THE BROOKINGS INSTITUTION

THE RESULTS OF INDIA'S 2014 GENERAL ELECTION

Washington, D.C.

Monday, May 19, 2014

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P R O C E E D I N G S

MS. MADAN: Good morning. I'm Tanvi Madan, a fellow in the foreign policy program at Brookings, and the director of the India Project here. The India Project is the U.S.-based part of the Brookings India Initiative. The India-based part is our center in Delhi, the Brookings India Center. If you'd like to learn more about them, you can visit their website at Brookings.in.

I'd like to welcome all those of you here today, and those of you who are joining us via webcast. If you're following along on Twitter, or tweeting yourself, we are using the hashtag #indiaelections.

For those who have been following Indian politics, this has been quite a year, and quite an exciting year. It culminated in an election where we were five weeks, 550 million Indians, 66 percent of the electorate turned out to vote. And what we've got at the end of it is a historic result.

The panel which we have today will talk about where the result might bring continuity, and where it will bring change. But let me outline a few reasons why this is historic, and why change is in the air.

First, this next government will replace the longest serving Indian government since 1977. The BJP, having won a majority on its own, it can form the first non-Congress Party, non-coalition government in India's history. Third, it will -- unusually for India -- be led by an individual who has been the chief minister of a state for nearly a dozen years. And finally, as Mr. Modi has himself pointed out, he will be the first Indian prime minister born after India's independence.

We have with us today, to break down the results and to discuss some of these issues, a great panel, some of whom you've heard before here and at other places. I won't elaborate on their impressive bios here, in the interest of time, so that you can get

to hear them, but they are available on their websites, as well as, for those of you present, on the sheets that you have.

Just to introduce them in the order that they will speak, Milan Vaishnav, who is an associate in the South Asia Program at the Carnegie Endowment for International Peace, next door; Sadanand Dhume, resident fellow at the American enterprise Institute, who has literally just walked in, rolling in his suitcase -- he's come in from India; Rick Rossow, who's the Wadhwani Chair in U.S.-India Policy Studies at the Center for Strategic and International Studies; and Dhruva Jaishankar, transatlantic fellow in the Asia Program at the German Marshall Fund of the United States, and a Brookings alumnus.

Without further ado, Milan, over to you.

MR. VAISHNAV: Thank you, thanks everyone. Thank you to Tanvi and to Brookings. This is the fourth in a series of election events. I think we're all feeling very sad that is ending. Fortunately, in India, an election is never too far in the future, so we're already gearing up for the next set of state elections. But our sincere thanks. I think many of us are going to be wandering around Massachusetts Avenue in the coming weeks kind of aimlessly, not knowing what to do with ourselves.

I have the unenviable task today of rushing through, in about 10 minutes or so, what's happened in the Indian election, which is not an easy thing to do, because you have to go over 8,000-plus candidates, 384 parties, 551 million voters, 29 states, 7 union territories, $5 billion in campaign money that's been spent.

So I'm going to try to just boil things down to their most core essential facts, and then end with what I think are some puzzles, or interesting questions, that hopefully we'll get into in the Q&A.

As Tanvi mentioned, I think the first thing to point out is to really give our kudos to the Indian voters -- 66.4 percent estimated of the 815 million voters turned out, which is the highest ever in India's history. This is more impressive, given that the denominator has increased, which is to say the electorate, the size of the electorate has increased, and the election commission has done a much better job of getting people onto the rolls. So 66 percent is really a figure that I think Indians deserve to be proud of.

We all know, leading in the elections, the exit polls which we all talk with a pinch of salt, or maybe a huge heaping spoonful of salt, predicted that the BJP-led NDA would do quite well in these elections, would likely have the numbers to form a government on their own, perhaps with the need of a few additional allies, while the UPA would suffer a really devastating reversal. And then you have this large, floating group of others who may be pivotal, depending on how the NDA performs.

What we saw is that really only one of these polls was able to get the seat projections right, which is today's Chanakya. You're going to hear a lot about them in the coming days. These are also -- this is the only group which called the Delhi elections right in December 2013.

So the polls were sort of right. They all kind of got the general mood of the Indian electorate, although that was really the only poll which got the seat projection right.

So we see the BJP-led NDA going from 159 seats to 335, which is just a mind-boggling figure, for those of you who follow Indian politics. We're still, I think, trying to wrap our heads around what that means, where the UPA goes down to just 60 seats, which is just, I think, a devastating blow that few, if any, could have predicted. And then the remaining balance going to a wide variety of regional players.

And this quite literally redraws the political map. I mean, I think it's just stunning to look at these images of what the map looked like in 2009, in the orange there, the BJP and its allies, and the blue are the Congress and its allies, and the rest are the others -- to see that see of saffron -- right? I mean, you see it, really, in all four corners of the country. You see it traditionally in the areas of the Hindi-heartland north, where the BJP has done well, and the west of the country, but you also see it in the south, you see it in places as far north as Jammu and Kashmir, you see it in the east and in the northeast, in Bengal, Assam. So this is really, I think a remarkable achievement by any measure.

When you look at in vote-share terms, we still are operating off essentially the same equilibrium we've had in the past five election cycles, which is 50 percent of the All-India vote goes to the two national parties, the Congress and the BJP, with the remaining 50 percent going to the regional parties. We've seen that that share of vote going to regional players has come down somewhat to 49.7 percent.

