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The S. Daniel Abraham Center  
for International and Regional Studies

ASPEN INSTITUTE INDIA

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Government and Policy**

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**The Evolution and Future of  
India-Israel Relations**

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**PREFACE**

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## From the Romantic to the Historic

Twenty years have passed since the establishment of full-fledged diplomatic relations between India and Israel. Two decades in which dramatic transformations have occurred in the global balance of power, as well as with regards to each of the nation-states. India, which was once described by a skeptical newspaper editor as the biggest gamble in history - is nowadays considered to be a miracle. Six decades ago, when India turned from a society subjected to colonial rule into an independent nation-state, soothsayers predicted catastrophe. The poor economic conditions, the politically unstable environment of the region, the enormous heterogeneity and internal social divides (religious, caste and class, ethnic, linguistic) as well as India's orientalist and romantic image as a "spiritual" entity with an evanescent grasp of tangible reality evoked prospects of future collapse. A little more than half a century later, these dire warnings have been replaced by reports that India is rapidly becoming a new global superpower. Similarly, Israel, although much smaller in size, was likened to a phoenix, in that its decimated community, scattered throughout the world, rehabilitated and re-established itself after World War II and the trauma of the Holocaust, revived its language, re-created a culture and founded a nation-state granted with an impressive infrastructure, a stable economy and sophisticated hi-tech industries. India and Israel exemplify the dynamics of history and socio-political constructs, and testify to rapid and dramatic remodeling of global balance of power within the brief timeline of just a few generations.

The potential for comparison between the two cultures in fact goes even further: both India and Israel have set records for religious communities that underwent nationalization processes. In particular both have to continuously cope with the challenges of cultural identity and the essential connection, in terms of nationalist thought, between an ancient culture and a new nationhood. In both modern nation-states, national narratives amalgamate a romanticized image of an ancient, noble culture longing to be revived with the political reality of the here-and-now. This has forced both nations to ponder the inevitable gaps between an imagined utopian nation and the inevitable dystopia of day to day living. The product of this discourse is another feature common to both nation-states: this is the model of religious nationalism operating within their democratic rule. Religious nationalism has led to significant social, religious and political difficulties in the internal sphere – first and foremost, the tense communal relations between the majority populations (Hindu in India, Jewish in Israel) with a significant Muslim minority; these communal tensions clearly impact external relations. Communal issues and security concerns are interwoven in India-Israel relations; they strengthen strategic and geo-strategic interests, yet simultaneously engender difficulties stemming from the complex structure of internal and external relations of both nation-states.

It is noteworthy that diplomatic relations were established during a period when India's communal tensions were rising and when Israel seemed for a short while to be resolving similar disputes. The Oslo agreement and the Peace Treaty signed with Jordan raised hopes for the utopian creation of a "New Middle East": an ideal that was crushed following the assassination of Israeli Prime Minister Rabin. In the last few decades Israel's status on the international scene has gradually weakened; against this backdrop, Israel's relations with India seem to have worked toward its own innovative regional alliance. This alliance bypasses, to a certain extent, the Arab world, builds a fresh regional power, and advances a new Asian affinity.

Such an affinity is not particularly new: Jewish politicians and public figures from the 1930s onwards have highlighted the longstanding affinity between the two cultures, dating back to the 8<sup>th</sup> century B.C.E., and have often expressed concerns that in Indian eyes Jews or Israelis are perceived as Westerners and hence not Asians. There have been literary pleas addressing Indians – any Indian – to recognize the Asian essence ingrained in the Jewish people in Israel: an ancient, noble and most importantly - shared Asian identity. The impact of the romantic European narrative, assigning nobility to ancient civilizations, is definitely present here. No less important is the fact that this narrative is closely associated with the romantic notion of India as an exotic locus – a notion that is well known in Europe, and also a part of Israeli lore; ironically, this perception is also reflected in exotic renderings of the "biblical" land of Israel in Israeli-Zionist consciousness. Roland Barthes wrote that one of the goals of exoticization is to disrobe the Other of history. Two decades after the establishment of full-fledged diplomatic ties between India and Israel, the time has come for a direct bilateral gaze. The essay of Rajendra Abhyankar, in this publication, the intensive study of India within Israeli academic frameworks, as well as the multilayered modes of Indian-Israeli relations today, make it all

the more important to rip aside the exotic and romantic embellishments, restore the historic and to acknowledge the full, tangible presence of history's dynamic moves: here, there and now.

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## Executive Summary

2012 will mark the 20<sup>th</sup> anniversary of the establishment of full diplomatic relations between India and Israel. The visit of Indian External Affairs Minister Mr. S.M.Krishna to Tel Aviv from January 8 to 11, 2012 underlined the importance the two countries attach to this event.

Although the birth pangs of this relationship were painful, it has metaphorically become a strapping young lad ready for a great future. This Paper will aim to trace the history of this relationship and forecast its future trajectory. The thesis in the Paper is that besides the changes in the global economic and political environment after the Cold War, the fact that India's neighbourhood had become increasingly dangerous dictated that defence and security issues, and indeed supplies, became and remained the fulcrum of the relationship for the decade of the 90's. It was only in the second decade that the relationship expanded to

include trade, industry, information and hi-tech technology, investment and people-to-people contact.

Thus in contrast to the fallow decades since the Independence of the two countries, the last almost 20 years have seen an explosive growth in the diversity of contact between the two countries. By developing an intrinsic worth to the relationship based on the natural talents of the two peoples, its future appears assured divorced from the ups and downs of their political and security imperatives. An evocative indication that the bilateral relationship has sufficiently matured to come out of the closet was the agreement during the recent Krishna visit to Tel Aviv for setting up an Israeli Consulate General in Bengaluru.

India's small and dwindling Jewish community, one of oldest in the world, has never suffered the persecution that it has seen round the world. Soon after India's Independence on 15 August 1947 one of the first foreign policy decisions that it confronted was of relations with the recently established State of Israel. Fresh out of the trauma of Partition, India decided to recognise the State of Israel, but only allowed consular relations on a non-reciprocal basis. From then till 1992 there were sporadic and intermittent attempts to move the relationship forward. India opened full diplomatic relations with Israel in May 1992 following the commencement of the Madrid Peace Process.

## Introduction

It is well accepted that Jews from Israel reached India's shores of the Malabar (now the state of Kerala) in 562 BCE. They were admitted by the local ruler without conditions attached 'as long as the world and moon exist'<sup>1</sup>. Ever since India's Jewish community has lived and prospered there without any persecution and in the full freedom.

India became independent on 15 August 1947 and Israel on 14 May 1948. Yet it took them nearly four decades to openly start interacting with each other even though their contact through history and culture would have forecast a much earlier beginning. This year India and Israel celebrate the 20<sup>th</sup> anniversary of the opening of bilateral diplomatic ties. The rapid increase in the scope and diversity of their bilateral relations in the last two decades looks as if they are furiously making up for lost time. What changed to make this possible?

India and Israel have shared much in common during the last six decades. They share common bedrock of parliamentary democracy, common law structures, liberal educational systems, knowledge of the English language and a history of British colonialism. India and Israel as functioning democracies have survived in a sea of hostility surrounded by implacable adversaries and a heavily militarised security environment. Both nations have fought wars in every decade of their existence. Both countries face external and internal security threats in the form of terror attacks from radical Islamic groups. At the same time they are havens of stability in the chaotic region which stretches from North Africa, the Maghreb, to the Hindu Kush mountain range which has always defined the dangerous region of Afghanistan, Pakistan and Iran.

Today they have a relationship whose fulcrum still remains cooperation in defence and space but has been burnished by growing relations in trade and joint ventures in areas of cutting edge technologies like software, communication and information, biotech and nano-technology and alternative energy. In twenty years their trade has grown exponentially from \$ 200 million in 2001 to \$ 4.7 billion in 2010 not including defence purchases.

In this background, it may be appropriate to pose some questions as we evaluate the past, present and future of this relationship.

What is the context of the relationship today? Has it acquired the substance to move the relationship forward irrespective of geo-political developments?

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1 Quoted in Israel Joseph Benjamin, *Three years in America 1859-1862* (p.59-60) , published by the Author,1859

## **The Past**

How important was the Islamic factor as an influence on the opening of relations between Israel and India?

How identical is their commitment to the ideals and practice of democracy and secularism?

Has there been a difference in the perspective of India's major national political parties on the question of Israel?

## **The Present**

Is their relationship transactional and ephemeral or has it developed strong synergies arising from common challenges and opportunities?

Have there been other factors which furthered or hindered the flow of their relationship? Did opening of relations strengthen India-US relations?

Do they see each other as valid and preferred interlocutors on international issues? Is India regarded as a trust-worthy intermediary by Israel in the on-going peace process between Israel and Palestine?

How much of convergence of interest is there on issues like fighting terrorism, non-proliferation and Islamic fundamentalism?

## **Historical Background**

### **The religious dimension**

A brief historical background to India's evolving position on the Israel and Palestinian issue will serve to underline the importance of the views of India's large Muslim community with an umbilical connection to the domestic electoral matrix.

## Israel

Two of the earliest foreign policy decisions that the Government of India faced related to Israel – first, India's participation in the UN Special Committee on Palestine; and second, its recognition as a State and the opening of diplomatic relations.

