

Modi's Victory: An Assessment

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Adam Roberts

I'm Adam Roberts. I'm the South Asia Bureau Chief of *The Economist*, based in Delhi but happen to be here this week and at short notice have very happily agreed to chair this evening's discussion. A couple of announcements I should make. This event is on the record, for any other journalists other than me who are in the room. We can make statements on Twitter using #CHEvents. I should ask you, even though you might be tweeting, to put your phones onto silent mode.

We're here to discuss the latest developments in India, and I am certainly struck after four years of reporting from India on the scale of the Modi election victory and what I experienced and we've all experienced with the campaign, evidence of a changing society in India and the emphatic results which we saw in May. We've got a panel of speakers here to discuss what that means, how to interpret it and the most important points that come from it.

Our speakers, not in this order, will be Richard Heald from the UK India Business Council, and Gareth Price here from Chatham House, but I'm guessing that a fair number of people here are keen to hear from Manoj Ladwa, who was the communications director for Narendra Modi in the campaign and has close ties to him in the post-campaign period as well. Sadly, Manoj will have to leave at 6:40, so we're going to slightly rearrange the structure of this discussion so that we quite quickly get to questions and will open debate with people in the room.

I'm going to ask each of our speakers to make a very short opening comment or remark on the election campaign, what the significance was, and perhaps something on what has happened since the election. Then we will open up for discussion. Manoj, would you like to start? Then we'll ask our two fellow panellists to give a quick response to what you say.

Manoj Ladwa

Thank you very much, Adam. Thank you for inviting me. I've spent many a time on the other side in the audience of Chatham House, so it's a real pleasure to be here this evening. I'd like to start off highlighting a particular event that's happened in the last couple of days, and that's as many of you know, the BRICS countries, the leaders of the BRICS countries have been meeting in Brazil for a summit.

In India, there was some chatter over the last couple of weeks as to whether or not Mr Modi should attend the BRICS summit. There was some criticism that the BRICS countries are in actual fact being steered by, and it's a China-led initiative and it's losing traction.

You may have heard that an announcement was made today that the BRICS countries are going to come together and setting up a new development bank. This had been a point of discussion over the last two or three years, but it was by all reports, Mr Modi that pushed for equal shareholding of this bank. There was a lot of resistance from the Chinese in relation to this. And secondly, that India would take the leadership of this new bank for the first six years and it would be located in Beijing.

The reason I say this is that it starts to demonstrate an intent, an intent that has not been seen about India for quite some time now, to lead, to make decisive, to take decisive positions on the world stage.

During the election campaign, though it was principally a domestic campaign as you would expect, there were a couple of points within the campaign that have international strategic significance. One was a speech that Mr Modi made in one of the north eastern states of India, where he talked about the Chinese expansion and warning China against its expansionist desires on India. Coincidentally, it was 24 hours after Obama had made a similar statement whilst he was meeting the Dalai Lama.

The second, and I felt the most telling remark that Mr Modi made during the election campaign on international affairs was where he said that, in a rally in the state of Haryana, that India and Pakistan have a battle. But that battle is not against each other. That's the battle together to fight poverty. Hindu fundamentalist nationalist leader, making a statement like that.

He repeated, during the context of Hindu and Muslim communities in Patna in a rally, where he said the battle between Hindus and Muslims was the battle against poverty, not against each other, setting the tone for what I believe is how he was seeing himself leading India. You also then saw his invitation, unexpectedly to the world, of Nawaz Sharif and the [indiscernible] leaders as well.

I'm just giving an overview of some of the international affairs issues given that we are at Chatham House, to give indications of the intent with which Mr Modi is working the international stage and things hopefully transpire.

I mentioned rallies. To bring you back to the campaign, and I'm sure some of you would be interested in the campaign and the statistics and I'm sure there will be lots of books about it in the future, but Mr Modi over a period of 45 days address over 195 rallies, live rallies, more than four rallies per day, every day in two different regions. He did not miss one single of these rallies.

The significance of that was that there were crowds of 50,000, 100,000 in a few places, 200,000, 250,000. Never in the history of India had we seen so many crowds consistently coming out – north, south, east and west. Nehru did it to some extent, but at a time when there wasn't television. Vajpayee was able to do it, but he did not cross the Vindhyas. Here you had a leader who was able to connect to each and every part of the country with such momentum that during the election campaign, we did start to sense that there was a wave towards the BJP, and you'll question me maybe later on on that.