But the real movement, of course, is in the composition of the vote going to the BJP and the Congress, where the BJP, on its own, got 31 percent of the vote. And this is really a seismic shift, when you consider the best it's even done was 25-1/2 percent in 1998, and it was working off a very low base of just 19 percent last time around. And I think if you wanted to be charitable about the performance of the Congress Party, one thing you could say, as a sort of consolation prize, is that it still has about 20 percent of the All-India vote. Okay? So it was certainly decimated in terms of the number of seats. But, going forward, having a 20 percent vote bank is something that is sort of nothing to sneeze at.

When you look at where that swing was coming for the BJP, this is really extraordinary. It may be hard for some of you in the back to see. I would just point out

that in UP, the most electorally critical state, we saw nearly a 25 percent vote swing for the BJP.

In several other states, like Bihar, sizable swings, but also in places where I think few of us would have predicted, which is really a sign that this was, in fact, I would argue, a Modi-led BJP wave -- in Assam, a 20 percent vote swing, in a place like J and K, where they picked up seats, Jammu and Kashmir, 14 percent. Even in Bengal, which is a place where the BJP has struggled to make inroads, an 11 percent gain there. The only place where the BJP went backwards, you could argue, potentially because of its alliance partner, the Akali Dal, was in the state of Punjab.

The mirror image is true of the Congress. And Delhi, here, is really quite striking. I mean, this was a place that the Congress Party controlled for 15 years -- right? -- with a very powerful chief minister, Sheila Dikshit, and seen its vote share go down by 40 percent.

In Andhra Pradesh, I think also worth mentioning here, a 27 percent loss. This was the state which provided the Congress Party with the greatest number of MPs in 2009. It's been a state which has been politically fractious -- of course, has been split into two, with the carving out of the new state of Telangana.

The only two states where the Congress vote share has improved in the state of Chhattisgahr, where it's marginally improved by about a percent. And in Karnataka which had, of course, an unpopular, somewhat malfunctioning BJP government which was thrown out of office in May 2013.

So, how did the BJP do this? So, I think there are three factors worth pointing out.

The first is that the BJP saw a real surge in support, especially in urban centers. Now, as you can see from this chart, it did better than it did in 2009 in rural and

semi-urban, but urban is really where the biggest jump went. It went from 17 percent of the vote in 2009, to over 40 percent in 2014. And of course, as India is increasingly becoming urban, this is something that I think bodes well if the BJP can capitalize that for the future.

When we talk about the youth vote -- right? -- the numbers vary, but estimates suggest over 100 million first-time votes, the BJP did exceptionally well amongst younger voters. So you can see it really dominating the Congress Party. This data, I should mention, that I'm referring to, at the voter level, comes from the CSDS post-election poll.

Although the BJP does very well even among older voters, you can see that the margin of difference in support between the BJP and the Congress declines as voters get older.

The third thing I would mention -- here, CSDS has not released the caste-wise breakdown for parties, but they've done so for prime ministerial preference, so that's what I'm going to be showing here. You can see that the BJP has done very well amongst its traditional votery, the Hindu upper castes, not done very well amongst Muslims -- we'll get to this in a second.

But, again, the swing voter in India is increasingly the OBC voter, the "other backward castes," the 40 to 50 percent of India which is neither at the upper echelons of the caste hierarchy, nor amongst the Dalit-SC community. And this was a pivotal group because it's large in number, because many of these voters had gone in support of regional parties, especially in the Hindi north, and Modi himself comes from this community. So it was a group that they thought was critical to the electoral fortunes, and where the swing towards the BJP, I think, was very important.

However, having said all of that, it still appears, at least from the CSDS data that the BJP is still struggling to attract the support of minority groups. 9 percent of Muslims supported the BJP in this election, according to CSDS, 8 percent of Christians, a slightly higher number of Sikhs. And so this is going to be something, I think, we're going to obviously be hearing a lot of about. It's no big secret why the BJP suffers from these groups -- when it comes to these groups, but it's going to be potentially something to watch out for in terms of the kind of polarization that we see continuing during the reign of Mr. Modi.

So let me just transition here by way of concluding -- so I've kind of given you an overview of kind of the factors that went into this BJP wave, this BJP surge -- let me end with four questions, or puzzles, or just interesting observations about how these elections, I think, are really different -- and for somebody who studies Indian politics, that we got wrong, frankly, that we didn't quite anticipate.

The first is, we had gotten used to the idea of inserting the word "inevitable" in talking about coalition governments -- right? Since 1989, that really has been the way in which Indian politics at the center has increasingly worked, it's through coalitions. And here you can see, since '89, no single party has been able to get a majority, which is 272 seats in the Lok Sabha. The BJP is able to do that this time. Now, they may, of course -- and as I suspect they will -- govern with allies of the NDA, but they need not. It's really a decision that's out of choice rather than necessity. The BJP, on its own, got 282 sears. So that really is a landmark, and we have to rethink the use of that word "inevitable," which had become kind of standard in all of the opening paras of our articles about Indian politics.

The second is the Modi wave -- right? I mean, I think many people were skeptical of this idea that you could have a wave built around one person that was largely

built around a rhetoric of aspirations of social mobility, of development. And it does seem to be that this was successful, and this was manufactured by the BJP with great effect, although one thing I'd point out is, there is a lot of variation in the pervasiveness of the Modi wave.

So, the blue here is "voters who would not have voted for the BJP without Narendra Modi, the gold is those who "would have voted for the BJP regardless" -- okay? It doesn't matter who you have at the top of the ticket. And then they gray here is those who didn't really express an opinion.

And you can see, in a state like Karnataka, 57 percent of voters who were surveyed by CSDS said that they would not have voted for BJP except for Narendra Modi, which tells you something about his value added.