In 1947, as a member of the United Nations Special Committee on Palestine (UNSCOP), India proposed a minority plan which called for the establishment of a federal Palestine with internal autonomy for the Jewish population. When the UN General Assembly voted for the majority plan providing for the creation of two States – Arab and Jewish – in Palestine, India joined the Arab and Islamic countries in opposing the partition of Palestine and proposed a federal state with two autonomous areas<sup>2</sup>. India also opposed Israel's membership of the UN pointing out that it could not recognize an Israel which had been achieved through the force of arms and not through negotiations. While reflecting on the events of the time, K.M. Pannikar, Indian diplomat and statesman, who played an important role in shaping the contours of India's West Asia policy, remarked, 'on the question of Jewish State in Palestine, however, my sympathies were not at all with the Zionists. The Indian attitude has always been friendly to the Arabs. Having just come out of its own partition, India's dissenting note recommended a single federal state with appropriate autonomy for the two communities while sympathizing with the claims of the Jews....I thought that this demand for a State based on religious exclusivism was in the first instance likely to revive Islamic fanaticism and, second, was unjust to the Palestinian Arabs.'<sup>3</sup>

## Coping with the State of Israel

The establishment of the State of Israel had created a new political reality in West Asia which an independent India had to confront. To begin with, in response to requests from Israeli officials, India did not want to recognize Israel as an independent State. Mahatma Gandhi's position on the issue was quite clear, "My sympathies are with all the Jews....I came to learn much of their age long persecutions. But my sympathy does not blind me to the requirements of justice. The cry for the national home for the Jews does not make much appeal for me. The sanction for it is sought in the Bible....Why should they not like other peoples of the earth make that country their home where they earn their livelihood? Palestine belongs to the Arabs in the same sense that England belongs to the English or France to the French."<sup>4</sup> This was further amplified by Jawaharlal Nehru, India's first Prime Minister. With his anti-imperialist and anti-colonial focus, he wrote the 'Zionist movement was the child of British imperialism' and in his famous *Glimpses of World History*, he observed 'the story of Palestine ever since has been one of conflict between Arabs and Jews, with the British Government siding with one or the other as occasion demanded, but generally supporting the Jews'.<sup>5</sup>

In order to understand the decision on recognition of Israel that India finally made, it is opportune to digress on the churning between the majoritarian (Hindu) and secular/liberal strands taking place at the time within India's polity. The partition of India which created Pakistan - and saw the tragic and bloody exchange of populations between the two countries - imposed a secular polity in the country which would treat all religions on an equal footing even though the Hindus were, and remain, in overwhelming majority. This was the thinking behind India's dissenting vote in UNSCOP against the partitioning of Palestine - and the proposal for a single state with autonomous regions for the Arabs and the Jews of Palestine. India was firmly of the view that the calamity of partition should not be visited on other peoples neither would it engender

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2 Sari Nusseibeh, the noted Palestinian scholar, at a conference in 2007 at the Jamia Millia Islamia, New Delhi told me that looking at current developments in Israel and Palestine, particularly the relatively high growth of Israeli Arab population, this solution may have merit now. A Palestinian former diplomat Khalid Zamli has been awarded a Ph.D on this theme by the Centre for West Asian Studies, Jamia Millia Islamia, New Delhi.

3 K.M.Pannikar, *In Two Chinas: Memoires of a Diplomat*, George Allen and Unwin, London 1955 p.12

4 Shamir Hasan, 'India's Palestine Policy' in "India and West Asia: Defining a Role" edited Rajendra. M. Abhyankar, Academic Foundation, New Delhi 2008

5 Jawaharlal Nehru, *Glimpses of World History*, Penguin Books, New Delhi 2005, p.763

any hope that UNSCOP's majority view would lead to a viable and secure Palestine state - as is in fact the case today. There was a strong push by the Hindu Mahasabha, who claimed to represent those in favour of a Hindu state, for the recognition of Israel. The Congress Party having rejected the idea of a Hindu state could not bring itself to support a Jewish state. Accordingly, in 1947 India's Representative to the UN stated that the British wanted the establishment of a Jewish State for political and strategic reasons in total disregard of the principle of self-determination. On the other hand, the Government was strongly criticised by V.D.(Veer) Savarkar, the spokesman for the Hindu Mahasabha, which propagated a Hindu majoritarian view in Indian polity, who wrote that "it is... to be regretted that the delegation which represented our Hindusthani Government in the UNO should have voted against the creation of the Jewish State. The speeches of Shrimati Vijayalaxmi Pandit, [Nehru's sister and Indian PR at the UN]in particular were justly ridiculed when she declaimed melodramatically that the Indian Government refused to stab the unity and integrity of the Palestine State in the back by carving out a separate Jewish State—forgetting for the while that the very Indian Government had stabbed the unity and integrity of their own nation only the other day".<sup>6</sup>

It needs to be stressed that India's foreign policy orientation as manifested externally has always been the result of jousting between the contending majoritarian and secular views within our polity. To some extent, this contention is reflected in the ideological and electoral platforms of India's two main political formations led by the Indian National Congress and the Bharatiya Janata Party although they are not necessarily always adversarial on foreign policy issues. This contestation has to be seen in broad terms as policy choices at a particular juncture and not in narrow religious or sectarian terms. India remains one of the few countries in the world which is not a majoritarian (where the majority community benefits from constitutional privileges) democracy; where Hinduism does not benefit from any state assistance.

During the last six decades, in espousing various contentious issues having a bearing on its democratic and secular polity, the majoritarian view has imparted a *real-politick* edge to an otherwise liberal orientation of India's foreign policy. It has meant that, as warranted by the changing political and security environment and the shifting balance between the Great Powers, India has responded in 'hard' terms to evolving situations. Thus while it was the majoritarian view represented by the Hindu Mahasabha, and its later ideological successors, which remained in favour of opening diplomatic relations with Israel, it was the Congress-led government of Prime Minister Narasimha Rao which took that step in 1992. The shadow-play of these forces has existed from the very beginning in India's foreign policy decisions even though its overt manifestation may have often seemed anodyne being weighted in favour of the 'middle ground'.

This contestation in India is both inter-party and intra-party spanning the political spectrum. The tendency to look for the 'middle ground' is pervasive, particularly on foreign policy issues which are internally difficult to handle. Internally this contestation gets reflected on a number of issues too many to recount. While successive Indian governments have considered the possibility of having a uniform civil code, in practice this contestation as manifested in vote banks have ensured that personal law for Hindus, Muslims and Christians has prevailed. Yet another feature of this contestation is that over time votaries of the liberal strand have found opportune moments to impart a hard edge to foreign policy taking their cue from the majoritarian view: some important foreign policy decisions in the last sixty years which illustrate this anomaly are the policies towards Israel, on nuclear weaponisation, economic liberalisation and relations with the US.

In the end true to its ethic cited above, India decided to recognize the State of Israel but not open any diplomatic relations with it. It was only in September 1950, that Prime Minister Nehru agreed to grant the state of Israel *de jure* recognition while refusing to establish full diplomatic relations. The decision to recognize the state of Israel emerged from the consideration that 'continuing non-recognition is not only inconsistent with the overall relationship but even limits the effectiveness of Government of India's role as a possible intermediary between Israel and Arab States'.<sup>7</sup> Yet Nehru would not go beyond. He explained thus: 'We propose to take no action in this matter at present. India can play no effective part in this conflict at the present stage either diplomatically or otherwise.'<sup>8</sup>

Nevertheless, in March 1952 Prime Minister Nehru made a commitment to open relations to Walter

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6 Reproduced in 'Historic Quotes' of Veer Savarkar <http://www.docstoc.com/docs/8423379/Historic-Statements-Veer> Savarkar

7 K.P. Mishra, *India's Policy of Recognition of States and Governments*, American Journal Of International Law, Vol 55, No.2 Apr 1961,

8 Quoted in G. Parthasarathy (ed) *Jawaharlal Nehru, Letters to Chief Ministers 1947-64, Volume 1*, OUP, London, 1985, p.128.



Eytan, senior Israeli diplomat, when he visited Delhi.<sup>9</sup> It is believed that Maulana Abul Kalam Azad, Nehru's Minister for Culture and unofficial Adviser on Arab and Muslim issues, prevailed on him to delay the proposed step as it would be misread by the Muslim community still to get over the trauma of partition, and negatively affect Arab support on the Kashmir issue. While there was truth in the former contention, the latter has always remained problematic.

Here again Savarkar had this to say, "I am glad to note that the overwhelming majority of the leading nations in the world should have recognised the claim of the Jewish People to establish an Independent Jewish state.... After centuries of sufferings, sacrifices and struggle the Jews will soon recover their national Home in Palestine which has undoubtedly been their Fatherland and Holy land... Pandit Nehru made his case more untenable by stating that the creation of the Jewish State was opposed by his Government to secure the goodwill of the group of ...Moslem States in Asia....."

The creation of a strong and independent Jewish state must serve to checkmate the aggressive tendencies of Moslem fanaticism in general. The Jewish people bear no political ill-will towards Hindudom.... Hindu Sanghathanists at any rate cherish goodwill towards and extend their moral support to the establishment of the independent Jewish State in Palestine on moral as well as political grounds..." Strong sentiments based on his views of a Hindu majoritarian polity in India.

By according formal recognition to Israel, 'India acknowledged Israel's right to exist....recognized the desirability of solving the Arab-Israeli dispute without resort to threats of annihilation and provocations by the Arabs, but India also expressed its disapproval of Israeli military retaliations and Israel's appropriations of additional Arab territory and its alteration of the flow of River Jordan's water.' At the same time, Nehru, somewhat facetiously, also opined that the policy on Israel was 'not a matter of high principle, but it is based on how we could best serve and be helpful in that area.' The desire for India to play a role in the Arab-Israeli dispute was clearly upper-most in Nehru's mind. Whether India can, or should, play such a role remains moot even today.