Over 3,000 rallies, virtual rallies, through 3D and through the tea stall discussions as well. Never had India seen such an engagement between a politician and the public. So something I just wanted to flag that particular point up, the use of technology during the campaign as well.

Narendra Modi said that this use of technology is not there to show off. The use of technology is to demonstrate to young Indians that India can use the very best technology for various different purposes for good. So 3D was about demonstrating to young Indians

that India can be at the very top when it comes to using technology. Technology is one of the big themes.

There's a lot of discussion on social media about the Modi campaign and social media. For me, one of the most significant aspects of it was the use of social media to crowd source ideas. We had over 100,000 different posts on the website, different comments about what should or should not go in the BJP manifesto. That could have been one of the reasons why it was delayed, why it took so long to get out.

In relation to Mr Modi's speeches throughout the campaign, there was a lot of talk over many months that it would be a Hindutva led campaign, very divisive campaign. Throughout the campaign, what I think you'd have noticed is that, and our research showed this, is the topics that had the most resonance with the electorate were jobs, jobs, jobs, whether it was in the north east or whether it was in Kerala.

The entire campaign, as you saw, you saw Mr Modi moving to the centre ground. If you look at British politics, or any politics around the world, political leaders that win elections tend to be able to come into the centre ground. We saw a lot of that during the election campaign.

Was the mandate a surprise? For us within the campaign, towards the end, as we started to see the momentum, towards the end of the last two phases in particular, we were expecting to win big. We were expecting probably to cross over the 272 marker. But to give you an insight, over a year and a half ago, when the whole concept of mission 272 came up and the BJP endorsed that as its main campaign objective, Mr Modi in an internal meeting, did one simple thing. He put a plus in front of the 272. It was a very clear objective of the BJP to try and win a mandate on its own throughout that. That's what was achieved.

I know there will be questions in relation to the budget and so on, so I didn't want to go into that. I'm conscious of time. I just wanted to flag some themes for further discussion.

Richard Heald

I think clearly I'd agree with what Manoj has said. I think that the scale of the victory was something of a surprise. I personally expected a very significant showing by the BJP and the NDA, and that possibly the NDA would get an absolute majority. The result actually came as a real bolt from the blue, and I think key things that have struck me in the 49 or 50-odd days that we've had since the election is first, that the BJP achieved an absolute majority of 282 seats. Yet they still honoured the pledges and agreements of the NDA coalition. Therefore to a large extent, this consensus building within the NDA has been honoured and has held firm.

The second is that there's been something of a revolution that has taken place within Delhi since the NDA government has come to power. That was one of the most significant things in my mind, the meeting that Modi held in his office with all the head civil servants of all the ministries, in which he basically empowered them to take decisions. He removed the threat of the CBI off their back, which was a major dead hand in terms of making decisions and said if you had problems, then come straight to me, come to the PMO.

I think that that, obviously we're going to see how that filters through and percolates through into the decision-making process. But one of the things that we have suffered from under UPA 2 particularly has been an inability to take decisions. So here we have a government which is empowering people to take decisions.

I think if I can just address the budget, which came out last week, I was actually in Bangalore and I watched some of it on television. I have to say, the headline that appeared in one of the magazines over the weekend was 'From hype to reality'. I think that it was a disappointment at a superficial level, and I'll explain that, because what we've seen both in the manifesto, the election and in the 49 days running up to the budget has been an absolutely remarkable choreography of a roll-out of power and a change.

Yet what we saw in the budget was rather a kind of retrospective type catalogue of minor announcements. Within the two and a half hours that Mr Jaitley was on his feet, minus five minutes from when he sat down, he came out with some quite significant and positive statements. We had statements in relation to fiscal discipline, which I think is absolutely fundamental. We had statements with regard to reform of tax, although clearly we didn't have the statements in relation to retrospective tax reform that we would have liked.

But there is clarity now in terms of going forward, there's a process. We had statements in relation to FDI in certain key areas, defence and insurance. These were things that we were looking for. We have to look at what the detail actually says. But what you've seen is a clear direction of travel being mapped out. I think there are two things that one has to realise and put into context in relation to the statements that we've had.