I think one puzzle that we're going to be thinking about in the coming weeks is: Look at the difference between Bihar and UP. In Bihar, 44 percent of voters said that wouldn't have voted for the BJP without Narendra Modi. Okay, that's a very high number for a state which is supposedly caught up in the Modi wave. And compare that to Uttar Pradesh, where only 17 percent they wouldn't have voted for the BJP without Modi. In other words, 64 percent of voters interviewed in UP said "we would have voted for the BJP regardless."

So, what is it that's so different about these two neighboring states which have so much in common -- dominant regional parties, similar cultures, similar socioeconomic backgrounds which has a very different reaction, a different take on Modi and the BJP? And I think we'll probably get into some of this in the Q&A. I have my own hypotheses on that.

The third big takeaway is we had been taught that, again, since '89, you can't really speak about national elections, you really talk about a collection, or an aggregate of state-by-state verdicts.

And, by any measure, I think we're seeing a partial reversal of that trend. Not only was this move towards the BJP largely a pan-Indian enterprise, but also the issues which animated the voters were very common. They all had to do with issues related to the economy and governance. So, when voters were asked in this CSDS poll after the election, "What was the single most important issue in helping determine your vote choice?", the top three across the board were, "price rise/inflation," "lack of development," and "corruption."

Now, the extent to which these were salient in states varied, as you can see here. In Delhi almost 1 in 2 voters thought inflation was the number one issue, while in Karnataka there was a range of options. The number one only garnered 12 percent, that was "corruption" -- which may be not surprising, for those of you who know anything about the recent history of Karnataka. But it largely was economic issues across the board in all four corners of the country.

Let me just end here with what this says about the so-called "other national parties." So, technically speaking, India has six national parties in addition to the BJP and the Congress. You have the BSP of Mayawati, you have the CPIM -- the Communist Party of India (Marxist), the CPI -- the Communist Part of India -- and the NCP, the Nationalist Congress Party of Sharad Pawar. All four of these national parties are in danger of losing their national party status. They saw considerable declines in both their vote share and their seat share, which says something about these parties which had started, such as the BSP, as essentially a single-state party, and tried to

project itself as a national party, making inroads into Haryana, into Punjab -- sorry, into Haryana and Delhi.

And those inroads have largely evaporated. And I think that that's something that we're going to be trying to understand for some time, of why it was that these national parties suffered such a step back, and have essentially reverted to being, in most cases, single-state parties.

Let me end there. Thank you very much. (Applause)

MR. DHUME: Good morning, everybody. Tanvi's right, I literally just got off a flight from India. So if I'm a little bit incoherent, I hope you will forgive me.

I'm going to sort of segue from where Milan left off, and talk about what I think are the four big sort of political takeaways from this. And I think from there, we're going to move on to some of the policy implications in both economic and foreign policy.

But for me, if I were to summarize this election, the four big things that emerged in 2014 that make this stand out -- and some of these, of course, pop out from the numbers that Milan was showing earlier.

The first is that this was India's first presidential election. Now, we had been discussing this at Brookings over the course of the past year, how presidential will this election be? How prime-ministerial would it be?

It's very clear, both from the poll numbers, but also from just anecdotally speaking to people, that in many ways the BJP succeeded in making this a referendum not just on the mis-governance of Manmohan Singh, but on Narendra Modi. So that's a huge shift.

I believe that there's no going back. You're not going to see elections in India fought in the old way again. This has been extremely successful for the BJP. Not projecting a presidential candidate, and, in fact, having a weak candidate in Rahul

Gandhi has proved catastrophic for the Congress. So I think this is a turning point in Indian politics in this regard -- at least in the post-1989 coalition era.

The second is that, for the first time, India's polity has swung decisively to the right. Now, in the numbers Milan showed you, even when the BJP won more seats than the Congress in 1996, 1998, and 1999, it never won more votes. For the first time, the BJP has won more votes than the Congress. It's got about one in three voters in India voted for the BJP. Only about one in five chose Congress. If you factor in the votes for the NDA, which many were effectively for the BJP and Modi as prime minister, it comes to about 40 percent a little bit less than 40 percent of the national vote -- which is quite staggering.

For the first time, the BJP has made serious inroads in southern and eastern India. It was always see as a party mostly of the north and the west.

And some of these things are just stunning. I mean, I never thought in my lifetime I would see an election where the BJP wins more seats than the CPM in West Bengal. I mean, that is unthinkable. Or the BJP's vote share in Tamil Nadu was higher than Congress. So that give you sort of a, for those of you who follow politics, these are things that have simply never happened before. Some of these are things that would have been unimaginable before this election.

So to that extent, not just in terms of social groups, which Milan pointed to, and this kind of Hindu consolidation around Narendra Modi, but also in terms of region you have this rightward tilt, and you have the BJP emerging, at least for now, as the natural party of governance in India. Of course, it remains to be seen how many of these gains are long-lasting, and how many of these gains are temporary, and we will sort of come to that in five years. But, for now, this is really quite dramatic.

The third is the end of the Congress, and a question mark of the future of the Nehru-Gandhi dynasty. People were predicting a bad performance for the Congress but, you know, the question a few weeks ago really was -- since no one really takes the exit polls seriously -- the question was: Will they get to 114 seats? 114 seats was their previous low, which was in 1999, at the height of Atal Bihari Vajpayee's popularity, when he had just won a war against Pakistan in Kargil. They're now down to 44 seats. They have 7 more seats than a regional party, the AIADMK.