It will be seen from the foregoing that the issue of Israel's recognition brought into open the strong discord between two views of an emerging India: Mahatma Gandhi and Jawaharlal Nehru's secular view which gave equal respect to all religions and no privileges to Hinduism; and V.D Savarkar's view of a Hindu nation and polity. India's decision was the result of the inter-play of strong sentiments represented by the two opposing ideologies. The considerations laid out by Maulana Azad buttressed the case for a secular democratic polity which would give equal voice to the huge number of Muslims who stayed behind in India at Partition. The Indian National Congress' decision to establish a secular democratic polity in India, rejecting a majoritarian Hindu polity, as the only guarantee of its survival as a nation, left no room for considering full relations with Israel. True to its pursuit of 'the middle ground' in foreign policy the government decided to recognise the State of Israel but not its government which the opening of diplomatic relations would have implied. Similarly, it decided to open consular relations, yet not reciprocally, in order to facilitate the emigration of the Indian Jewish community to Israel. India still remains the only non-majoritarian democracy in South Asia.

## The Palestinian Issue

The Palestinian question has engaged Indian leaders since the national movement. It was Mahatma Gandhi who in the early 1920s first spoke of Indian support to the Palestinian cause which after Independence translated itself into the staunch support that India gave to the PLO and to the creation of Palestinian State. India and West Asian countries have had a history of struggle against colonialism. Despite a lack of a joint struggle against foreign domination, India's principled opposition to imperialism and leadership of the Non-aligned Movement was greatly appreciated in the region and strengthened its historical ties with the Arab countries. This support went back to 1936 when the Congress Working Committee sent its greetings to the Palestinian Arabs and observed September 27, 1936 as Palestine Day in order to show their solidarity with the Palestinian people.<sup>10</sup> Consequently, one of the cardinal points of the Non-aligned Movement founded by Nehru, Nasser and Tito was the support for an independent Palestinian State. India was the first country to

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9 P.R.Krishnaswamy, *India's Israel Policy*, Columbia University press/ Magnum Books, New Delhi 2010

10 Krisnaswamy, *ibid*

recognize Yasser Arafat as the President of the Palestinian State in 1980. India's support to the Palestinians has been total and it mattered greatly in bringing the entire membership of the Non-aligned Movement to focus on the Palestinian issue.

Indian position on the Palestinian issue has not changed greatly since the 1980s. K.K. Tiwari, the Indian Minister of State for External Affairs, observed in 1988 that 'the fundamental issues involved in the peace process were the attaining by the Palestinian people of their inalienable right to self-determination and the recognition that all States in the region, including the States of Palestine and Israel and other neighbours, have the right to live in peace and security within internationally recognized borders.' In December 1991, India also voted in favour of UNGA Resolution 46/86 which rescinded its November 1975 Resolution equating Zionism with racism, which India had voted in favour of at the time. India voted in favour of UNGA Resolution No. 52/250 of 7 July 1998 conferring upon Palestine, in its capacity as Observer, additional rights and privileges of participation in the sessions and work of the General Assembly and the international conferences convened under the auspices of the UNGA or other organizations of the UN. In the wake of establishment of the Palestinian National Authority (PNA), India opened its Representative Office in Gaza on 25 June 1996 to ensure effective coordination with the PNA. That Office was shifted to Ramallah in 2002 after Yasser Arafat shifted his base there. India has extended its consistent and unwavering support on the Palestinian issue.

India has supported the Middle East Peace Process (MEPP) from its beginning in 1991 and was part of the defunct multilateral track of the MEPP. When it was in operation, India participated in the meetings of the four Working Groups on regional economic development, arms control and regional security and environment and water resources. India has voiced concern at various times at the stalling of the MEPP maintaining that the momentum of the Declaration of Principles and Oslo Accords in 1993 has not been maintained. India welcomed the Wye River Memorandum signed between Israel and PLO on 23 October 1998. India also welcomed the Sharm-el-Sheik Agreement between Israel and PLO concluded on September 19, 1999. India's participation at the Annapolis Meeting opened a door to the possibility of a role for India in the renewed peace process under the last Republican Administration. It seems unlikely that it will resume in this election year in the US.

The Palestinian issue impinges directly on Indo-Israeli relations. The Palestinian cause remains popular in India. The sentiments of its substantial Muslim populace which regards Israel's policy towards the Palestinians as totally unjustifiable cannot be ignored. It is also a part of the internal electoral matrix. India shares the perception that the question of Palestine is at the core of the Arab-Israeli conflict. India's overarching position supports the legitimate right of the Palestinian people to a State and the imperative need for a just, comprehensive and lasting peace in the region based on UNSC Resolutions 242 and 338 and the principle of 'land for peace'.

India continues its moral, material and technical support to the Palestinian people. It has pledged funds for construction of a library-cum-activity Centre at the Palestinian Technical College in Deir-al Balah and one at the Al-Azhar University in Gaza. It has also welcomed Palestinian students under the ICCR scholarship programmes as well as provided specialized training in security to Palestinian officers. India voted in favour of Palestine's recent application for membership of the UNESCO.

## **Evolution of Relations with Israel**

The political and geo-strategic ethos, briefly described above, which guided India's policy on Israel, immediately prior to and after, Indian Independence sets the stage for us to view the evolution of bilateral relations between India and Israel. It would be appropriate to divide the period into three periods:

1948-1992- from the Independence of Israel to the opening of full diplomatic relations;

1992-2011- the first 20 years;

2012 and beyond

## The First Period (1948-1992)

India recognised the State of Israel on 18 September 1950. It was a time when under Jawaharlal Nehru, India's first Prime Minister and the architect of India's foreign policy, India was carving out for itself a role as the champion of anti-imperialism and anti-colonialism. It had made the Palestine issue the fulcrum of its leadership of the growing Nonaligned movement. As such during these decades India's nonaligned policy dictated its stance towards Israel. Furthermore, the fact that the Soviet Union, which also did not have diplomatic relations with Israel, was seen as 'the natural ally of NAM' while at the same time becoming India's largest defence partner also had a telling effect. It would appear that the prime mover on the Indian side was the possibility of getting military material whereas from Israel's side it was to keep testing the waters for a fuller engagement. Over-all, India continued to look with suspicion on Israel's relations with its neighbours like China and Sri Lanka. China's acquisition of Israeli hi-tech military equipment was of strategic concern to India and it kept a close eye on the warming Chinese-Israeli relations since the 1980s. Similarly, the India-Sri Lanka Agreement of 1987, which followed on the ethnic crisis of 1983, specifically excludes Sri Lanka's relations with foreign powers, aimed at the US and Israel. The over-arching presence of governments run by the Indian National Congress both at the Centre and in the states made for consistency of both rhetoric and practice on the Palestine-Israeli issue.

The Congress party establishment continued to insist on a national consensus in foreign policy - support for the Palestinians and opposition to Israel were part of the progressive orientation of the ruling Congress party. The pro-Arab foreign policy not only became a party consensus but also became an integral part of the Congress party ethos.<sup>11</sup> This remained true notwithstanding the absence of reciprocity by the Arab and Islamic countries on Kashmir or on condemning cross-border infiltration from Pakistan. India's early attitude to Israel had harmonized with Cold War politics, and Israel's identification with the West had provided an ideological basis for India's pro-Arab orientation: the Arab League and the Palestine Liberation Organization (PLO) were observers in NAM. Since Israel's exclusion from the Bandung conference, NAM had emerged as the principal forum seeking Israel's international isolation.<sup>12</sup> India had played a leading role at the United Nations since its Independence. As an active member of various UN forums India participated in some UN peacekeeping mission worldwide; one of these was active along the Egypt - Israel border before the Six Days War.

Equally important were considerations of domestic Muslim opinion and the importance of the Arab factor in India's relations with West Asia. From the mid-1980s the ruling Congress party's attempts to use both Hindu and Muslim formations to win political loyalty merely served to divide Indian society. The inability of the Congress party leadership to take a decisive stance against communal forces lost it the support of many minority voters in the 1989s elections, particularly the Muslims. In 1989 Rajiv Gandhi's government, in the celebrated Shah Bano case, on the question of the primacy of common law over Muslim law, dithered between its fear of offending the Hindus and its fear of losing the Muslim vote. The result was a political impasse in which the Hindu parties took the initiative. India's large Muslim community and their interest in developments in West Asia, regularly articulated through the Urdu media on the Arab-Israeli issue, has always been influential in determining the policy towards Israel. The occasional street protests at negative anti-Palestine developments have been seen as influencing vote-banks of major national political parties, the Congress or the BJP. Hence the risk averse policies of either party when in government or opposition.

Yet these were not entirely fallow years in terms of contact between India and Israel. It is reported that India purchased a quantity of arms and ammunition from Israel both after the Sino-Indian War of 1962 and the India-Pakistan Wars of 1965 and 1971. India found that Israel was ready to sell the needed weapons which were otherwise unavailable due to embargos by UK, US and France. Similarly after the assassination of Indira Gandhi and the formation of the National Security Guard there are unconfirmed reports that Israeli training was availed of. In addition, a relationship between India's security agency, Research and Analysis

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11 Itzak Gerberg, *'India-Israel Relations, Strategic Interests, Politics and Diplomatic Pragmatism'*, Israel National Defense College Tel Aviv, 2010

12 Itzak Gerberg, *ibid*

Wing (RAW) and the Israeli Mossad has existed since the 1960's. Even on the non-defence and security front also the situation was not entirely negative. There were contacts to understand Israeli techniques of dry land farming and drip irrigation (which reached Israel from Kerala through Indian Jewish immigrants). India also initiated a few direct and indirect contacts with Israel mainly in the field of technology in the late 1980s.