The first, that unlike our system, Indian politicians, India cabinet ministers do not shadow their portfolios. So ministers are coming in and they're having to go from the ground up and learn on the job as it were, in relation to their portfolios. Therefore I think that what you're seeing is an interim measure, an interim statement. But I think the importance that we should take of it is the direction in which we're going.

The other thing that I think one has to look at about the budget is that this government is going to be in power for, unless a major disaster occurs, first at least two terms. That I think is very much at the back of Prime Minister Modi's mind and at the back of his cabinet as well, that actually this is a gradual... there are some very significant structural things that have to be changed. They can't do them immediately. It's going to take time. This revolution, in my mind, will take time for 10 years. I think that the start of this administration has been extremely good.

Adam Roberts

I disagree with one or two of those things, but we can talk about it later. Gareth, you've just been in India. I know you've just had a tour of India and one or two of the neighbours. What was the impression that you've come away with?

Gareth Price

I think one of the issues for India until this election... This was the first election for 30 years that's returned a majority government, just to reiterate the point. So for 25 years,

India has had coalitions. Coalitions mean that there are junior partners. Junior partners need ministries to control. You look at the effects of that in nearly every sphere in India.

One of the issues, if you look at the issue of power for instance, there are seven ministries working on the issue of power. So one of the big challenges for India for 25 years has been to develop a coherent policy towards one of the fundamental issues in India. Instead, you have competing ministries working in competing directions, often trying to raise money for their parties.

There's another question, which Richard alluded to, which is another problem in India's implementation, that the challenge is going to take longer term to resolve. But in the first instance, to be in the position to put together the coherent policies, this is something new and hasn't happened for a quarter of a century, and within that quarter of a century, India has actually been transformed anyway, economically.

I think in terms of foreign policy, there are going to be three key issues. The first that's come out very clearly is the desire for regional stability and taking greater advantage of regional economic opportunities. Again, the point about the coalitions comes into this. One of the big issues in the previous government's foreign policy is it had an agreement with Bangladesh over water sharing. It was scuppered by the government of West Bengal.

That play between regional parties, because the central government is weak, again this is now being removed. This gives scope both in domestic policy-making and in foreign policy-making for sensible decisions that most people would have done at any point over the past 25 years, but they didn't do it because they were reliant on coalitions. I think that's important.

I think there is another issue in terms of the region that's maybe more of a challenge. I was in Pakistan in April, and I said, 'What do you think would happen if Narendra Modi came to power?' They said, 'Well he'll be domestically focused. He won't start looking in the region for a couple of years.' Again, the point that he's got a majority meant that one of the first things he could do was to invite the leaders of all the countries of [indiscernible], as well as the Tibetan prime minister in exile, to come along. It took Pakistan quite a while to respond, because it was a surprise.

We recently released a report about water, and one of the issues that came up in Nepal and Bangladesh is, how do we respond if India were to come to us with an offer? I think there's a danger on the regional side that Narendra Modi might put forward positive solutions, but it will actually be the smaller neighbours that will find themselves not in a position to respond.

Regional stability is going to be a key part of foreign policy. The second is looking for foreign investment. It's going to be an economically focused foreign policy, and clearly the first places he's going to look for that are in East Asia, including China. He's already signed an agreement for China to open up four industrial parks, despite the security concerns, with Korea and in particular I'd say with Japan.

Shinzo had his Twitter feed, and I presume it is the genuine one, Japan's prime minister follows three people, one of whom is his wife, one of whom is a former governor of Tokyo and the other is Narendra Modi. Except a lot of Japanese investment.

It will be very interesting the relationship with the West and the extent to which the visa ban issue, following the [indiscernible] in 2002, plays on his mind. I think it's fair to say that there's certainly a number of Northern European countries that will not be his top priority.

But I think the final thing, a continuing issue in Indian foreign policy, is the crisis management side of it. It's 'what happens if?' there's a terrorist attack link to Pakistan-based militants. After very strong rhetoric during the election campaign, how would he respond? What happens if Chinese soldiers cross the line of control into India? There are crises on-going now. India's consulate in Herat was attacked a couple of weeks ago. When I was in India a couple of weeks ago, the nurses in Iraq, some Punjabi labourers are still being held by ISIS in Iraq.

There is kind of immediate crisis management things that could well derail both the domestic and certainly the foreign policy.