So, again, it's hard to -- yes, they have 20 percent of the vote, but the way people think of this is really in terms of your seats. So, a party that had, 30 years ago, the last time any party had a single-party mandate was the Congress, at that time they had more than 400 seats. Now they're down to 44. They have so few seats that the leader of Congress cannot automatically claim the title of "leader of the opposition," because you need at least 10 percent of the seats in the lower house of parliament for that.

So the question really is that was does this mean for the Congress Party? What does this mean for the Nehru-Gandhi family? And while I would agree that you can never say never in Indian politics, and the Congress has, in fact, bounced back from severe defeats in the past, none of those defeats has been remotely this severe, and never before has there been such a serious question mark over the quality of the leadership of the Congress Party.

The fourth big takeaway is the decimation of the left. Between them, the CPM and the CPI have 10 seats. As recently as 2004, when the NDA government was defeated, and the Congress came back with the support of the left, the left front had 60-odd seats. So, in terms of numbers, the left has -- this is the lowest since Indian independence. But I think what you're seeing is something more profound. You're

seeing the left -- you know, all these years after the fall of the Berlin Wall, you're seeing India's left in an existential crisis.

This doesn't mean that leftist thinking goes away from Indian politics. In fact, I would argue that the rise of some of these new parties, like the Trinamool Congress in West Bengal, like the AAP in Delhi, that's kind of a sort of -- they are increasingly occupying the space that was once occupied by the CPM. But again, for the CPM and the CPI, this is a crisis. They're down to 10 seats, fewer than many regional parties, in fact.

And so the question for both, for the Indian left, is really one of survival. How long can they -- if their vote share is lower and their number -- if their seat share is lower than the BJP in West Bengal, will they be able to stop their vote from really being cannibalized? And how do they come up with an argument that resonates with Indian voters? And we've found very clearly that, you know, enemy number one really has been Narendra Modi.

The final thing is, I think that, you know, as you look ahead you're going to see, as a result of these things -- the Indian politics being more presidential, this very sharp turn to the right, the Congress Party in a crisis, both in terms of the number of seats, and also in terms of the quality of its leadership, and the decimation of the left -- what this means is that many things are just going to be open for debate, and open for contestation in India in a way they have not been.

So it's hard to exaggerate -- and I know that's sort of, you know, I mean, this is all very fresh, and so on -- but I think even if we were to have this conversation two months from now, or six months from now, you would look back on this election and say it's hard to exaggerate the degree of change.

And I think that you're going to see new debates. We don't know what direction they're going to take, but I think you're going to see dramatically new debates in terms of economic policy, in terms of the meaning of Indian secularism and pluralism, in particular. Some of those numbers on the Muslim vote were quite striking. But one of the things that's interesting there is that the BJP continues to lag in terms of the Muslim vote, but even under Modi, it has doubled its share of the Muslim vote compared to 2009. So it's still a very low share, it's about 9 percent, but it's twice what it got last time.

So, I think there are a lot of things that are in play. I think you're going to see very, very interesting debates on just how far he can move with economic policy, in particular, because now he has a mandate. And the general rule of thumb was that if the BJP had fallen short, or if the NDA had fallen short, we could have expected a more cautious approach. But, with 282 seats for the BJP alone, with the first single-party mandate since 1984, with the crushing win for the coalition, and with the fact that you have this politician who really emerged from nowhere, completely different class background from all his -- from most of his -- from his predecessors, there have been chief ministers before who have become prime minister, but there haven't been people who have used their base as a chief minister, and really campaigned for it in this sort of U.S. style, and ridden to the prime minister's office.

On last thing before I end -- I mean, one of the sort of little pieces of trivia on this -- is that Narendra Modi's first job as a state-level politician was chief minister of Gujarat. He'd never fought an election before. His first election was as an MLA when he was chief of Gujarat. And here is someone who is entering the Lok Sabha as the next prime minister of India. And that's just something to chew upon.

Thank you. (Applause)

MR. ROSSOW: All right, so now we'll take a look at what the implications of the election might mean, particularly for me, from the economic standpoint. You know, luckily, I was able to give most of my talking points on this just a few weeks ago, since I think most people, and I had also, at that point, it appeared inevitable the BJP would win. So I used a lot of my good bullets then, but I'll try to come up with some new, fresh, and interesting material on that.

So, first of all, let's look at constraints, and then later on I'll move to what's in the realm of the possible.

Constraints -- first and foremost is they have a domination of the lower house of parliament, but there is an upper house of parliament, the Rajya Sabha. And the BJP and its allies, you know, they're only going to hold about 26 of seats in the upper house of parliament, whereas Congress and its allies -- and by "allies" sometimes I mean parties that are diametrically opposed at least to the BJP -- they hold about 38 percent in the Rajya Sabha.

And it's kind of funny, some of the feedback I've gotten already on this point from the Twitter-verse, they assume that every bill will become a money bill, therefore the Lok Sabha can dominate. They assume that every bill will have a joint session of parliament. Some of this is not in the realm of realty, so those watching online and in the room, just make sure you know what's feasible and what's not on this. The upper house can block legislation if they don't approve of it.

Also, kind of a new point, too, I think, compared to what I'd said a couple of weeks ago, you know, the upper house, there still is a large bloc of regional parties that have a sizable share in the upper house. And the BJP, because it doesn't have a lot of, a big footprint in some other states, they do have an easier time than Congress in working with some of these regional parties. But I think, with the dynamic showing that

they had in a lot of states where they traditionally had been weak, it's going to be a little tougher for the BJP than I would have predicted a few weeks ago, for them to pull some of these regional parties on for tough votes in the upper house. They obviously won't need it for the lower house, but they will for the upper house.