The greatest success has been in the diamond industry which today accounts for 50 percent of India-Israel non-defence trade. India's prolific diamond industry is remarkable in that its prime movers come from Palanpur, a small village in Gujarat. In the inter-War years this community, who follow the Jain religion, set up trading companies in Antwerp where they came in touch with Jewish diamond traders who dominated the business then. The good relations between the Indian and Jewish communities in Antwerp and New York over the decades, as well as the facilities for cutting of and trading in diamonds has led the former to establish companies in Tel Aviv. It is reported that one out of every six diamonds in the world is cut by Indian diamond manufacturers. In terms of diplomatic contact India allowed the appointment of a Trade Commissioner of Israel for Southeast Asia, including India, based in Mumbai. Following Nehru's reservations that India was not part of SE Asia the designation was changed to Consular Agent, and eventually upgraded to Honorary Consul in October 1952 and finally to Consul in June 1953. In 1989 the consular jurisdiction was extended from Maharashtra to Kerala.<sup>13</sup> India allowed this non-reciprocally without establishing a post in Israel.

During these years a few high level, yet fruitless, contacts between the two countries did take place. The important being visits of Foreign Minister Moshe Sharett (1956) in the middle of the Suez crisis; Ruth Dayan, wife of Defence Minister Moshe Dayan (1968) and Foreign Minister Moshe Dayan (1977).

This situation continued till 1989 when three developments sowed the seeds of change: first, the beginning of the era of coalition politics in India; second, the beginning of Pakistan-sponsored insurgency in Kashmir; and finally, break-up of the Soviet Union and end of the Cold War coupled with the fall-out from the reversal of Iraq's invasion of Kuwait.

## **The Second Period (1992-2011)**

The twenty years after the opening of full diplomatic relation have seen an uncommonly phenomenal growth and diversity in the relations between India and Israel. It is rare to find this level of speed in the movement of relations between any two countries without the expected ups and downs which are a normal

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<sup>13</sup> Krishnaswamy, *ibid* pp 130

feature. This would imply that notwithstanding the momentous international developments during the period India Israel relations were set on a steady course and may have benefitted from them. This growth was due to Israeli persistence in spreading themselves over as many sectors as possible coupled with India's acquiescence with this level of penetration.

With the change in the international balance of power after the 1991 Gulf War and the disintegration of the Soviet Union, India and Israel finally found the opportunity to normalize their relations. There were various factors that played a significant role in this regard. As stated above, there were two domestic and one external cause which led to this change.

The beginning of the coalition era in Indian politics, particularly at the Centre (the federal level) meant that unlike hitherto every national level political party, and even some regional ones, had had a chance to be part of the successive governments and dictate policy. Often at variance with their positions when in Opposition, none of them were inclined to change the policy on Israel. Admittedly there were changes of nuance depending on whether the Congress or BJP were leading the coalition yet the broad lines did not change. This was primarily because the defence relationship with Israel got entangled with government's primary responsibility - to assure the security of one billion Indians.

In the early 1990s, the growing insurgent activity in Kashmir sponsored by Pakistan worsened the domestic and the regional security environment of India. OIC (Organisation of Islamic Conference) Resolutions on Kashmir consistently criticising India, at Pakistan's behest, on the Kashmir issue and on the Muslim community in India, were in stark contrast to Israel's support on Kashmir. The backing which Pakistan received in the OIC from Saudi Arabia and the reluctance of other member-states, all maintaining good relation with India, to express their reservations on OIC's anti-India tirades was a disappointment for India. Expectedly, some saw a common cause with Israel. The main opposition party BJP kept the pressure on the Government to normalize relations with Israel. These internal developments took place in the midst of the country's precarious financial situation which required the government to sell its gold reserves to the World Bank to maintain solvency. It triggered the policy for economic reform and liberalisation which saw India dismantling the effete socialistic pattern of economic governance. In many ways the liberalisation of the system was also a liberalisation of the mind. It provoked the country to think of alternatives in the changed international political and economic circumstances. The domestic factors were greatly assisted by the major changes in the international political order to change India's thinking on Israel. The end of the cold war and other events during that time compelled India to take a renewed look at the region. Saddam Hussein's invasion of Kuwait and its reversal by the US-led Coalition, which included some Arab countries, was instrumental in setting off efforts for a peace process between the Arabs and Israel. Painstaking diplomacy by Secretary Baker led to the launching of the Middle East Peace Process in Madrid in 1992.<sup>14</sup> It was a diplomatic engagement in which many countries wished to participate; predicated on their having diplomatic relations with both the parties. While the Soviet Union showed positive indications that it would recognize Israel, the US started talking to the PLO. China opened diplomatic relations with Israel in January 1991. Eventually, the PLO itself in its Conference in Algiers in 1998 recognized Israel's right to exist and the possibility of a peaceful solution to the Palestinian-Israeli conflict. For India, after the Madrid process began, the argument of annoying friendly Arab States, and Muslims at home lost relevance. India too was equally interested in joining a historic process having the potential to alter the political dynamics of the region.

India opened full diplomatic relations with Israel in January 1992 and opened its Embassy in Tel Aviv in May 1992. In justifying the opening of relations India gave a number of reasons:

- Israel's criticality to what happens in West Asia and the Gulf, a part of India's extended neighbourhood impacting its strategic space, energy supplies and 6 million Indians living in the area;
- Sophisticated defence equipment, technologies and systems from Israel given the drying up and unreliability of ex-Soviet sources;
- potential of co-operation in defence modernisation and production;
- Israel's knowledge and experience in countering terrorism; Israel's border management and counter – terrorism techniques could help India in getting over its major weaknesses in internal security management;
- Absence of any quid pro quo from the Arab states;

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14 Eugene Rogan, *The Arabs*, The Perseus Group, London, 2010

Israel's prowess in agriculture and its technologies;

In announcing opening of relations with Israel India made progress in bilateral relations contingent on progress in the Middle East Peace Process primarily to mollify the Arab countries who remained firmly opposed to Israel. It stated that India's relations would grow in tandem with the forward movement in the dialogue. Although this policy continued even after the Oslo Accord had broken down, rapid progress in India-Israel relations made the proposition redundant. The two had got disconnected for reasons of pragmatism and self-interest. India also took a less strident position against Israel in the UN forums much to the chagrin of the Palestinians and made considerable attempts to moderate anti-Israeli resolutions at the NAM meetings in Durban and elsewhere.

With the establishment of formal diplomatic relations with Israel, there were many rounds of talks and exchanges on military and defence related matters. Despite this level of cooperation, India hesitated to buy weapons from Israel. It was during the Kargil crisis (1999), when Israel responded positively to Indian requests for military equipment and ammunition, in the face of US pressure to implement an arms embargo on India that this reluctance abated.. It opened a new chapter in the arms trade between the two countries. India is today Israel's largest arms market while Israel is India's biggest arms supplier. India and Israel have also cooperated in the field of satellite and space technologies; there is no nuclear cooperation between them.

The following is a list of major bilateral agreements entered by them:

Bilateral agreements	Agreement Date
Establishment of Full Bilateral Diplomatic Relations	29.01.1992
Agreement for the Promotion and Protection of Investments	29.01.1996
Convention for the Avoidance of Double Taxation and for the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital	29.01.1996
Bilateral Agreement regarding Mutual Assistance and Cooperation in Customs matters	29.01.1996
Agreement on Cooperation in Peace Uses of Outer Space	28.10.2002
Agreement on Cooperation in the field of Health and Medicine	09.09.2003
Agreement on Cooperation in combating illicit trafficking and abuse of narcotic drugs and psychotropic substances	09.09.2003
Agreement on Cooperation in the field of Protection of the Environment	09.09.2003
Agreement on Exemption of Visa requirement for holders of diplomatic, official and service passports	09.09.2003
Memorandum of Understanding on India-Israeli Research and Development Fund Initiative	30.05.2005
Inter Governmental Work Plan on Agriculture Cooperation	10.05.2006

In addition to the above, proposal for a Free Trade Agreement is on the canvas even though the negotiations will not be easy: issues relating to Israeli IPR regime, the job- creation aspect of the FTA and the fact that India is also negotiating an FTA with the GCC will have to be taken into account. While there have

been discussions on Mutual Assistance Treaties on Criminal matters, during the visit of External Affairs Minister Mr. S.M. Krishna to Tel Aviv in January 2012 an Extradition Treaty was signed. Since 2001 India and Israel have regular meetings of the Counter-Terrorism Group which is part of their Strategic Dialogue.

As stated above, this period was extremely productive politically, militarily and economically for the bilateral relationship.

## Defence

The ballast for Indo-Israeli bilateral ties is provided by their defence cooperation. The Israeli model of moving towards technological independence in military production has considerable appeal for India. Moreover, with Israel specializing in upgrading Russian equipment; it has emerged as an alternative source for procurement of hi-tech defence systems. For Israel, Indian military's acquisitions have meant access to a large and financially rewarding arms market.

From anti-missile systems to hi-tech radars, from sky drones to night-vision equipment, Indo-Israeli defence cooperation has known no bounds in recent times. A large part of the imported equipment to modernize the Indian Army battalions as part of the Rs. 3, 290 crores (over \$700 million) investment is also likely to come from Israel. Israel is also to figure in the Indian Army's plan to bolster its lethal firepower, anti-IED (improvised explosive device), and communication capabilities. Israel's defence industry was bidding for the upgrade of the Indian Air Force's Mig-27 strike aircraft, the avionics upgrade of the Indian Navy's Ka-25 anti-submarine helicopters and maritime patrol aircraft. Israel's Soltam 155mm Howitzers are one of three contenders for the Rs. 5000 crores (over \$1 billion) deal to purchase about 1,000 Howitzer guns--evaluations of which are currently being conducted by the Indian Army. Israel and India are also involved in close cooperation in upgrading Russian-supplied Mig-21 Bison aircraft and T-72 tanks, particularly to make the tanks capable of conducting night operations.

