The Embassy has seen no evidence during the past year of change in Indian policy on nuclear weapons issues. Government spokesmen have repeated standard policy statements with no
significant new variations: India will utilize atomic energy only for peaceful purposes; it is investigating the possibilities of "peaceful" nuclear explosions; it does not plan to develop nuclear weapons. We have seen no evidence to confirm an Indian decision to explode a nuclear device or to manufacture nuclear weapons or delivery systems. We have detected no serious new efforts in areas relevant to nuclear weapons capabilities. Gradual expansion of India's nuclear and rudimentary space programs has continued. But both have been slowed by resource pinch and have failed to keep up with plan targets. We are inclined to believe—and this is only speculation—that Indian preoccupation with economic malaise tends to militate against an early decision to exercise nuclear options. END SUMMARY.

1. As in the past, Government policy on nuclear weapons issues has been expounded primarily in response to parliamentary critics. The defense of the current policies has emphasized the expense of a nuclear deterrent, the adequacy of conventional forces, the problems of "peaceful" nuclear explosions, and that India is keeping abreast
of developments in this field. Characteristically, Parliament in 1973 was told:

-- Government policy is to use nuclear energy for peaceful purposes only. We do not plan to develop nuclear weapons. (Defense Minister Ram in August)

-- National security is not jeopardized by present policy. India should not embark on a policy of nuclear armament because of the long-term cost and increasing expenditures to develop and maintain a delivery system. (Minister of State for Defense Production Shukla in August)

-- We are reviewing the technology, economic value, and environmental and ecological effects of underground nuclear explosions. Only after satisfactory answers to all these problems are available can peaceful underground tests be undertaken. (Mrs. Gandhi in November)

2. We have noted no change in India's negative attitude toward the Non-proliferation Treaty (New Delhi 13654), its support for the Limited Test Ban Treaty, and its public opposition to nuclear weapon tests.

3. As to capabilities, the direction and gradual expansion of India's...
relatively sophisticated nuclear program has been maintained. But schedules for atomic energy projects have been delayed, and slippage in plans has been publicly acknowledged by the Government. Interest in rocketry and space exploration and collaborative programs with the USSR and western countries has continued. An Indian satellite may be launched by the Soviets in 1975. Projected fifth plan outlays call for devoting three-fourths of the space research and development budget to rocketry. Recently, however, the rudimentary Indian program has been plagued by delays, strikes, and resource problems. In general, there appears to be a growing appreciation of the high costs and time required to move ahead in these areas and a recognition that earlier visionary plans cannot be fulfilled.

4. As to intentions, there were virtually no rumors in 1973 as there were in earlier years of an imminent Indian nuclear explosion—and little discussion of such possibility among observers here. This, of course, is no guide to Indian Government plans. We know little about relevant internal government debate on nuclear weapons and
test policies—or even if the issue is currently active. We believe, however, that Mrs. Gandhi remains firmly in control of decisions in this area. And we have no reason to revise earlier estimates that she finds an open-options approach politically useful but opposes—emotionally and on economic grounds—exercising the nuclear option.

5. Background factors that strike us as relevant are:

-- Since the Bangladesh war public interest in military issues appears to have receded; a truncated Pakistan no longer seems a major threat; Chinese hostility has somewhat diminished; good relations and military cooperation with the Soviets have been maintained; cooperation with countries that would oppose an Indian test is desired; India has largely achieved its central objective of a dominant position in South Asia without the bomb.

-- Preoccupation with economic problems, food shortages, labor unrest, energy costs, and oil supplies has increased dramatically.

-- In this atmosphere advocates of the nuclear option in press
and Parliament have not been able to command great attention, and public pressure on the Government to "go nuclear" has certainly not increased.

6. A year and a half ago we speculated in ref. tel. that a severe economic and political deterioration in India might tempt the leadership towards the psychological boost of a nuclear explosion. We would like to modify that judgement in light of our experience since that time. India's deepening economic problems are being expressed for the government in acute budget stringencies, for public and private industry in the difficulties of maintaining production and services in the face of shortages and strikes, and for the middle and lower classes in finding the jobs and money to pay for the bare necessities of life. The focus is increasingly on these issues rather than on grander nationalistic aspirations where confidence has in any event declined since 1972.

In this context, we believe the potential popular appeal of a nuclear test is less, that there would be less support among the leadership for such a course of action, and that Mrs. Gandhi herself would be more...
inclined to oppose it.

7. A Chinese missile launch in the Indian Ocean area might (as mentioned in reftel) influence Indian thinking on its nuclear options. But current government doctrine that China's programs need not alter India's reliance on conventional forces. Asked in Parliament in November about press reports that most of Asia is within China's missile range, Defense Minister Ram states that "the defense of our border can best be ensured by adequate military preparedness based upon conventional weapons." The Defense Production Minister told Parliament in August that "we do not accept the theory that China can blackmail us by developing nuclear capability."

8. In sum, India retains its capability to explode a nuclear device on short notice and to carry on a limited weapons program. Its aircraft capability will be the only delivery system available for the foreseeable future. More realistic expectations for India's nuclear and missile prospects have not increased the potential military advantages of early exercise of nuclear options. India's present international and
economic position appear to us to tip the likelihood of an early test to a lower level than in recent years.

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