The second thing I'll mention in terms of limitations is states. The BJP has 5 states, including with coalition allies they'll be at 7 or 8 states of 29. Congress has 11 states of 29. And so, you know, the BJP will be in a relatively weak position on actually carrying out policies.

That also may preclude constitutional amendments. The goods and services tax is a constitutional amendment, and apart from approval by parliament will also need a majority of states to also approve of it. So, this one single reform that I think, in terms of its measure of economic development in India has been shown by economists to have the largest impact, will be difficult unless Congress decides to forego the traditional responsibility of an opposition party, and actually support the government.

Fiscal constraints -- you know, Modi is well known for giving great tax breaks for companies that chose to set up in Gujarat. But he's moving into a central government that actually is going to be under some fiscal constraints, and so the ability to do that, to lure new investment into the country will be a bit more limited, I think, than he saw in Gujarat.

However, on the flip side, that may also encourage the BJP to move back to a policy that they had back in 1998 to 2004, of disinvesting state assets. And that is critical in a lot of industries -- insurance, banking, and other sectors -- the government-owned companies still control a lot of those industries. So disinvestment would be pretty welcomed.

Internal constraints, as well -- there is a large group of the BJP that still supports this notion of "swadeshi," or self-reliance. And in particular, if you look at the economic issues that have aggravated American companies, one big block of that is local-content rules in manufacturing. And to think that Modi's going to come in and, day-one, wipe those away and, say, for solar, for heavy power equipment, for the other areas where you've got local-content rules, that he's going to wipe those away, it will be a battle internally. You know, even if he supports doing that, there's a large group within his own party that that kind of plays to their base interests.

Now, also in the Lok Sabha, things may not always be as -- you know something good's coming up here -- it's kind of tongue-in-cheek, but not entirely. In the next five years, if I have the ability to control the camera on Lok Sabha TV, which I do occasionally watch, I'd like to see what L.K. Advani is doing during that period. Is he going, as the senior party statesman for the BJP, likely without any kind of cabinet or formal role, what kind of role is he going to play in that? You've already seen some statements that are sort of supportive, and sort of not, of the fact that his party just came to power without him as the head. So we'll see what kind of role he decides to play, if he's going to be a quiet senior parliamentarian, or if he's occasionally going to raise questions about Modi policies. I think there's a good chance we'll see the latter over the next five years at some point.

I'll run through these next couple of slides pretty quick, but you take a look at U.S.-India relations, and some of this moves into what Dhruva will be talking about, so I'll breeze through it pretty quick.

But, you know, SWOT analysis, this is how business looks at opportunities: strengths, weaknesses, opportunities, and threats.

On the strengths, as we move into this new phase of our bilateral relationship, the Indian diaspora is obviously a huge strength. Business ties -- I mean, as negative as things sounded last year in Washington, D.C., on business ties, actually trade grew slightly, and investment into India was relatively flat, which wasn't as bad as I think people would have predicted. So business ties are still fairly solid. You no longer have dual power centers in Delhi. If you go to Modi, you know you're speaking to the executive, you know, without a party president sitting behind him that's actually controlling a lot of the actions.

There's a longing to do more. And pay attention to that. Every time that India-wallahs sit in a room together over beers, and we say, "Why can't we get back to the good old days?" You know, people want that, people remember that. When it seemed like the ceilings on what we could do together was that there was no ceiling on that.

There's a lot of potential -- there's a lot of bilateral dialogues that are there. Also, you know, I'll mention that in the next three or four years, this is probably the single biggest game-changer that you can put your finger on in the U.S.-India's eyes: USLNG will begin to hit Indian shores in the next three or four years. Right now there's a number of terminals that have been licensed for free export, and two of those at least have some of that export content already licensed to Indian importers.

On the weaknesses, a lot of unresolved business concerns that may not get handled. The U.S. government, of course, has largely frozen contacts with Mr. Modi over the last 12 years. The U.S. government, I'd say, has relatively few senior India-hands, particularly those going back to the BJP tenure, where they can pick up that phone that they knew from Maroun Jali last time around, and say, "Remember when we

just met two weeks ago? Let's get together again soon." That really exist right now across a wide group, at least, of senior U.S. officials.

The BJP's foreign policy champs are gone. There's a bad aftertaste in the U.S. among strategic folks, still, on the fact that India's parliament essentially gutted the meaning of the U.S.-India Civilian Nuclear deal, as we losing the MMRCA fighter deal. A lot of bilateral dialogues, that's on the plus and the minus side of the column there. Of course, we don't have an ambassador to India.

And also, over the next six months, we're going to have an International Trade Commission report coming out about trade barriers to India, and initiating a special 301 report on India's IFPR regime -- so, two things that are coming out in the next six months that may paint India in a dark way.

External -- that's mostly foreign policy-related stuff, so I'll leave that to Dhruva.

Take a quick look at economic policy -- now, what is in the realm of possible and impossible? And ranking those, in terms of what's critical and what's helpful.

It's a relatively easy thing. Day One, the first thing that I would do -- and the BJP said "we're going to end tax terrorism" -- Day One, conclude the harassment of Vodafone. The Supreme court of India ruled that Vodafone followed applicable laws in how it structured its deal in telecom in India. And yet the finance ministry stilled them to the negotiating table after that, and attempted to rewrite Indian tax law going back 60 years to catch them in the net.

So, Day One, there's not much you can do on tax on Day One to end tax terrorism, but that's one thing they can do that would send a powerful signal to foreign investors. Don't FDI on retail. Please don't do that.

Increase foreign investment in defense to about 50 percent, implement the non-legislative measures recommended in the financial sector legislative reform commission.