India has also shown its interest in acquiring unmanned aerial vehicles, with negotiations ongoing for the joint production of high altitude Herons with Israel. The Indian Air Force is also looking to acquire the Israeli Harpy missile, used for silencing enemy radars, which would be a significant force multiplier. Some other acquisitions from Israel in which the Indian Air Force has recently expressed a keen interest include Delilah II bombs, crystal maze bombs, Pechora III, surface-to-air missiles, and Popeye beyond-visual-range air-to-air missiles. Israel has commenced delivery of Phalcon Airborne Warning & Controlling Systems (AWACS). India's AWACS project involves the integration of the "Phalcon" radar and communication system with the Russian Ilyushin-76 heavy transport military aircraft.

India and Israel are also currently negotiating the possible sale of the Arrow-II anti-ballistic missile defence system to India to strengthen its air defence capabilities. Though Israel is more than willing to sell the system, it needs American approval since the U.S. was a collaborator in the project. India has already acquired the advanced "Green Pine" fire control radars from Israel. This is transportable phased-array radar which forms a crucial component of the Arrow system and can detect and track incoming missiles from up to 500km away.

## Economic

The two countries have established a web of long-term economic partnerships cutting across key and strategic business sectors.<sup>15</sup> India is the second largest export market for Israel and Israel the seventh largest partner for India. Bilateral trade volume has scaled US \$ 4.7 billion (not including defence sales) although heavily weighted in favour of diamonds. The bilateral partnership would draw strength from superior R & D and innovation capabilities of industries and institutions in Israel and the large untapped market in India. Innovations and cutting-edge solutions developed in Israeli R & D institutions could be effectively commercialized in the large Indian market. Sector-wise, life sciences, medical devices, biotechnology, nanotechnology, clean tech, alternative energy, water management and education and training were areas

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15 Confederation of Indian Industry 'The Third India-Israel Forum, New Delhi, 1-2 November 2010, Proceedings', Confederation of Indian Industry, New Delhi, 2010

that are primed for deep bilateral business cooperation. Last year, Israeli companies invested over \$3 billion in India, in sectors ranging from dairy farming to real estate to hospitals. Both countries have already signed five significant trade and economic agreements from 1993 to 1996, while bilateral trade grew from \$80 million in 1991 to \$4 billion in 2008. Furthermore, R & D collaborations in security solutions, foods and agriculture hold much promise. Israel has a close relationship with India on water management and other green initiatives, particularly agricultural. The Tel Aviv-based company Netafim, which provides irrigation solutions for agriculture and landscaping, has put more than 14,800 acres of land in Andhra Pradesh, known as the 'Rice Bowl of India', under sprinkler and drip irrigation.

The India-Israel Forum meeting in New Delhi in November 2010 proposed a three-tiered agenda<sup>16</sup>:  
Business(B2B) partnerships to develop solutions that are 'made in India, made for India',  
Government(G2G) engagements (state to state) to absorb market risks,  
Academia (a2a) partnerships with distinct roles for each side. It would involve universities on both sides.

From the foregoing it is evident that increasingly India Israel relations have got free from the burden of their political histories allowing the trade and business sectors the possibility of evaluating opportunities mainly on commercial terms. This could be seen as a sign of the increasing stability of the relationship.

## People-to-People

The long Jewish presence in India free of anti-Semitism and the presence of 70,000 Indian Jews in Israel have further catalysed the relationship. One indication of this bond can be gleaned from an international opinion survey in 2009 conducted on behalf of the Israeli Foreign Ministry, which states that India is the most pro-Israeli country in the world.<sup>17</sup> A new initiative has been launched to reach out to Indian policymakers, journalists and the public to spread awareness about Israel and help strengthen ties with India, especially in the fields of trade, tourism and technology. The Israel Project (TIP), a non-profit educational organisation that provides information about Israel and the Middle East to the media, policymakers and the public, has launched the innovative programme in India to strengthen relations between the two countries. The programme is already reaching out to over 2,000 journalists and leaders in India. The purpose is to get them the facts and sources they need to understand the region and strengthen relations between India and Israel.

India topped the list of tourists from Eastern countries to Israel in 2010, with over 40,000 visitors. The figure was up 75 percent compared to the previous year, displacing South Korea from the top slot after several years, according to Israeli official data. With the successful campaign last year, the Israeli tourism ministry now aims to attract at least 50,000 Indian visitors in 2011 and also plans to participate for the first time at the International Tourism fair in Mumbai.

India is known in Israel as an ancient nation with strong cultural traditions, and in popular Israeli perception India is an attractive, alternate tourist destination, particularly among the youth. India is a destination of choice for over 35,000 Israelis, mostly youth, after finishing military service, visit India annually. Essentially back-packer tourists, they congregate at particular spots like Goa, Manali and Dharamsala, often the attraction being an easy supply of illegal drugs. Nevertheless there is abiding interest in India culture, dance, music and traditional crafts. The Indian Embassy organized in May 2011 a successful month long cultural festival in Israel. The agreement to open an Israeli Consulate General in Bengaluru (Bangalore) during the visit of the Indian External Affairs Minister to Tel Aviv in January 2012 will intensify these contacts both at the popular and business levels.

## High Level Contacts

This period saw the beginning of regular, high level interaction between the two countries. Israeli President, Ezer Weizmann, visited India in 1996 and Prime Minister Ariel Sharon visited in 2003. Conscious of Arab

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<sup>16</sup> India Israel Forum, *ibid*

<sup>17</sup> Quoted in Ynetnews 4/3/09-as part of the *Branding Israel project* 'Israel Foreign Ministry, Tel Aviv 2009. 13 countries were surveyed including US, China, Canada, UK, France and Russia. Of the Indians surveyed 56 % expressed the greatest level of sympathy towards Israel in India.



sentiments, India has been cautious in regards to the frequency and level of state visits. Among the highest level visitors travelling to Israel were India's External Affairs Minister, Jaswant Singh, and Deputy Prime Minister Advani, in 2000 and External Affairs Minister S.M.Krishna from January 8 to 11, 2012. This visit came after 12 years and the first by a cabinet minister in a Congress-led government.

From Israel, the ministerial visits were by Minister of Agriculture and Rural Development Shalom Simhon (Jan 2008), Minister of Trade, Industry and Labor Binyamin Ben Elizer (Jan 2010), Minister of Agriculture Orit Noked (May 2011) and Minister of Tourism Stas Mlizehnikov (Sept 2011). From India, Minister for Science and Technology, Kapil Sibal, and Minister of Commerce and Industry, Kamal Nath, (2005), and Agriculture Minister, Sharad Pawar, (2008), Chief Ministers of Punjab and of Himachal Pradesh (Nov 2009) and of Haryana (Apr 2011), and Ministers of State for Commerce and Industry Jyotiraditya Scindia (Feb 2010), Science and Technology Prithviraj Chavan (Mar 2010) and for IT and Communications Sachin Pilot (June 2011). There have been other, lower level ministerial visits from both sides during the last two decades.

## Convergences, divergences

In the light of the foregoing it will be useful to isolate the areas of convergence and of divergence between India and Israel. Despite a growing convergence of interests between India and Israel on a host of issues, there remain a number of constraints to their bilateral relationship. It is often seen that in an overall climate of convergence there are embedded divergences between the two countries.

### Palestine-Israel

The bilateral relationship will continue to face impediments arising from political developments in the Middle East and their impact in India. The outbreak of the Al-Aqsa *intifada* in September 2002, the Israel-Hezbollah war and other recent developments have given strength to India's earlier positions on fullest support to Palestine and a distance from Israel.

This issue came to the fore during the visit of Prime Minister Sharon to India in 2003. It focused on the differences in nuance on India's West Asia policy between the right-wing Hindu-dominated BJP-led NDA Government and the Congress. Although Prime Minister Sharon met the then Leader of Opposition Sonia Gandhi, it did not receive much coverage in the Indian media. When the Congress-led UPA Government came to power in July 2004, they took a strongly pro-Palestinian position in their common platform. Although relations with Israel have continued to grow, particularly in the defence area, India has maintained a distance at the political level from Israel. Mahmud Abbas has always been welcomed in India, the last time in October 2008. While India welcomed Israel's unilateral withdrawal and disengagement from Gaza in 2005 it saw this as only one step towards a Palestinian state. In late 2008 – early 2009 India made five statements critical of Israeli action against the people of Gaza. Speaking at the Palestine Solidarity day in January 2011 in New Delhi the Indian Minister of State for External Affairs stated that

“..We believe the West Asian region is of vital importance to India with more than 4.5 million Indians making it their home. The region is also an important source of energy for India. India wishes to see the creation of an environment for the earliest possible resumption of dialogue. We share the perception that the conflict in West Asia is essentially political in nature and cannot be resolved by force. In line with our support for United Nations Security Council Resolutions 242 and 338, India supports a negotiated solution resulting in a sovereign, independent, viable and united State of Palestine living within secure and recognized borders with East Jerusalem as its Capital, side by side and at peace with Israel as endorsed in the Quartet Roadmap and United Nations Security Council Resolutions 1397 & 1515.

India has supported the Arab Peace Plan, which calls for withdrawal of Israel to pre-1967 borders, along with recognition of Israel and the establishment of the State of Palestine with East Jerusalem as its capital. India has called for an end to Israeli settlements in the occupied Palestinian territories and for an

early and significant easing of restrictions on the free movement of persons and goods within Palestine. India had welcomed the 'direct talks' between Israel and Palestine. The continued stalemate in the situation and hardening of positions is a matter of concern. We hope that the talks would be resumed leading to final resolution of the conflict. As a responsible member of the international community and as a country with long-established ties with West Asia, India desires to see a peaceful resolution to tensions in the region through peaceful dialogue."<sup>18</sup>

India's public posture relating to the Palestine issue is unlikely to change, even more so, in the context of the present developments in the region. In the background of current upheavals against established regimes in Tunisia, Egypt, Yemen, Bahrain, Jordan and Syria it remains moot whether the Palestinian issue will return foreground. The major Arab countries have not made India's growing relations with Israel an issue even though press opinion in these countries keeps the issue in focus. Yet the election of Islamic oriented parties to governments in Tunisia, Morocco and Egypt may change their status quo-ist policies on Israel and by implication their view of India-Israel relations.

