



# BULLETIN

No. 65 (660), 14 May 2014 © PISM

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## Indian Foreign Policy after the General Elections: Change and Continuity

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*The results of the general election in India, to be announced on 16 May, are likely to bring a change in government in Delhi but should not entail major shifts in the country's foreign policy. Although the probable winner, BJP, sounds more confrontational and divisive on some foreign relations issues (such as Pakistan and nuclear policy), it will need to maintain stable relations with its neighbours and engage world powers in order to revive Indian economic growth. The EU and Poland should capitalise on the more business-friendly policy of the new government to strengthen economic cooperation with India.*

The nine-phase general election to the Indian lower house of parliament (Lok Sabha), which started on 7 April, came to an end on 12 May. The turnout hit a record 66.38%, out of 814.5 million eligible to vote, making it the largest-ever democratic election. Official results are expected to be published on 16 May, and the new government may be formed by mid-June. Among six national and over 1,500 regional parties, the main battle was between the ruling Indian National Congress (INC) and the main opposition right-wing, the Indian People's Party (BJP). There were also a number of regional parties enjoying considerable support in certain corners of this diverse country and the newly formed Common Man Party (AAP) challenging traditional politics.

The election campaign concentrated on internal economic issues, such as inflation, staggering growth, unemployment, and corruption. While the INC, under the leadership of Rahul Gandhi, scion of the Nehru-Gandhi political dynasty, underlined the economic achievements and anti-poverty policies of the last years, the BJP promised good governance and fast development. The "Modi wave" – the great popularity of Narendra Modi, the BJP's charismatic leader and successful chief minister of Gujarat, helped the party to emerge early as a front-runner in all pre-election polls. Even though foreign policy was not a hot topic during the election campaign, the change in power could bring some adjustment in India's priorities or style.

**Towards a BJP Government.** There is, traditionally, a great deal of uncertainty in predicting the final outcome of elections in a country such as India, but one thing that seems pretty clear is that INC-led United Progressive Alliance will be swept from power. First exit polls show that the ruling coalition got its worst results ever, winning only around 100 seats (down from 262 in the 2009 election). The great corruption scandals of the last years, coupled with a slowing economy (below 5% GDP), were among the main reasons for this anticipated historic defeat. This strong anti-incumbency sentiment has mostly benefited the BJP. According to four major exit polls, the BJP-led National Democratic Alliance may win between 249 to 290 seats in the next parliament. However, only the official results will show whether the BJP will be able to cross the 272-seat threshold required to form a majority government on its own, or will need extra help from other parties. No single party has won an absolute majority in an Indian general election since 1984, and coalition governments have been the norm in India since 1989. For instance, the BJP-led NDA, formed after the election in 1998, had 13 members, while the Congress-led United Progressive Alliance (in power since 2004) had even more partners.

If the final results confirm a decisive victory for BJP, it would rule out all other scenarios (an INC-led broad coalition of secular and left parties, or a Third Front coalition government of regional parties). Neither would there be a risk of a hung parliament or further political instability. If, however, the BJP-NDA falls short of a clear majority, it can strengthen the bargaining position of its coalition partners in the regions (such as AIADMK from Tamilnadu, or JD

from Bihar). It seems, however, that India will get a stable government with a strong mandate to deal with pressing domestic challenges and international issues.

**A New Foreign Policy: Economy First.** Political change at the helm in Delhi will not necessarily bring crucial changes in India's foreign policy. There is a general consensus on major direction of external affairs, and bipartisan support for the basic principles of India's policy. The next government will reinforce the focus on India's economic interests and continue the country's strategic autonomy, which means that India will strengthen its multi-alignment with all great powers, rather than siding with one against the others. There should be no departure from India's position on crucial international issues, such as trade and climate change negotiations, or reform of global governance architecture (for example, the United Nations and the WTO), which are deeply embedded in the country's worldview.