And frankly, for American investment and for broad international investment, we need to find out what is an appropriate method of payment security for infrastructure investment. We expect a big infrastructure buildout in the next few years, and right now, I don't think America's going to play a role in that. Without payment security mechanisms -- we still remember the problems we had when we built about a dozen power projects in India, going back in the '90s, didn't get paid for the projects that were built. Unless we can crack that nut, I think most of the opportunities that are going to come up in India over the next five years, America will not be, take the risk of being the primary developer of a lot of this infrastructure.

Some of the relatively hard things is GST, relax some of the FDI rules on retail, establishing quicker business licensing for businesses in most sector, and resolving the large backlog -- about 200 formal double-tax cases right now. That's the bigger side of tax terrorism right now.

Some of the helpful things -- FDI caps in other sectors. I think India should take a look at joining the Trade and Services negotiations. If you don't know what the TISA is, you might want to take a look at that. It's sort of the third of the big U.S.-FTAs that are under negotiation right now. TVP -- Europe, we know, but most people don't pay attention to TISA, but that's actually pretty important. It has a number of countries involved in it.

Commitment to a high standards investment treaty, offer, for multiple ministries, a single minister on top. That's a little easier than trying to condense

ministries, but it's a way to get to some of the problems therein. Defense offsets, to include indirect offsets.

I'll just wrap up with a concluding slide here: So, what will the real impact, for sure, be of Narendra Modi's victory?

Now, this is a map of the states that the BJP controls, and I also included Punjab, because I think Akali Dal, even more so than the (inaudible) party, but you could also probably (inaudible), but certainly the Simandra could be included in this, as well.

This is the map of what they look like. So, the reach will only go as far as BJP states -- right? I mean, there's no certainty that actually a Congress-led state, or a regional party will actually try to enact anything that the BJP is trying to do at the center. But that's a pretty good bloc of states. Condensed, if you talk about developing infrastructure, if you talk about cross-border connectivity, which is one of the things India is lacking, and one of the core reasons they don't have manufacturing investment -- that's a nice bloc to start with.

Add in two states which have elections coming up later this year, that the BJP just won in dominating fashion: Haryana, Maharashtra. That's suddenly getting to be one of the exciting blocs in the entire country, where they're going to have uncontrolled -- or they're going to have complete control, most likely, by the end of this year. These are the ports. Four of the seven largest ports in India, as well as the Delhi-Mumbai industrial corridor, which is already underway and being constructed, is also going to be part of this new BJP corridor. And three of India's four LNG terminals are also part of this.

So, irrespective of whether they can do big policy changes in the center, irrespective of whether they win state elections in the east, they're going to own a big

chuck of the most productive territory in all of India, and at least from there you're going to see a dramatic transformation over the next couple of years from India.

I'll leave it at that. Thanks. (Applause)

MR. JAISHANKAR: Thank you. I'd like to start off by thanking the organizers. Thanks to Brookings, thanks to Tanvi Madan for putting this on. It's good to be back here at Brookings, which was my home for three years.

It's also quite a privilege to be on this panel with a group of people who I consider friends, and who also I respect considerably for their insights on the Indian elections and Indian policy.

I also want to give, before I go any further, the disclaimer that, while I work at the German Marshall Fund, I don't speak on behalf of the German Marshall Fund or, for that matter, any other organization or entity, particularly my remarks should be treated as very separate from any stewards of the U.S.-India relationship who happen to share my last name. (Laughter)

But, in any case, I've been asked talk primarily about the next government's foreign policy. And it's interesting to look back at some of the commentary over the last year or so on foreign policy and the BJP, and on foreign policy under Narendra Modi in particular, because he's been written off as something of a novice on foreign policy -- both by experts in Delhi, people sort of inside the beltway, so to speak, and also to many commentators abroad, including in the United States. He's been described as have little foreign policy experience, as unlikely to change the contours of Indian foreign policy, as someone who treats foreign policy as an afterthought, or as a reflexive hardliner.

But it could be that all of these assessments are wrong. Modi himself was asked about what people have said about his foreign policy, and he dismissed it as, using the word "anumana," or conjecture, or supposition.

He's, in fact, given three speeches on foreign and security policy since become the prime ministerial candidate in September of last year. He's discussed it in a number of interviews which are, in fact, in some ways more revealing because they are unscripted. And he's had a certain amount of international economic experience as the chief minister of Gujarat.

You know, I should say that a lot of people who try and project what a Modi foreign policy will look like may not actually have much in the way of insight, particular insight, as to what that might be. In fact, we don't even know right now, at present, who the next foreign -- you know, who will occupy the key posts in the foreign policy establishment. We show in the next few days to weeks.

But that said, I think the most revealing insights we can get are by actually going back to some of the speeches he's made. Because I think they do reflect, in some ways, his world view.

The first thing you notice, actually, is that he emphasizes that foreign policy begins at home. He has called for a strong patriotic government at the center. He has drawn attention to the problems of stagnancy. And he has an interesting line in one speech, which he gave in English, incidentally, where he said, "I believe a strong economy is the driver of an effective foreign policy. We have to put our own house in order so that the world is attracted to us." He added, in that same speech at a different part, he said, "The current dysfunction in Delhi has prevented even much-needed military modernization and the upgradation of India's defense infrastructure."

So, I mean, this is a pretty clear statement of intent, that foreign policy begins at home.

Now, this could be translated, in some ways, into -- so, splendid isolation: India needs to get its own house in order, focus inwards, and, again, the rest of the world can continue doing what it's doing. But, again, we don't really see that reflected in any of his statements.