An important reason for the waning of rhetoric on India's relations with Israel in West Asia has been India's consistent economic success in the last decade. Saudi Arabia and other countries in the Gulf have been actively seeking political and economic ties with India. The Saudi King's visit to New Delhi in January 2006 opened the door for other Gulf leaders to visit India. This trend has becoming a reinforcing one. India has itself also been seeking close economic ties with the Gulf countries and negotiations for an FTA with the Gulf Cooperation Council (GCC) are in progress.

Due to its longstanding political relations, the large Muslim community in India, geographic proximity, dependence on petroleum resources and labour migration to the region, it is unlikely that India will abandon its close ties with the Arab world, even as it deepens its relations with Israel. Even the Palestinian leadership, President Mahmud Abbas, has argued that its ties with the Jewish State should enable India to play a more active role in the region. It was at the insistence of President Mahmud Abbas that India was invited as a full participant to the US sponsored 2007 Annapolis Conference.

The divisions that came up during the later years of President Arafat where he was losing support both from the principal Arab States and from within the Palestinian population also placed India in a difficult position. The resurgence of Hamas and its eventually forming the Government in the PNA has meant a dramatic change in the dynamics of the Israeli-Palestinian issue. The division of Palestine itself - between the Hamas led Gaza Administration and the Mahmud Abbas led Palestine Authority in Ramallah has not been helpful. Gaza remains under Israeli siege and there is no headway to meeting the concerns of Hamas. India has excellent relations with the PA and maintains regular contact with Hamas in Gaza. The non-recognition of the Hamas Government by the US and Israel has led to an impasse in further progress on the goal of creating two States living within secure borders. The national unity government agreed by the PLO and Hamas in the wake of the Arab awakening promises a unified approach to the issue of negotiating with Israel- if only the latter would see it in this light.

## India and the Middle East Peace Process

Despite having vital political, economic and cultural interests in West Asia, India is still not seen as a player in the Peace Process. India's role in the MEPP was confined only to the multilateral track since in 1991 it did not have diplomatic relations with Israel. On the other hand, China which had a much lower profile in West Asia at the time was given Observer status largely due to its permanent membership of the Security Council. When the Quartet process was unveiled, once again India's role was not recognized, although China remained an Observer and had by then considerably increased its profile in the region. While there was a degree of ambivalence on India's part on whether or not to participate and increase India's profile in the Peace Process (largely due to the apprehension that its *quid pro quo* could provoke activism on Kashmir by the countries in the region), on the side of the Palestinians there was nothing more than lip service to seeking India's active role in the Peace Process. On the other hand, neither did Israel propose India for a role in the Quartet process. It appeared that while the Palestinians were paying lip service to continue the widespread support it had amongst the Indian public, the Israelis were talking of India's role only in order to advance its

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18 Statement of Mr E. Aahamed, Minister of state for External Affairs on the occasion of Palestine Solidarity Day January 2011, Ministry of External Affairs web-site: [www.mea.gov.in](http://www.mea.gov.in)

own interests in India. India was invited as a full participant for the first time in 2007 at the Anaheim Conference. It was understood that Mahmud Abbas has spoken strongly in favour of it to the US. Yet on the whole the Palestinian issue has become emotive from time to time due to the exploiting of the Muslim sentiment in the country without any corresponding benefits, in foreign policy terms, for India. On the other hand, the changed situation in the region particularly the Persian Gulf has helped to ensure that support on Palestine is no longer seen as a touchstone for bilateral, political and economic relations. India has continued its policy not to sponsor anti-Israeli resolutions and to seek to tone down nonaligned resolutions.

## **Defence Collaboration**

As stated above this is an area of prime convergence between the two countries. India's burgeoning ties with Israel, particularly in defence exchanges, are based on mutual benefit and cannot be wished away. As we have seen there may be a change of rhetoric, but not of substance, despite the change of government. India has been able to acquire technologies and systems which would have been difficult from other sources. Given its dependence on Washington for political support, technological assistance and economic largesse, Israel's ability to pursue any major defence deals with the outside world, including India, depends squarely on Washington. US have generally approved high-tech military exports from Israel to India, but have been reluctant to give its nod to systems involving American technology or financial input e.g. the Arrow anti-missile system. With the removal of sanctions on dual use technologies following the Obama visit to India this may not remain a difficulty. As Israeli defence exports to India are being conducted under the watchful eyes of the United States, the ties between India and Israel will also be constrained by the extent to which the US wants this engagement to expand. Nevertheless, the acquisition of defence equipment and defence *material* vital for the security of India's one billion people has set the bench mark for the relationship.

## **Space Cooperation**

While Israel's space efforts centre on its high-resolution imaging capabilities, India's space program, which is one of the country's success stories, covers a wide range of activities in launch vehicles, satellites and space applications. India builds a wide variety of remote sensing, meteorological, and communications satellites, which it launches with its own rockets. In September 2007 India launched Israel's TECSAR satellite (*India Defence*, 17 July 2007) and the two countries are collaborating on India's next generation satellite, RISAT 2 (*Makor Rishon*, 07 April 2009). On 27-28 February 2008 Dr. Abdul Kalam, former President of India, delivered a lecture at the 48th Israel Annual Conference on Aerospace Sciences, and on 20 April 2009 India launched an Israeli border-control imaging satellite that enables it to monitor its borders with Bangladesh, China, and Pakistan (*Jane*, 29 April 2009).<sup>19</sup>

## **Science and Technology**

The growth of bilateral economic ties between Israel and India includes cooperation in science and technology. There is an agreement on science and technology, a science and technology industrial research fund (amounting to \$3 million) and an agreement to facilitate bilateral cooperation and exchanges in the field of science and technology; an additional Protocol of science and technology cooperation also exists. Between 1995 and 1997 seven Memoranda of Understanding were signed regarding research projects in the field of advanced materials. Two of these projects were in information technology (IT). As stated above this is a dynamic area of growth where commercialization of the output in the vast Indian market is greatly possible.

## **Counter-Terrorism Cooperation**

Fighting terrorism is a major issue and challenge for both India and Israel. The two countries set up in 2001 a Joint Working Group as part of their Strategic Dialogue which unfortunately has not met regularly. It was in this context that then Indian National Security Advisor, Brajesh Mishra, argued at a speech to the American Jewish Committee in Washington in May 2003 that democratic nations which face the menace of

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<sup>19</sup> Israel National Defence College, *ibid* p58

international terrorism should form a "viable alliance" and develop multilateral mechanisms to counter this menace. He said that 'India, the United States and Israel have some fundamental similarities. We are all democracies, sharing a common vision of pluralism, tolerance and equal opportunity. Strong India-US relations and India-Israel relations have a natural logic.' This was a far cry from the charge of 'religious exclusivism' made by K.M. Panikkar in the 1950s. Predictably, this was interpreted as an India-Israel-US triangle aimed at Islam and Islamic countries. Such thinking is the obverse side of fundamentalist Islamic literature put out by the terrorist groups in Kashmir and elsewhere citing US, Israel and India as the three enemies of the religion.

There is a difference between India and Israel both on the philosophy behind counter-terrorism and respective threat perceptions. While Israel believes in giving no quarter to terror as an instrument of political negotiation, India has always believed in keeping a door open for dialogue. Israel sees concentric circles of threat which includes Iran, Syria, Hezbollah and Hamas, while India sees its threats emanating from radical Islamic groups sponsored by Pakistan like the Taliban and Lashkar-e-Toiba, Jaish-i-Mohammad who were responsible for the Mumbai terror attack. The two do not intersect. Nevertheless, the Joint Working Group has been able to exchange practical experiences on border security, suicide terrorism, aviation security, financing of terror, information security, digital and cyber warfare.

### **Nuclear Policy Coordination**

India and Israel are nuclear States existing in hostile security environments, which makes the nuclear programme strategically important for their national defence and security. Their common interests have not led to any cooperation so far. Israel's policy not to acknowledge the existence of its nuclear weapons hinders any cooperation between the two countries. Nevertheless there are three possible areas where the two countries can consult:

concern over Pakistan's nuclear capability; both countries are also concerned about nuclear non-proliferation in the region;

Israel has a vital interest in preventing the transfer of nuclear capability from Pakistan to the Middle East; The India-US Agreement on Civil Nuclear Cooperation is of great interest to Israel as a precedent for its own efforts vis-a-vis the Nuclear Suppliers Group.

### **Geo-strategic**

#### **Iran**

India and Israel do not see eye to eye on the former's relations with Iran. Aware of India's close ties with Iran, Israel has repeatedly expressed its concern to India about a possible nuclear technology leak or transfer of nuclear related information to Iran, a country which Israel regards as a threat to its national security. Israel has regularly expressed its concern about India's close ties with Tehran. The possibility of India selling advanced technology and military equipment to Iran has been brought up at meetings between military representatives of the two countries. India-Iran relations are a matter of strategic discord between them.<sup>20</sup>

The differences of perceptions on Iran between India and Israel are fundamental. Iran enjoys a rare political consensus in India and since the early 1990s every Indian Government has placed a high priority on strengthening its ties with Tehran. India is unlikely to share Israeli apprehensions over Iranian radicalism. A number of factors like India's need to counter Pakistan's influence in the Islamic world, the increasing geo-political importance of Central Asia and India's overland access to Afghanistan, India's energy needs and the desire to strengthen economic and commercial ties have led to a growing convergence in India-Iran interests in the post-cold war period. India has a well-defined position on Iran's nuclear ambitions: while India would not like to see another nuclear weapon power in the region it has stated that 'Our approach is quite clear. We have said that Iran has the right to peaceful uses of nuclear energy for fulfilling her various obligations and that the right way to do that is through the IAEA, to assure the world that she is fulfilling her obligations'.<sup>21</sup> The Riyadh Declaration of January 2010 during the visit of Prime Minister Manmohan Singh to Saudi Arabia

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20 Israel National Defence College, *ibid*

21 Ministry Of External Affairs, Government of India, April 2008

asked Iran to “remove regional and international doubts about its nuclear weapons programme.”

