

INDIAN ELECTIONS GEARING UP FOR A "NEW" INDIA?



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INDIAN ELECTIONS GEARING UP FOR A "NEW" INDIA?

Report of the policy insight

organised by *Friends of Europe*

in association with European Indian Chamber of Commerce (EICC)

with media partner *Europe's World*

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Factsheet "Team Modi" takes charge by Shada Islam, Director of Policy at *Friends of Europe* and Patricia Díaz, Programme Manager at *Friends of Europe*

POLICY INSIGHT

Indian elections: Gearing up for a "new" India?

Indian voters have given a resounding mandate for reform and change to Prime Minister Narendra Modi, sparking high expectations of a “new” and more dynamic India. Yet, a number of challenges confront “Team Modi”, including growing demands for an end to corruption, measures to tackle the scourge of poverty, create new jobs and play a more decisive international role. “While we all share a common curiosity about Narendra Modi, what are his policy options and will he be able to fulfil his promises?”, asked moderator Shada Islam, Director of Policy at *Friends of Europe*, inviting speakers to address the pressing domestic and foreign policy issues on Mr. Modi’s agenda. The debate gathered a large number of participants from the EU policy community, Indian and European diplomats as well as representatives of business, media and NGOs.

Great expectations: Hopes and challenges of Narendra Modi's mandate

“Voters were crystal clear in their choice of leadership, with one party, the Bharatiya Janata Party (BJP), winning an absolute majority of parliamentary seats for the first time in 30 years”, said Indian Ambassador [Manjeev Singh Puri](#).

On the domestic front, the government promised to prioritise urbanisation, energy policy, curb food inflation and create new jobs. “Narendra Modi was able to attract young people by raising their hopes”, said [Shishir Kumar Bajoria](#) Chairman of the IFGL Group, India. Yet, this overwhelming consensus among the 18-30 age group also constitutes a challenge, compelling the government to deliver on its electoral promises.

“From an economic point of view the government must prioritise inflation and the resulting stagnant growth” said Bajoria. “Controlling inflation would also enhance India’s energy supply and thus re-launch the growth of the manufacturing sector” he added. India’s need for a strong and stable currency would in fact reduce the cost of its significant oil imports.

“From an economic point of view the government must prioritise inflation and the resulting stagnant growth.”



Shishir Kumar Bajoria, Chairman of the IFGL Group, India

Participants expressed concerns as regards the capacity of this new government to tackle the social problems connected to poverty and communal relations. How inclusive would the “new” emerging India be when it comes to minorities and the poor?

According to Shishir Kumar Bajoria, poverty alleviation should be a central point in the government’s recipe for growth, as it would increase the number of people with purchasing power. “The government should start by pushing the existing food stock into the market, especially with predictions of a poor monsoon this year which would further affect the hungry population”.

“Modi’s dream of a “rising India” is so appealing because nobody wants to drift on the fringes of poverty”, said **Gauri Khandekar**, Researcher and Head of Agora Asia-Europe Programme at FRIDE, criticising the ineffective pro-poor policy of the previous government. “Indian villagers do not want their children to get free handouts but to have employment and growth opportunities”, she added.

On the communal issue, speakers agreed that, while the Prime Minister has a controversial history, his national mandate will have to be inclusive, especially as a number of Muslims voted for the BJP.

India’s new government must respond to concerns about the BJP’s communal attitude by ensuring that “everybody benefits from the growth and has a share of this “new” India”, said **Neena Gill**, MEP for the Labour Party West Midlands.

“Modi’s dream of a “rising India” is so appealing because nobody wants to drift on the fringes of poverty.”

Gauri Khandekar, Researcher and Head of Agora Asia-Europe Programme at FRIDE



Gauri Khandekar, FRIDE, Manjeev Singh Puri, Ambassador of India and Shada Islam, Friends of Europe

On the foreign policy front, Modi has shown an interest in strengthening India's relations with neighbouring countries and the wider Asian region. Can India aspire to become a regional superpower?

"Building stronger regional ties is crucial for India", said Shishir Kumar Bajoria expressing satisfaction at the presence of representatives from Indian's neighbours, including Pakistan, at the swearing-in ceremony of the new Indian government. "I hope India's willingness to increase economic ties with Pakistan and China will overtake the existing political disputes", he added.

Speakers agreed on the need for India to engage in Afghanistan. "India has a civilization link with Afghanistan which drives development cooperation and partnership between the two countries" said Manjeev Singh Puri, envisaging a pacifying role for India among the stakeholders, to avoid exacerbating destabilising forces in the region.



