the two countries on the one hand and future economic opportunity on the other.

- ▶ **Bilateral Trade:** The interplay of the two economies in terms of trade and commerce has been a strategic factor in the overall improvement in relations. From a mere US\$5.6 billion in 1990, total bilateral trade had gone up by 378% to \$26.76 billion in 2005, representing nearly 10% of India's total trade (UNcomtrade website data). In the post-liberalisation period India has been a favourite hunting ground for US investors. Towards the end of 2004, the US became the largest source for India with respect to FDI approvals, actual inflows and portfolio investment. Till 2004, total cumulative FDI inflow from the US totalled \$4.1 billion, or 10% of total FDI inflow to India. In the same period total cumulative foreign institutional investments (FII) from the US constituted 40% of all FII into India. Similarly, in the other direction, Indian investors had invested heavily in the US economy (DIPP, 2004). For example, Indian companies invested to the tune of \$2.0 billion in the US, accounting for nearly 20% of India's total overseas investment. Despite this trade, the actual potential for bilateral trade and commerce between India and the US was not fully harnessed as many highly lucrative sectors like space, defence, pharmaceuticals, energy, and biotechnology remain untapped because of the absence of a favourable political index & sanctions which has prevented greater movement of capital. In addition to this International Monetary Fund (IMF) had predicted US growth rate to be mere 2.9% while that of India to grow by 7.3% making it one of the fastest growing economies of the world (World Economic Forum report, 2005). India's growing economic profile with a liberalised economic face means greater opportunities to overseas business entities, which aim to attain greater returns on investment and demand more liberalised procedures. Any constraint imposed by the host country is considered detrimental to the basic concept of free market economy and free-flow of capital. Also, it is in the interests of capital to move to and operate in that part of the global economy where the right business potential exists. It is in this context that India provides a right place to do business and justifies creating a favourable political atmosphere.
- ▶ **Nuclear Industry:** The nuclear industry in the US has been very low-profile since 1979. No new orders for new US reactors have been placed since then. Having one of the largest nuclear industries in the world, such stagnancy does not bode well in the business-oriented minds of US policy makers. With the Henry Hyde Act permitting trade and commerce in nuclear technology and fuel with India, the US nuclear industry stands to gain substantially from

the nascent but emerging Indian nuclear market, which was so far constrained by technological and fuel gaps. Moreover, the Indian Planning Commission in its Integrated Energy Policy set a target to lift electricity generation capacity through nuclear means from a mere 3,000 MW to 63,000 MW in the next 25 years, which alone would require new plant investment of more than \$100 billion (Behera L, 2007). Industry players such as - Westinghouse, General Electric, Bechtel, Nukem, Edlow International, Thorium Power, and others - was also looking for export opportunities (Tom Sauer, 2010). The major nuclear exporters sought to favour India with exemption from the rules because India offers a potentially large market for their goods and services (whereas Pakistan and Israel, for example, do not.) Sensing a lucrative market in India, the US nuclear lobby was widely believed to have acted behind the scenes for the smooth passage of the nuclear co-operation bill. Their interest in the Indian nuclear market can be seen from the overwhelming presence of US nuclear manufactures (50 out of a 250-member delegation) in the business delegation to India in year 2007- which happens to be till then the largest ever business delegation that India had hosted. The argument that also other nuclear-exporting states like Russia and France would gain, does not undermine the argument. Russia for instance announced to supply four reactors to India early 2007, even before the NSG had agreed upon the exception for India, worth more than \$ 10 billion.

- ▶ **US defence industry** : US defence industry was looking for new export deals after the end of the Cold War. It is not by chance that in the same year that the nuclear deal was announced a ten-year defence agreement between both countries was signed. A strategic partnership with India would thus enable a possible revival of a US nuclear export market and the sale of expensive weapon systems that would bring billions of dollars to US (Leonard Weiss, 2007). The external arms market which accounted for a bulk of the US defence industry's commercial operations a decade ago has now come down significantly, placing added pressure on the need to find new markets to remain competitive. Here, India's growing demand of defence equipment fits well in the strategies of US defence industries, which see it as a long-term partner with credible purchasing power. It, therefore, made economic sense for companies like Boeing to make extra efforts in lobbying the US Congress for the smooth passage of the nuclear bill. Boeing that had sold 68 planes to Air India in 2006, worth \$ 13 billion; Lockheed Martin sold for \$ 1 billion C-130, and was to sell more worth \$ 4-9 billion in the future (Subrata Ghoshroy, 2006).