## Pakistan

Until 2000, Israel’s single-minded focus on developing, diversifying and strengthening relations with India outweighed its assessment of Pakistan. From 1992 a mystique was built up by Israel of its ‘special relationship’ with India. It included complete support to India’s position that the Kashmir issue should be resolved bilaterally between India and Pakistan on the basis of the Simla Agreement.

Israel has always seen Pakistan as one of the important countries in the Islamic world and seeking regular relations, when possible, has been a goal of its foreign policy. It was only after a level of confidence was acquired by Israel in its relations with India towards the beginning of this millennium that Israel made determined attempts for an opening towards Pakistan. On its part, fallout of 9/11 and the growing US dependence on Pakistan in the global War on Terror was to push Pakistan in moving towards Israel. Since 2003, a certain *entente cordiale* between Israel and Pakistan has emerged.

Yet it is moot whether it still continues given Pakistan’s slide towards radicalism and empowerment of Jihadist elements in the country’s governance. Has then Israel moved away from the paradigm of a ‘special relationship’ with India?

In justifying the erosion of the so-called special relationship with India, Israel has tended to quote the thaw in India-Pakistan relations. An important consequence of this has been the gradual shift in Israel’s policy vis-à-vis Kashmir. In the early 1990s, immediately after normalization, Israel maintained Kashmir to be an integral part of India and that Pakistan would have to vacate from those parts it had occupied in 1947. It is ironic that this position was in direct contrast to Israel’s own policy of continued occupation of Palestine. The extent of the dilution of Israel’s position can be judged from the fact that the Delhi Declaration issued at the end of Prime Minister Sharon’s visit in 2003 did not carry any reference to the Israeli position on Kashmir. India preferred to hold Israel to its earlier position rather than have it diluted in that Declaration which Israel had suggested. India has shown a degree of ambivalence towards Israel’s growing ties with Pakistan and this issue is no longer taken up in bilateral discussions.

Should Israeli ties with Pakistan attain a strategic dimension they would prove greatly negative to India-Israel relations. The same concerns regarding transfer of restricted technology which Israel raises regarding Iran will apply here.

## USA

The rapid growth in India US relations after the visit by President Clinton in 2000 cannot be directly related to the improvement of India-Israel relations. Nevertheless, there was a sense that by opening relations with Israel an important impediment to India-US relations had been removed. In spite of talk of three-way India-US- Israel cooperation, India never considered it a serious strategy. The shared values of adherence to democracy are nevertheless a binding factor between the three countries. The Indian leadership was increasingly convinced that the American Jewish lobby was an excellent model for developing political activism on the part of the Indian-American Diaspora in the US.

## **The Future: 2012 and beyond**

This survey leads us to the conclusion that in the last twenty years India and Israel have got over the political hump in their relationship and have found a way to grow them normally like with any other country. The change in the special and unique circumstances which circumscribed the relations was largely, though not entirely, due to the phenomenal changes in world political, geo-political and economic configurations. However, complete normalisation of the relationship will depend owing to the proclivity towards caution on the part of India's political leadership. For India relations with Israel are now an issue of 'management' of this mutually beneficial relationship. India has ensured that its growing relations with Israel do not dilute its traditional support to Palestine.

Yet Israel's penetration in India has not been without costs:

the continuing sentiment in the Arab world that India had abandoned its strong support of the Palestinians although the latter have themselves remained divided; this has to be seen as a cautionary injunction;

There is good evidence that the jihadist groups inimical to India rate India, Israel and US as their enemies.

Mumbai 26/11 demonstrated this mentality by the targeting of the Chabad House, the Jewish place of worship in Mumbai. Earlier in 1991 there was the kidnapping of an Israeli tourist in Kashmir by a related group.

The pervasive reports of the use of drugs in selected Indian tourist centres by de-mobilised Israeli soldiers on vacation leading to a string of pleas for clemency to the Indian President.

It is important for both sides to keep in mind that harmonious development of the relationship is possible only if such negatives are consciously avoided.

Going forward, India-Israel relations are slated to rise to the next level on the basis of the threads developed in recent years of security cooperation, high technology trade and investment and innovation. Brief comments are offered on each:

### **Homeland Security and terrorism cooperation**

This would cover political, defence and intelligence cooperation for confronting similar problems. The Indian defence sector has much to learn from the Israeli approach to security which is very rule-based, scientific combining the best of their proprietary technology with rigorous training. This could improve Indian security control systems at all control points like airports, metros and public buildings.

### **High Technology trade and Investment**

Israel has a very well funded defence force that in addition to protecting the country has also been at the forefront of developing the country. This is done through active recruitment of the best and the brightest through institutions like Talpiot- it places a premium on merit and performance. The work they do in defence laboratories has been responsible for Israel's success in the telecoms, aeronautics, diagnostics,

information technology etc. The Israeli government has actively encouraged the commercialisation of the technologies which have dual use – in defence and industry- by funding these ventures. Collaboration with the Indian Defence Research and Development Organisation on this basis will be mutually beneficial.

## **Innovation**

Indian companies are moving up the value chain from a concentration on innovation based on labour cost and productivity arbitrage. On the other hand Israeli innovation is principally focused on higher value technical innovation which is much less reliant on people. Many of the technologies Israel is developing are appropriate for India e.g. agriculture, infrastructure, defence and telecommunications. Given the small size of the Israeli market synergy can be developed to create India-Israel joint projects for the Indian market. The Israeli ability to aggregate technology for building custom made solutions in areas like homeland security, medicine and pharmaceuticals and other areas are a good fit with the needs of the Indian market and the possibility to undertake product proving trials.

## **Oil and Gas**

Aside from possible synergy that can be built between India and Israel in renewable energy, there is now a chance that the two countries can work together in non-renewable energy- prospection, exploration, production and trading in crude oil and gas. As yet at a very nascent stage the recent discovery of oil and gas deposits in The Great Levant Basin, an offshore field - estimated to hold a mean of 1.7 billion barrels of recoverable oil and a mean of 122 trillion cubic feet of recoverable gas which encompasses the maritime area – encompassing approximately 83,000 square kilometres of the Eastern Mediterranean.<sup>22</sup> Israel which is expecting that 40 percent of the field will be within its exclusive economic zone, has already given an E&P contract to a US-owned Israeli firm. India, with the assurance of its growing market for oil and gas and its experience in off-shore exploration and prospection is an apt partner for Israel in exploiting the field.

## **Conclusion**

In looking at the answers to the questions we posed at the beginning of this analysis of India's relations with Israel it is evident that the relationship has been forged in very exceptional circumstances.

Israel's desire to open relations with India soon after its Independence in 1948 was motivated not only because it was the largest country in Asia but one which had one of the oldest Jewish communities in the world. On the Indian side the question was enmeshed with the reasons which forced the partition of India and the creation of Pakistan. In contra-position Indian political leaders realised early on that if post-partition India had to survive as a single country it would have to be governed through a secular polity which did not give any preference or concession to the majority community, the Hindus. It would have to accommodate as equal citizens the other faiths particularly the Muslims. At the same time, the majoritarian view within the Hindu community represented by the Hindu Mahasabha had to be confronted. Thus in dictating the policy on Israel not only was there a strong influence of the Muslim community but of the views of the Hindu community as well. As relations have progressed between the two countries, the likely potential impact on the 150 million strong Muslim community in India has continued to weigh with the policy makers. The different views on the preferred polity for India soon after Independence have in later years been reflected in the view of Israel on the part of the two major national political parties, the Indian National Congress (INC) and the Bharatiya Janata Party (BJP).

India's secular democratic polity is unique even within other democracies. In eschewing the majoritarian view, India's effort has been to create a religiously-neutral frame of governance albeit in practice the cultivation of religious vote banks in the electoral process has somewhat tarnished this achievement. India and Israel are the two long-standing democracies in the Asian region (along with Sri Lanka) and share much in common in the way their systems work despite the difference in their polities.

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22 US Geological Survey US Department of the Interior, *Fact Sheet 2010-3014 World Petroleum Resources Project*, March 2010

While international changes in the early 1990's were responsible for the movement from non-reciprocal consular relations to full diplomatic relations, it was the INC government under Prime Minister Narasimha Rao that took the decision. Yet it was when the BJP was in office under Prime Minister Atal Behari Vajpayee that strong foundations were laid for a rapid movement of India-Israel relations. It was in the nature of the prevailing circumstances that during the first decade the defence relationship became the catalyst for the building of synergies and diversification into other sectors. By the end of the first decade of the 21<sup>st</sup> century, relations in the defence sector had been irreversibly consolidated and ground had been laid for upward movement in selected high technology areas in keeping with the innate talents of the two peoples.

It had also become evident that shorn of the heavy emphasis on the political aspects, the relationship will move forward as normally as India's relations with any other country. From Israel's perspective, cultivating friendly relations with India is a strategic priority. Geo-politically, Israel finds itself in a hostile neighbourhood; and paradoxically, India has good relations with all of Israel's neighbours. India's increasing strategic weight in international affairs; Israel's effort to ensure international legitimacy for its statehood; India's fast growing economy with a huge pool of skilled resources, the potential market for Israeli goods and services and as a destination for its investments all constitute a solid foundation for the further development of the relationship.