Shada Islam, Director of Policy at *Friends of Europe*

EU-India strategic partnership: After Looking East, will Modi also turn West?

Among the many facets of this "Modification", India-EU relations seem to be at the bottom in the list of the new government's foreign policy priorities. Despite existing business ties between India and the EU, negotiations for a Broad-based Trade and Investment Agreement (BTIA) have come to a standstill over the last few years. "Will the new Prime Minister work to overcome the inertia that has engulfed EU-India relations?" asked Shada Islam.

"India and the EU share a number of economic and diplomatic priorities, including a common quest for global good."



Manjeev Singh Puri, Ambassador of India to Belgium, Luxembourg and the European Union

"India and the EU share a number of economic and diplomatic priorities, including a common quest for global good", observed Ambassador Singh Puri, expressing optimism that negotiations on the BTIA would be finalised under Modi's government. However, the EU must recognise India as an equal partner in the process and realise that the competition to enter the Indian market is fierce.

“Many of the technologies the EU can provide are available at equal or even better terms from developing economies such as China, Korea and Brazil”, he said. Furthermore, contrary to the common perception in Europe, the agreement must also be made more appealing and attracting to both Indian businessmen and civil society.

“Many of the technologies the EU can provide are available at equal or even better terms from developing economies such as China, Korea and Brazil.”

Manjeev Singh Puri, Ambassador of India to Belgium, Luxembourg and the European Union



“I believe that EU-India relations are bound to improve.”

Neena Gill MEP, Member of the European Parliament for the Labour Party West Midlands

“I believe that EU-India relations are bound to improve” said Neena Gill. Still, India’s initial foreign policy moves have been strongly focused on Asia. Also, there are crucial domestic policy issues the government needs to prioritise, such as infrastructure, energy and growth. In the meantime, “the EU will be busy sorting out its own new leadership”, said Gill. Then, both India and the EU will

hopefully embark on a more continued and productive cooperation to finalise the BTIA. In this respect, the emerging far right and anti-immigration groups within the EU political landscape cannot dictate the political agenda “as the majority of elected representatives are committed to the EU being a force for good globally”, she said.



Expressing a more pessimistic view of the India-EU trade and investment partnership negotiations Gauri Khandekar remarked that “when the BJP was at the opposition it was among the critical voices against the EU-India FTA, citing transparency and accountability issues”. On the other hand, she pointed at infrastructure and urbanisation as possible avenues for EU-India cooperation which should be pursued separately and would perfectly fit into Narendra Modi’s national priorities. In fact, India-EU relations could benefit from a fresh look at shared values and priorities, besides trade and investment. For example, “while women are still a majority of the very poor, India has shown a commitment to enhance gender equality”, said Neena Gill. In that regard, she observed that “strengthening common initiatives to foster women’s economic independence could be a promising area of EU-India cooperation”.

“Strengthening common initiatives to foster women’s economic independence could be a promising area of EU-India cooperation.”

Neena Gill MEP, Member of the European Parliament for the Labour Party West Midlands



Is there still space for an opposition?

Caught up in the post-election momentum, India’s new government seems to enjoy strong support – but is there still a credible opposition in the country?

“Indian media constitutes a strong source of checks and balances for the government.”

Gauri Khandekar, Researcher and Head of Agora Asia-Europe Programme at FRIDE



With forty four seats in the parliament, the Indian National Congress is the largest opposition party. Yet, observers have cast doubts over the party’s capacity to act as a strong and constructive opposition after the scorching electoral defeat. “The Congress party ruled the country for several years failing to deliver the change that an emerging India expected”, said Gauri Khandekar. On the other hand, the Aam Aadmi Party (AAP), after the big hit at the peak of India’s anti-corruption movement in 2012-2013, failed to capitalise on its public support. “The AAP’s anti-establishment profile turned voters away, as they favoured parties who would participate in a strong majority government”, Khandekar said. However, several regional parties have emerged as potential strong actors at the national level. In addition, the Indian media constitutes a “strong source of checks and balances for the government” she concluded.

As hope and optimism tinge the aftermath of the election results, Modi and his government face the hard task of hauling India into a “new” era of growth, development and increased international influence. Backed by an unusual combination of supporters, including young people, minorities, business and the poor, Modi’s rhetoric has metamorphosed the Hindu nationalist BJP into the champion of the country’s aspirations. As it takes charge, “Team Modi” faces the challenge of converting its commitments into policies and action. Only then, as Modi promised, will India really bask in the “good times”.