A strong BJP government will try to arrest the strategic drift visible in the last years of Manmohan Singh's rule, and pursue a more active foreign policy to enhance India's international prestige and status. Along with the next phase of economic reforms at home, it will pursue a business friendly foreign policy necessary to return to double digit GDP growth. This would entail a more favourable climate for foreign investors (except in the multi-brand retail sector), but also more aggressive expansion of Indian firms abroad, especially in search of energy sources. The BJP will strive to restart relations with the U.S. afresh, after recent diplomatic tensions, and will continue engagement with China, even though it may lay more emphasis on relations with Japan and ASEAN.

The greatest risks refer to relations with Pakistan, as the nationalistic BJP had often called for a tougher stance on its neighbour. For instance, it could find itself under immense pressure to retaliate militarily in the case of a major terrorist attack in India by Pakistani extremists. At the same time, a stronger prime minister may feel better empowered to make difficult concessions and revive the peace dialogue. Narendra Modi has made several conciliatory comments on Pakistan recently, and it is worth remembering that the last Indian prime minister who made a trip to Pakistan in 1999 and launched the bilateral "composite dialogue" in 2004 was Atal Bihari Vajpayee from BJP. Although the inclusion of regional parties in the government may complicate relations with neighbours, there is recognition that India needs a stable and peaceful South Asia in order to realise its economic potential and global ambitions.

As proposed by the BJP, India will focus more on the development of a domestic defence industry, looking for both foreign investments in this sector (the cap for FDI may be raised to 49%) and transfer of military technologies from abroad. A stronger military build-up, strengthening of the navy, and strategic arms will be prioritised. The BJP manifesto also announced a nuclear policy review, although any major departure from "no-first use" doctrine is highly unlikely. Rather, it will try to operationalise the nuclear deal with the United States, signed in 2008, and take action to get formal recognition of its nuclear power status.

The next government will lay more emphasis on projecting India's soft power in foreign policy, and the BJP has promised to expand and strengthen the Indian diplomatic corps, which today can hardly handle growing engagements with too many partners. The change in Delhi may set the stage for a new opening in relations with the EU, which lost momentum during the second term of the UPA government. Still, for some Western countries, Narendra Modi as Indian prime minister may be problematic for his unclear role in the anti-Muslim riots in Gujarat in 2002. This should not, however, form a major barrier, as many countries will look primarily at the huge potential of economic cooperation with India.

**Conclusions.** The general election will most probably bring a change of governing party, and Narendra Modi as the next prime minister. However, Indian foreign policy should offer more continuity than change and any adjustment would be more in style and rhetoric rather than substance. A stronger government in Delhi would mean a more attractive economic partner, but also a more assertive political player. In pragmatic and ambitious foreign policy it will try to expand India's presence in Asia and Africa, and strengthen ties with the United States, Russia and the EU, in a reinforced quest for major power status. Despite nationalistic rhetoric, a BJP-led government will need to engage regional rivals Pakistan and China in a constructive dialogue, in order to provide a stable environment in South Asia, indispensable for India's economic growth.

The EU should not hesitate to engage the new prime minister and revive a flagging dialogue on economic and strategic issues. The early conclusion of the free trade agreement should become a priority, as this can add new momentum to the waning partnership. Common interest in stabilisation of post-2014 Afghanistan, countering terrorism and piracy in the Indian Ocean, climate change and trade negotiations, and the post-2015 development cooperation agenda all offer enough content for constructive discussions at the next EU-India Summit. The EU should also engage India on the current crisis in Ukraine, and the new challenges to the international order springing from Russia's policy.

For Poland, which this year celebrates the 60<sup>th</sup> anniversary of diplomatic relations with India, a new government in Delhi offers a chance to open a new chapter in bilateral ties and push stronger for a strategic partnership. The time has come to start planning a Polish presidential trip to India, and a long-overdue Indian prime ministerial visit to Poland, which would be the first in 35 years. The government should also step up support for Polish companies willing to take advantage of the planned EU-India FTA and the further opening up of the Indian economy.