For India, the logic of further developing these relations is incontrovertible: Israel is a source of critical technologies and renowned for its R&D and innovation and more importantly is a part of its extended neighbourhood in a very turbulent time.

This does not mean that the potential of India's Muslim community to impact these relations can be minimised, but that the relations have acquired sufficient non-political ballast to ensure that they go forward in a mutually beneficial way. For India the issue now is not reversing the relationship, but of 'managing' it.

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## **Annexe I Indian Ambassadors to Israel**

P K Singh	1992 – 1995
Shiv Shankar Menon	1995 – 1997
Ranjan Mathai	1998 – 2001
Ravinder Jassal	2001 – 2004
Arun K Singh	April 2005 – 2008
Navtej Sarna	2008-

## **Annexe II Israeli Ambassadors to India**

Ephraim Dubek	1992-1995
Yehoyada Haim	1995-2000
David Afek	2000-2002
Dan Stav	Dec 2002-Aug 2003
<i>Cd'A a.i</i>	
David Danieli	2003-2007
Mark Sofer	2007-2011
Alon Ushpiz	2011-

## **Annexe III**

### **India – Israel Bilateral Trade and Economic Relations**

#### ***Introduction***

The bilateral trade between Israel and India has been growing steadily in the past years. If the year 2002 can be termed as a 'bounce-back' year wherein the trade jumped by 43 % to recover from the earlier slump caused mainly due to global economic downturn, the years 2003 and 2004 can be described as consolidating years as the trade has grown consistently. The growth in the year 2003 reached 25% to touch 1.5 billion dollars mark and for the first nine months of 2004 the growth reached 38% to touch 1.61 \$ billion bilateral trade.

**India's export to Israel** in the year 2004 has been \$ 1,123 million, in comparison with \$ 883 for the year 2003 growth of 27%.

The main products exported from India to Israel have been diamond and precious stones (70%), textiles (9%), chemicals and plastic (8%).

**Israel's exports to India** in the year 2004 has been \$ 1,019 million, in comparison with \$ 703 million for in the year 2003, growth of 45%.

Main exports from Israel to India is diamond and precious stones (67%), machinery and hi tech products (18%) chemicals and agriculture products (11%) and medical equipments (4%).

**The broad trade statistics (in million of US \$) for the previous years is given below.**

Year	2000	2001	2002	2003	2004
India's exports	445	403	633	869	1123
Israel's exports	551	454	601	698	1019
Total Bilateral	996	857	1234	1567	2142

## India-Israel Bilateral Trade

( Source: Economic Mission of Israel in India, New Delhi)

## Bilateral Trade, Investment and Collaboration

### List of Israeli and Indian Companies

#### Agriculture

Israeli agricultural companies are highly active in India including the following: NaanDanJain, Netafim, Agrotop, Plasson, Hazera Genetics, Maximilk, Plastro Gvat, Agrexco, Zeraim, ICL fertilizers, Sion, Avshalom Group and more.

For micro-irrigation via drips or sprinklers, India has some 200 micro irrigation companies. The biggest is Jain Irrigation (the company purchased 50% stake in Israel's Naan-Dan Irrigation in 2007). Jain Irrigation is also the world's second largest irrigation company. Israel-based Netafim has nearly 45% of the world market. Netafim India is the country's second biggest player, with a 15% market share.

Maxximilk- Maxximilk produces high quality ready-for-transfer pedigree embryos. Maxximilk is in touch with dairy farms in Andhra Pradesh, Punjab and Kerala. The company estimates that by the end of this year it will send its first shipment of embryos to India.

#### Water

India's companies and official delegations regularly visit the annual event WATEC in Israel which showcases Israel's water and energy technologies. Israeli water companies are active in India including:

IDE – the company currently operates 23 desalination plants in India (10 in the State of Gujarat). IDE's local partners include Reliance, Essar Construction, and Sanghi industries.

Aqwise – the company currently has 3 projects in India including sewage treatment projects in Delhi and Uttar Pradesh and drinking water treatment project for the city of Agra.

Tahal Group – the company is currently highly active in several States including Haryana, Rajasthan, Tamil Nadu, Gujarat, and Uttar Pradesh.

Amiad- Amiad provides water filtration systems in over 66 countries around the world and has an office in Mumbai.

Other Israeli water companies which are highly active in India include Bermad, GES, Hakohav Valves, A.R.I.

Flow Control Accessories, Dorot Control Valves and more.

## **Pharmaceuticals**

Some of the biggest Israeli pharmaceutical companies have been highly active in India for some years now including Teva and Taro. Representatives of leading Indian pharmaceutical companies e.g. Dr. Reddy's and Cipla) visited recently Israel and attended local exhibitions and conferences.

Teva - Teva has Head Office and R&D center in Greater Noida, a Generic R&D and Ratiopharm office in Mumbai, and three manufacturing plants in Gajraula (API production), Malanpur (API production), and Goa (Ratiopharm production). About 1,000 people work for Teva in India. Teva also sources over US\$ 100 million annually of pharmaceutical materials from Indian companies such as Dr. Reddy and Cipla.

Taro/Sun Pharma - Taro has signed an Option Agreement with India's Sun Pharmaceuticals in 2007 and the matter ended in court. The legal dispute came to an end only in September 2010 when the Israeli Supreme Court made it possible for Sun to acquire a 48% stake in Taro. Recently, Sun increased its stake in Taro to 66%.

## **Biomed**

There is a great scope of cooperation between the two countries in Biomed. Till now such mutual cooperation is evident mainly in the area of clinical research.

Bioline – This company is conducting clinical research in India. It recently announced that it has received approval from the Indian regulatory authorities to commence the Phase II / III clinical trial of BL-1020 for treatment of Schizophrenia.

Brainsgate – This company also conducts its clinical research in India.

## **Telecom**

Tower Vision (part of the Fore Group) – The company operates cellular antenna sites in India. Tower Vision has about 6,000 sites in India, which has a burgeoning mobile telephony market. The company aims to have 10,000 sites by the end of the year.

Gilat Satellite Networks – For 25 years, Gilat has been at the forefront of VSAT technology and today is a leader in the innovation and development of advanced satellite technologies in multiple disciplines. The company is highly active in India and has an office in Noida.

## **Energy**

Focal Energy – This company is presently developing 30 megawatts biomass power plants in Rajasthan and a 12 megawatt hydro-electric power plant in Himachal Pradesh, and is involved in numerous other projects in various stages. Focal Energy had already committed close to US\$ 20 million for direct investment in India.

Leviathan Energy- Leviathan has created wind-, hydro-, and wave-powered products. Leviathan is in touch with several Indian companies. In 2008, Leviathan Energy and Maple Leaf India PVT have signed a letter of intent for a US\$50 million contract to provide clean electricity for India, however the agreement has not been implemented yet.

S.D.E. Energy- This company which produces energy from sea waves is in touch with several Indian companies. Few years ago, the company has signed an agreement with the Government of Gujarat to build a 5 megawatt electric power plant that will be powered exclusively by the power of ocean waves. Till now the agreement was not implemented.

## **Real Estate**

Engel Invest - The Engel Invest Group is currently involved in numerous real estate projects in India in various cities including Mohali (Punjab), Panaji (Goa), Pune (Maharashtra), Jodhpur (Rajasthan), Hyderabad (Andhra Pradesh), and more.

Elbit Imaging – The company invests in India through its subsidiary Plaza Centers. The company is involved in several projects including the Koregaon Park Plaza in Pune and the Kharadi Hotel and Serviced Residences in Pune.

Levinstein Group – This company and its Indian partner have recently signed an MOU to sell an 85,000 square meter office building that they will build in Mumbai for US\$ 100 million. The building is located near Mumbai International airport.

Big Shopping Malls –This company builds large open-space shopping malls worldwide including the BIG Thane-Mumbai Shopping Mall which is located just outside of Mumbai.

## **Information Technology**

Some major Israeli IT companies have been highly active in India for some years now. Some of these companies established R&D centers in India and / or have subsidiary in the country including the following: Check Point, Amdocs, Magic Software, Ness Technologies, Aladdin, E-Sim, Safend, Celltick Software Technologies, Fundtech, Atrica, Niloosoft and more.

(iii) Major Investments / Joint Ventures / Bilateral Cooperation from India

India's Jain Irrigation Systems Ltd acquired 50% of Israel's NaanDan irrigation in 2007. To date, including the investment in the new plant, Jain Irrigation Systems Ltd has invested about NIS 100 million (US\$ 27 million) in Israel.

India's Sun Pharma which owns 66% of Israel's Taro pharmaceuticals plans to invest US\$ 100 million over the next two years to expand and upgrade Taro's facilities. Sun Pharma's financial report for the first quarter of 2011 highlights Taro's contribution to the company - 17% of its total net profit of 4.43 billion rupees (\$98 million).

India's Tejas Networks Ltd acquired the Israeli carrier Ethernet solutions start-up Ethos Networks Ltd (now called Tejas Networks Israel) for an estimated US\$ 25 million.

India's Connectiva Systems Ltd acquired Israeli start-up Olista Ltd for an estimated US\$ 20 million. Olista will become Connectiva's Israel R&D center and will double its workforce. Olista developed customer analysis software for mobile operators.

The Mahansaria Family (Yogesh Agencies & Investments Ltd) acquired Israel's Alliance Tire Company, a leading tires manufacturer on August 13, 2007.

India's Yes Bank and Israel's Poalim Capital Markets entered into an alliance for India-Israel Cross-Border Investment Banking.

Israel Chemicals Ltd and its Indian joint venture Zuari Rotem Speciality Fertilisers Ltd. are planning to build two more production plants for water soluble complex fertilizers in northern and eastern India.