In fact, he acknowledges in some ways the realities of globalization. He said in response to one question, he said, "We're not living in the 18th or 19th centuries, but in the 21st century." And elsewhere he said in the speech, "Now foreign policies are shaped by commercial interests." He said, "India can offer a lot to the world," and he remarked, in particular, on India's ability to create institutions and intellectual property -- which I thought was an interesting phrase to use.

So what does this mean, I think, for India's major relationships -- with the United States, with Pakistan, with China, which in some ways are the three key bilateral relationships?

Let me start with the U.S. Much attention has been given to issues concerning his visa and, you know, will he be able to travel to the U.S., and so forth. It's interesting, when he himself was asked about that, he said in an interview last month, he said, "What happened with Modi does not affect the policies of the country," indicating, in some ways, a sense to put this behind him.

He was asked in an interview earlier this month, an interview with Arnab Goswami, about -- the interviewer kept on pressing him to criticize U.S. surveillance activities. And this is an issue, of course, which has, in some ways, harmed U.S. relations with a number of countries, including a number of partners. And it was interesting that Modi, despite repeatedly being urged to sort of criticize the U.S., in fact

refrained from doing so. He said, 'I don't have enough information to comment on this," and he made it clear that he didn't want to go there. And, again, it would have been quite tempting to do so in the runup to an election, to show himself as a nationalist, and yet he refrained from doing so.

It's also interesting -- I mean, and this speaks to some of Rick's slides, in fact -- what he said on international business, and because the business relationship has, in fact, affected the larger bilateral U.S.-India relationship, it is important. And he was asked specifically again, in an interview last month, about the Vodafone, the retroactive taxation of Vodafone, and he said -- his response, and I'm quoting here, "It's not as if the people from other countries don't like India, that they don't want to invest here. But the constant policy changes by the government, if we can stabilize this, confidence will build up."

So, again, I think it's a pretty clear indication that he understands that this is important for international investment.

What does this mean for the overall relationship? I mean, I do think it spells, in some ways -- I think we can expect this to be -- we can start treating this as an opportunity for a re-set, but we may see one that's more on India's terms.

Moving on to Pakistan, Pakistan is actually another country that he actually spoken about much more explicitly in his speeches and his interviews. He has said that it is better to keep good relations with Pakistan, to have -- but he also said that to have talks, the blasts and gunfire have to stop. He called, in his first speech -- actually, first speech of any kind since being made the prime ministerial candidate -- he said that India, Pakistan, and Bangladesh, if they have to wage war, it should be a "war on poverty, illiteracy, and superstition." And he also called upon Pakistan to abandon its anti-India politics and become a friendly country.

On China, another country with which India has a longstanding territorial dispute, much has been made about his ability to, and willingness to do business with China as chief minister of Gujarat. Gujarat, rather unusually, signed -- I mean, I think was the first such agreement -- signed a bilateral agreement with the province of Yunan, which was kind of a joint R&D agreement. And it was sort of an interesting example of state-to-state relations. He had a very successful visit to Beijing a few years ago, where he was effectively treated like a head of government, even though he wasn't one at the time. And, so, much has been made of his willingness to business with China.

On the other hand, he's also taken a slightly more strident line on certain issues. He was talking about Arun Shourie, a member of the BJP who might very well have a senior position in the next government -- Arun Shourie had a book on India-China relations a little while ago -- and he said, citing the book, he said, "India is making a mockery of itself with its limited and timid approach to China."

In a speech in Arunachal Pradesh, which did get a lot of media attention earlier this year, he said -- Arunachal Pradesh being one of the states that China believes to be part of its territory, or has claimed to be part of its territory -- he said that China should give up its expansionist attitude and adopt a developmental mindset.

And the other interesting thing he said, in relation to both China and Pakistan, he's lauded former prime minister Vajpayee's ability to balance Shanti and Shakti -- which is peace and strength. One example he has, again, explicitly cited as a sort of good example of India's ability to balance Shanti and Shakti, is releasing its nuclear weapons. And, again, this is important because nuclear weapons have always been, in some ways, a touchstone of an Indian politicians national security outlook.

And in that respect, I mean, again, much attention here was drawn to the BJP manifesto when it came out, which rather vaguely said something about reviewing

India's nuclear posture. One report in Reuters that came out a little bit later cited an "unnamed BJP official" saying that that would involve abandoning no-first-use (inaudible). And this led to a lot of speculation, including a *New York Times* editorial. But it's interesting that Modi actually had addressed this issue several months earlier, and nobody, even in India, seems to have paid attention to it, surprisingly. And he said Vajpayee did a very smart thing. He said, he lauded Vajpayee for conducting the tests against international -- you know, faced down international resistance, for withstanding sanctions. And then he said, but he also followed it up with no-first-use, and this was an example of balancing Shakti with Shanti.

Subsequently, in an interview, he was asked about this, and he said -- and this is a quote -- "No-first-use is a very good initiative of Vajpayee's. There will be no compromise on this. We are very clear on this." So, I mean, I think he did put that to rest.

So, broadly speaking, this is just what he said in terms of bilateral relations with the U.S., Pakistan, and China, statements that he has made which might indicate in some ways his approach to these countries.

Three other countries I do want to touch upon quickly, which will be interesting bilateral relationships to watch out for, for the next few months to couple of years, one -- and this is based primarily on his own actions as chief minister of Gujarat -- one is Japan. He visited Japan in 2007 and again in 2012. In both cases he had meetings with the current prime minister Shinzo Abe, the first time when Abe was actually prime minister of Japan, in 2007, his previous tenure, the second time, in 2012, when, quite remarkably, Abe was in opposition, and yet Modi went to meet with him.