Same was the case for Indian business operating in US. US political decision-makers became very much interested in improving the US-India relations, the 2.5 million Indians in the US started to organize themselves much better. The US-India Political Action Committee (USINPAC) was established in 2002. The business community in India – with its extension in the US with the US-India Business Alliance (USIBA) - promoted the nuclear deal. For this deal, Lobbyist from Washington spent \$2.59 billion to influence congressional decision. More than 22,000 organizations had employed more than 3500 lobbyist firms & 27,500 individual lobbyists. With expanding middle class, Indian economy had always presented an attractive opportunity for US businesses. The US forecasted sales could grow \$79 billion to \$309 billion with the passage of nuclear co-operation legislation to influence decision maker, Top executives such as, JP Morgan Chase, General Electric, Boeing, Bechtel, American International, Dow chemicals, Lockheed Martin raise their voices through lobbying., Lockheed Martin hoped to get contracts worth \$4-9 billion for 120 fighter planes employed their extensive lobbying network for deal. GE pushed hard for the passage of bill in the hopes of winning back. To sell nuclear fuel to Tarapur reactor, GE alone spent 150\$ million for lobbying purpose for this particular bill. (P R Chari. (2009)

In Washington, Indian-American lobbyists worked energetically to highlight the commercial potential for the U.S. nuclear industry to participate in the projected build-up of nuclear power in India. Indian corporates mounted a multi-faceted lobbying campaign, expending large sums of money—e.g., \$1.3 million on two lobbying firms—with the aim of pushing the deal through Congress. One of the firms it hired is Barbour, Griffith, and Rogers, which is headed by Robert Blackwill—a former U.S. ambassador to India. There were other significant players. These include business lobbies like the CII and the U.S. India Business Council, and ethnic-based lobbies such as the U.S. India Political Action Committee (USINPAC) and the U.S.-India Friendship Council. The lobbyists worked energetically to highlight the commercial potential and also sponsored numerous trips to India by the American lawmakers and their staff. (Taken from website USINPAC)

Stumping for the deal and soliciting support from the U.S. business community was none other than Dr. Montek Singh Ahluwalia, the Deputy Chairman of India's Planning Commission and a close confidant of Prime Minister Singh. They are not related, but both are World Bank alums. In his enthusiasm to woo U.S. business, Dr. Ahluwalia reportedly said that any opening up of the trade would give the United States a 'terrific advantage'. And referring to an order placed by Air India for 68 aircraft from Boeing, he predicted that "the Air India deal is only one example. There will be many others." (Subrata Ghoshroy 2006) According to newspaper reports, 10th U.S.-India Business Council thought that American business could get a considerable portion of the \$20-40 billion that India is planning to spend by 2020. It would also open the door for large-scale sale of military hardware to India. For example, Lockheed Martin could get a contract between \$4 billion and \$9 billion to supply 126 fighter planes India was planning to buy.

There is much more at stake behind the nuclear deal is evident from the importance assigned to it by the business leaders in both countries. For example, the U.S.-India Business Council hired Patton Boggs, reportedly one of the most expensive lobbying firms in Washington, for an undisclosed sum, to push the deal. On the Indian side, the Confederation of Indian Industries is said to have been one of the top international organizations paying for ministerial travel between 2000 and 2005, spending some \$1.3 million. Indian businesses faced restriction on investment and trade with USA due to sanctions. Therefore, along with nuclear firms of USA, Indian corporate sector launched many initiatives for this deal.