Gauri Khandekar, FRIDE, Manjeev Singh Puri, Ambassador of India, Shada Islam, *Friends of Europe*, Shishir Kumar Bajoria, IFGL Group and Neena Gill, Member of the European Parliament



ANNEX I – Programme

POLICY INSIGHT

Indian elections: Gearing up for a "new" India?

India's post-election direction matters - to the future of the country but also to a closely-watching world. Whoever gets to lead the world's largest democracy will have to tackle an array of challenges including the massive task of economic reform. Persistent high inflation, infrastructure bottlenecks, rampant corruption and regulatory hurdles continue to hamper the country's potential. With growth hovering at a decade-long low, reforms are essential for India to meet the demands of its rising middle class which also wants social change and improvements in the status of women. What are the priorities of the new leadership? How is the government planning to restore investor confidence and stimulate long-term economic growth? What are the main roadblocks to reform? How will the election results impact on India's foreign policy? Will the new government adopt a tougher line in relations with its neighbours? What does the election outcome mean for the future of EU-India relations? Can negotiations on a Broad-based Trade and Investment Agreement (BTIA) gain new momentum?

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Right: N. Natarajan, Europe India Chamber of Commerce (EICC)



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Shishir Kumar Bajoria, IFGL Group
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organised by *Friends of Europe* in association with EICC and *Europe's World*

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INDIAN ELECTIONS: GEARING UP FOR A “NEW” INDIA?

Friends of Europe's very active Asia Programme provides in-depth analysis of the rapid changes taking place across Asia, covering crucial questions linked to the post-2014 future of Afghanistan and Pakistan, India's global outreach, reform in Myanmar, and ASEAN's march towards further integration. The challenges facing China's new leadership are explored and discussed in the Europe China Forum. Through activities ranging from high-level conferences to seminars, roundtable discussions, and publications - with a strong emphasis on policy recommendations - the Asia Programme is contributing to a new EU vision and strategy for Asia. .



**Indian elections:
Gearing up for a “new” India?**
OP-ED

Expectations of change are high as Narendra Modi, leader of the Hindu Nationalist Bharatiya Janata Party (BJP), takes charge as India's new prime minister.

Critics describe him as controversial and polarising. But with his ground-breaking outright parliamentary majority, Modi certainly has the mandate to take strong and decisive action to revive economic growth and tackle India's many other challenges.

Indian business leaders have embraced Modi as their man, seeing him as the best hope for ending paralysed government policy and bringing in more foreign investment.

An impressive turnaround in the fortunes of Gujarat, the Indian state he led as chief minister since 2001, his supporters speak of a “Gujarat mode of success”, has further burnished Modi's credentials.

Still it won't be easy. With India's economic reform and liberalisation programme running out of steam and growth falling from 10.3 per cent in 2010 to less than 6 per cent annually, the new prime minister faces an uphill struggle to turn election pledges into effective national policies.

A paradigm political shift
He has the voters with him. Modi's election victory is historic, triggering a historic episode in Indian election politics. The BJP-led coalition, the National Democratic Alliance (NDA), won 285 seats in the 543-seat Lok Sabha (India's lower house of Parliament), with the BJP itself securing a sweeping outright majority by winning 283 seats.

Good times are coming
During hundreds of rallies across the country, the BJP leader promised his voters that “good times are coming” as he vowed to promote development, create economic growth, tackle youth unemployment, build a world-class infrastructure, and ensure women's safety.

The list of tasks for the incoming government is long and Modi, who campaigned on promises of “faster government, more governance”, will have to act fast.

The first priorities will be to kick-start the economy, overhaul the infrastructure sector and set up million young people entering the labour market every year. The new Indian leader will have to act quickly to deliver on promises to create jobs.

The election also signals a radical transformation of India's political landscape, with the long-ruling Congress Party, led by the Gandhi dynasty, winning only 44 seats, down from 205 in the previous Lok Sabha.

It will be a challenge. Analysts say India must create 10 million jobs a year, four times the pace of the last 5 years, to absorb youth into the workforce. One-fifth of the country's population is aged under 25 years.

Expectations of change are high as Narendra Modi, leader of the Hindu Nationalist Bharatiya Janata Party (BJP), takes charge as India's new prime minister.

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