Many big corporates as well as industry groups such as CII, FICCI organized talks, debates discussions and gained support by American counterpart. Indian Government took their help for lobbying for the deal in US which eventually led to opening of Indian market as well as Indian investment in USA. Through this deal private players in India and US were not only able to influence economies of two nations but was able to manage to change the political scenario in the global politics and corporates remained the key players to define indo-US relations by dominating foreign policy through nuclear deal. It is clearly economics that has emerged victorious after eight long years of nuclear politics.

4.Private Think Tanks and their Influence on Indian Foreign Policy -

India's involvement in global and regional policy debates on issues of peace and security, environment, regional cooperation, international trade and its preference for equity in international political and economic spheres has increased in recent years. While there is a long history often agreement with and analyses of think tanks in the Western world, the focus on private sponsored think tanks in India and their influence on foreign policy is an area that has received limited attention. India ranks 4th on the list of nations with the most number of think tanks, with nearly 100 new ones taking the country's total to 280 in 2015.(GGTTI report, 2015)

In India during independence era Nehru dominated thinking on Indian foreign policy and thereby institutions providing advice and expertise on foreign policy were not encouraged or strengthened. In the post Nehruvian era, the government did encourage some state funding for research on foreign policy issues, however the focus remained limited to area studies without espousing for a viable Indian foreign policy strategy. An interest in providing funding and support to independent research organizations was sparked by the economic liberalisation project launched by the Indian government in the early 1990s. The growing interest in India's economic model, and India's economic and political engagement with regional and international players, stimulated a demand for expertise on issues of foreign and security policy. Today, the private sector has taken lead in funding some of these research organizations. Prominent think tanks which have received private sector support are the Observer Research Foundation, Gateway House, and the Ananta Aspen Center and many more. The foreign ministry is the biggest consumer of these ideas from 'outside'. In the last year, foreign secretary S Jaishankar has placed additional responsibility on a virtually defunct Policy Planning division. The ministry has broken new ground by hiring consultants not employed by the government. But in the new atmosphere of the state interacting with think tanks, the experience for government has not been one of unalloyed satisfaction.

Privately sponsored think-tanks which bear influence on Indian Foreign policy can be classified in 2ways. One, there is a rise of private think-tanks with close party affiliations. When PM Narendra Modi took office, he appointed AK Doval as National Security Advisor and Nripendra Misra as Principal Secretary. Both were closely associated with the Vivekananda International Foundation (VIF). VIF is an Indian think-tank specialised in International Relations and Diplomacy, is affiliated to the Vivekananda Kendra, which is in turn a charitable organisation affiliated to the Hindu nationalist volunteer organisation Rashtriya Swayamsevak Sangh (RSS). Former IB director Ajit Doval was steering the ship at VIF as founder-director before he was appointed as Modi's National Security Adviser. In fact, it was Doval who came up with the idea of inviting South Asian leaders to Modi's oath-taking ceremony.(Tehelka, 2 August2014) After his stint as the Telecom Regulatory Authority of India (TRAI) chairman was over, Nripendra Misra became a member of the VIF's executive council. Now, he is Modi's principal secretary. There was a legal hitch in his appointment as TRAI law bars former chairmen from holding government positions. But Modi wanted him so bad that he tabled an ordinance to amend the law. (Mint, 9 Jun 2014) Former Union agriculture secretary PK Mishra was associated with the VIF as a Senior Fellow. Now, he is the additional principal secretary to the prime minister. Other VIF members whom the Modi regime has tapped for inputs include former RAW chief CD Sahay, former urban development secretary Anil Bajjal, former ambassador to Russia Prabhat Shukla, former IAF chief SG Inamdar and former BSF chief Prakash Singh. The India Foundation (IF) has also gained prominence. IF's driving force is Ram Madhav, a former RSS spokesperson, a powerful BJP leader who has been laying the groundwork for the PM's foreign visits and engaging with foreign interlocutors. Key cabinet ministers are among its members. Ram Madhav wrote editorials on Pakistan and China in a national daily as a precursor to his joining the BJP later in the year. Madhav has emerged as Modi's 'ambassador at large'. (Business Standard, 29 November, 2014)He is credited with playing a key role in organising Chinese President Xi Jinping's visit to India in mid-September in 2014, Modi's speeches at Madison Square Garden in New York in end-September and the November 17 speech at the Allphones Arena in Sydney. He was also involved in addressing diaspora issue in United States & Australia. Such type of private think tanks derives its basic principles from close common shared political philosophy and promotes interest based on party ideology.

Two, Indian businesses have begun investing in creating policy research institutes and think-tanks, and the government has been engaging with such outfits. Big corporates have now started investing in research & analysis. They recruit intellectuals & academicians, conduct area specific research, organize discussion with ministers, give them presentations on research done, and recommend policy change if needed. Etc. Here, the question of who fund the think tank is very important. There is a possibility of bias reports, or undue importance given to one area of study in which funding party's commercial interests are hidden rather than addressing the issues concerning nation as a whole, this may reflect while recommending government about policies which may result in giving bias solution which would only serve funding corporates' interest rather than serving national interest. Although traditional players such as UN agencies, international foundations and the government continue to be influential in the think tank space, new entrants include private research consultancies and indigenous corporate houses, which partner as well as fund think tanks, often motivated by commercial concerns and partisan interests. These include Tata Sons, Maruti Udyog Ltd., Hindustan Aeronautics Limited, HDFC Bank, ACC Ltd., Reliance, Kotak Mahindra and Infosys, to name a few. Many private grants are meant for project-specific research, which very often borders on being 'sponsored' research.

The Observer Research Foundation is funded by Reliance; the Ananta Aspen Centre has a group of business leaders funding their operations. Foreign think-tanks too have begun setting up their India operations. Brookings now has an India office, which again is supported by wealthy Indian business leaders. Carnegie Endowment is expected to set up a local office by next year. The Observer Research Foundation (ORF) one of the leading think tanks has been closely involved with BRICS since its formation. As the designated Indian Track II coordinator for BRICS and member of the BRICS Think Tanks Council, ORF has provided knowledge inputs and helped to strengthen research collaboration with the other nodal BRICS coordinating institutions in the member countries. (ORF website) ORF hosted the BRICS Academic Forums in 2009 and 2012 and helped in the drafting of a Long Term Vision for BRICS along with several relevant research publications. It coordinates with the other Track II partners to inform the wider research community and key stakeholders on the relevance, significance and expected output from BRICS. It must be noted that Reliance Industries has its business spread all over BRICS nations. It has defence manufacturing deals with Russia, joint venture with China's Shandong Ruyi Science and Technology Group, It has merged with petrochemical company in Brazil called Petrobras, Reliance communication business (Jio) in South Africa. ORF has been rated as a 'Highly Opaque' think tank by Transparify group based on how transparent is the think tanks and who funds them. (Transparify Group Report, 2015)

Gatway House, another prominent think tank funded by corporates such as Mahindra Group, Suzlon energy, TVS Motor Company etc. It is a foreign policy think-tank established in 2009, to engage India's leading corporations and individuals in debate and scholars on India's foreign policy and its role in global affairs. It targeted companies which has over 40% exports, thinking they would be more interested in foreign policy and undertakes research based on interest of business group targeted. (Gateway House Website) Gateway House Meetings, a forum through which members, global leaders, prominent thinkers, corporations, diplomats, scholars and state administrators can debate India's foreign policy are a regular occurrence. Gateway House has hosted several meetings with influential foreign policy opinion makers and leaders from around the world.

Another example of corporate think tanks having influence on India's foreign policy is of Ananta Aspen Centre led by its co-patrons Dr. Henry Kissinger and Mr. Ratan Tata. It is also financed by corporates such as Gautam Thapar (Avantha Group), CK Birla (CKBirla group), Sanjiv Goenka (RP-Sanjiv Goenka Group), Naina Lal Kidwai (CEO and Country Head of HSBC India). Its chair is Jamshyd Godrej (Godrej & Boyce). The Centre was initially a result of collaboration between CII and Aspen - but over the years, while it has relationships with both, it has evolved into an autonomous entity. Ananta has a good relationship with the government. Business leaders with country specific interests invest in these dialogues and also participate in them. It convenes over ten strategic dialogues with countries like China, Japan, Singapore, Israel, Turkey, and Bhutan. Some have become Track 1.5 in nature, because of the presence of a relevant Joint Secretary from the MEA or the Indian ambassador when it is happening outside the country. Visiting delegations also get to meet the local government, including senior ministers and events hosted by the centre have seen high level government participation including of NSA Doval and cabinet ministers (16 Aug 2015). Another example is that issues like the Bangladesh-China-India-Myanmar (BCIM) Corridor, Yunnan Academy in China has played a positive role in promoting dialogue with Indian think tanks. The Centre for Studies in International Relations and Development, based in Kolkata, these two organizations, in China and India, has in fact strengthened the Kunming-Kolkata (K2K) dialogue. This way is influence government on international issues related to China. (28 February 2016)

When Foreign Secretary S Jaishankar took over office; he made it clear that a key priority for him would be reviving the Policy Planning division of the Ministry of External Affairs. He brought in a new Joint Secretary, and indicated that the division would have more resources. It could hire experts from outside the government; and it was tasked to enhance engagement with the city's think-tanks. The government has also appointed a new head for the MEA-supported think-tank, with a brief to ramp up its operations. The state in India has historically been more open to outside expertise in the realm of the economy. From Manmohan Singh and Montek Singh Ahluwalia to Arvind Panagariya and Arvind Subramanian, the executive has brought in experts at the highest levels. The Niti Ayog itself has been envisaged as a think-tank. While slowly this has extended to the strategic affairs space, influence of private sponsored think tanks on foreign policy formulation will gradually be increasing. As think tanks are actively and closely involved in policy formation with government, researcher or analyst should be bold enough to generate true opinions without any pressure which would cater to national interest rather than serving just a handful people. Government when hiring external expertise there is a possibility of being consulted by biased or interest specific groups. Therefore, while decision making it has to be as independent as possible and should not only hear agency views but also opponent or criticism before reaching to the conclusion of policy formation.

Conclusion:

Business influence on Indian foreign policy has been growing since economic liberalization of the country. International trade and capital flows, as well as the economic importance of Indian migrants abroad have increased the importance of people-to-people and business-to-business relations in India's state-to-state relations with other countries. In turn, these factors are beginning to shape Indian foreign policy thinking. Strategic or geo-political interests are gradually being replaced by commercial interests. Business engagements are in fact forcing the government to re-examine its own priorities and prejudices.

Their influence has been rising to the extent that they play very important roles in defining interstate relations such as Indo-US nuclear deal. Nuclear deal was clearly the victory of corporates in both the countries. This deal not only redefined trade ties or economic relations between two nations but also changed bilateral relations in all spheres that not only affected the two countries involved but also has an implication for global politics. It proved that commercial interests

are more important than political interests and business lobbies have greater power than political officials in influence state to state relations.

In the case of pharmaceutical industry, Businesses were successfully able to pressurise government. Corporates well understood that by pressurising Indian government to change the patent law would not only allow them to access Indian market but also other developing markets in which Indian medicines are being sold at very cheaper price and their usage could be restricted and their costly drug can be easily sold at much higher prices in those markets. One can say that attempts were made to sacrifice lives of poor for the profit of corporates. Therefore as mentioned earlier, it is necessary to put the needs of poor people above those of multinational corporations & practise of companies advocating policies that damage human rights and the environment, or from blocking legislation designed to protect the same should be immediately stopped.

Even in the strategically important area such as defence, private players have clear influence on government's policy formation. They influence through industry organizations as well as by lobbying independently. This sector has also witnessed corruption while signing contracts in which private players are involved with government to large extent. Government should restrict corporate influence as well as knowledge sharing with corporates on strategically important sectors. These sectors should be well controlled by government in order to prevent form any misuse by anybody which may prove to be disastrous for our nation. Corporations have used their money, power and socio-economic-political influence to create a world that serves their interests. Corporations are gaining more influence & power and have used it to manipulate the social, economic and political system. It is indeed the duty of government to restrict their involvement to some extent. Private influence should not take over national interest. Mechanism to keep check on private influence on policy formation should be formed and regulated.

Influencing through think tank is also become a popular way of participating in foreign policy decision making. Although all think tanks promote themselves as being non-partisan, but that doesn't mean that they are non-biased. Most research from think tanks is ideologically driven in accordance with the interests of its funders. Many are non-profit organizations funded by major foundations, businesses and private donations, some are funded directly by governments and special interest groups, and some are funded to do work on a specific particular mandate. Since they work as per the needs of the funders, seeking advice from such think tanks may prove to be harmful for government as think tanks may try to push agenda of those who fund them rather than working on issues which are really important and urgent and of national interest. They have become part of a political competition between interests and ideological groups because ideas about policy are weapons in that battle. This makes think tanks inherently political and non-independent. Understanding the power of think tanks, it is very much important to be become as independent as possible. As thinks tanks are actively and closely involved in policy formation with government, researcher or analyst should be bold enough to generate true opinions without any pressure which would cater to national interest rather than serving just a handful people.

MNCs use collective lobbying through organizations such as CII & FICCI for influencing sector wide foreign policy. These bodies have emerged as industry-led and industry-managed organizations consisting of several members drawn from both public and private firms and are actively involved in projecting Indian interests abroad and in pursuing diplomacy both at home and abroad. Since lobbying is not regulated in India, one cannot distinguish between lobbying, influencing, bribing and corruption and all are intermingled. Therefore, most of the times in India lobbying activities are repeatedly identified in the context of corruption cases, they became synonymous with corruption, political scandals & scams in the public consciousness e.g.; - 2G spectrum scam. It is therefore necessary to limit corporate influence on policy making. Therefore conclusions has been drawn from the research:-

- ▶ Corporate sector has evolved as one of the biggest influencing non state actors in India defining inter-state relations.
- ▶ Bribery, lobbying, conference meetings, advisory, political funding are major instruments of influencing government.
- ▶ Economic calculations are being given greater importance than political strategies while pressuring government to make favourable decisions. This has led to change in political relations with other countries as clearly visible in the case of Indo –US nuclear deal.
- ▶ MNCs are incredibly efficient, adaptive and resourceful entities. States should be concerned with the power that MNCs have because of their ability to determine economy of the state, employment and ultimately, the prosperity of the state.
- ▶ Sovereignty of a state has been challenged by corporates as any international decision making involves corporate opinions, their will and wishes and corporate expectations from other countries are being given greater weightage than welfare. This is slowly eroding away state's ability to take decision independently. Even at multilateral inter-governmental forums such as WTO and other trade treaties big MNCs have gained ability to sue sovereign governments when national legislation potentially harms corporate profitability even at the expense of lives of poor people.
- ▶ Rise of 'illegitimate power' and its concentration in the hands of corporate elite has broadly paralleled the growth in levels of inequality, widespread environmental degradation, and the undermining of essential public services.
- ▶ Democracy is being subverted by the power and influence of transnational corporations that pursue an ideology of 'selfishness' through illegitimate authority that these corporate entities exert on society, Thus making states weaker and diverting from its objective of working towards 'welfare of people.'
- ▶ MNCs are sometimes seen as instruments of a predator state through which the predator can achieve its self-interested ambitions by penetrating and securing "effective economic and political dominance" over the less

developed state (Walters 1972, 127-138). Here, MNCs are being used as instrument to control political actions of other states which is a major threat to state sovereignty.

Unless power is shared fairly throughout society and wielded by people not corporations it will remain impossible to safeguard the common good or guarantee social and environmental justice. The crucial first step towards reclaiming democratic power is therefore to curb the influence of corporations on policymaking at the local, national and global levels. Redistribution of power back into the hands of citizens remains a foremost challenge for anyone seeking a fairer and more sustainable future world. In a democratic set up where constitution have granted equality before law and equality of opportunity, in reality, the implementation of it has really become a question. Many small businesses face challenges due to influential power of big business on government through their high contact networks & money power. It is important that polices form by government benefit from poorest of the poor to the rich person. In order to do that it is necessary for policy maker to not come under any private influence while decision making and to formulate policies that serves welfare of state and contribute to greater national interest.

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