He's spoken, Modi has also spoken quite specifically about using Japanese expertise in investment in upgrading India's railway network. He's spoken

about high-speed rail specifically, but also appears interested in other forms of railway investment and, in fact, other kinds of investment. And Japan has invested heavily in the state of Gujarat.

A second bilateral relationship to actually watch out for is with Israel. Modi -- no serving Indian prime minister has ever visited Israel. Modi did go as chief minister in 2006, as part of a delegation led by Sharad Pawar, who was then the agriculture minister, for a bilateral agricultural summit -- and was quite taken in, it seems, with Israeli agricultural technology, and has talked about using, importing that, and importing that expertise to India, sending Indians to actually learn in Israel and bring back best practices.

And he's also met repeatedly with Israeli diplomats, and he's discussed, amongst other things, renewable energy, pharmaceuticals, water technologies with them.

A third relationship to watch out for would be with Singapore. Modi apparently enjoys a very good relationship with Goh Chok Tong, who is the former prime minister of Singapore, who, in fact, visited him, went out of his way to visit him in Gujarat in 2006. And Singapore seems to be, in some ways, not just a big investor, potential investor, but also a model for urbanization. And the urbanization demands on India will be considerable over the next few years.

So, this is in some ways just a broad overview. I'll be happy to go into more discussion in the Q&A.

One of things just to caution against is that policies may not, because of politics, may not always translate into concrete policies. He will have to contend, as others -- as Rick actually pointed out -- with a number of constraints and other factors at the center.

But what I do think you see in all of these statements that I've quoted from, is in some ways a much more clearly articulated and thought-through world view than many, in fact, give him credit for.

The last five years have been lackluster, by any measure, on the foreign policy front, with the possible exception of the relationship with Japan. And so I think the useful thing to do would be to see this as an opportunity, both in this town and in other capitals, for a new bargain with India.

Thank you. (Applause)

MS. MADAN: Thank you all. We're going to do a few -- I'm going to ask the speakers a few questions, and then we're going to open it up to questions from the audience.

Sadanand, first to you -- Narendra Modi himself, a question about the past about the future.

In terms of the past, a lot of discussion -- we've had a lot of discussion in this town, but also all over India, on television channels -- about the number of things that everybody got wrong, including the acceptability of Mr. Modi to his own party as a prime ministerial candidate, to coalition, potential coalition partners, as well as to the Indian voter, each of which has been proved wrong.

The question, though, is: Is Mr. Modi the same person today, or as a campaigner in the last month, that he was a year ago? Or has he changed, or did he change, whether in rhetoric or behavior, to make himself more acceptable?

And, second, a "future" question: One of the things Mr. Modi has talked about in the recent days, and he's stressed, is this idea of inclusivity. What are signals that you think we'll see about whether that rhetoric is going to be seen in actions and not just words?

MR. DHUME: Thanks, Tanvi. Great questions.

The first one first, did he change? Not over the past year. Over the past year, his rhetoric and his positions have been fairly stable. But I would say that there's been quite a dramatic change as a political figure if you look at the Modi of 2003, and then you look at the Modi of 2014.

And I'd say the change actually goes back, maybe, about four or five years. And essentially what he has -- at some point he seems to have decided that the only way that he could rehabilitate himself after the horrific events of the 2002 Gujarat riots, was by providing the best governance in India at the state level. And this essentially had two components: The first, of course, is well documented and written about, which is economic development, being business friendly, having these investor summits, being unafraid to be seen as a different kind of Indian politician. He's very unafraid to be seen with business, to be complimented by business, to encourage investment, to talk about good infrastructure -- the kind of stuff that Chandrababu Naidu was doing in Andhra Pradesh in the late 1990s. So he kind of figured that there was an opportunity there, even though the country itself seemed to, under the UPA, be going back to more kind of the old-style vocabulary about handouts, and more of a focus on redistribution rather than growth, extra taxes on business, and so on.

So he sort of seems to have sensed, at a time when his peers didn't, that there was something to be said for taking a different approach. And he tacked that early. So, I'd say, from about 2007 onwards, you've seen that.

The second component of that -- part of it was governance, but the second component was he developed a reputation for being personally clean. And a lot of that goes down to the fact that he's a single man, he doesn't have children, his own family, his mother and his siblings, and so on, live very simply. And what haven't seen

with him, something which is very common in Indian politics, which is that, you know, someone enters politics and then everybody else becomes extremely wealthy. So you had none of that -- right? There's no Robert Vadra in the wings in Modi's life. So that was quite remarkable.

And in this campaign he's run an extremely disciplined campaign where, if you go back and you look at all the transcripts, or you look at the interviews, he has run a centrist campaign. He has campaigned on the plank of development, and really stuck to that. It's all been -- you know, I was at his rally in Amethi, in Rahul Gandhi's constituency a couple of weeks back, and it was really -- I mean, it was a blistering attack on the family, but it was all about stuff like "why don't the women, why can't the girls over here, why don't you have toilets when you go to school?"

So he kind of stayed away from the kind of identity politics which he was more associated with, not just after the riots, but also the 2003 campaign in Gujarat, where he was -- there was this heightened, there was this heightened polarization in the state which he exploited quite cleverly as a politician, to be elected. And that really had created a certain kind of image of Narendra Modi in national politics. It still persists to a large extent among the commentariat, but clearly, not among the votes.

The second is the question of inclusivity, and I think that's one of the most fascinating questions going ahead. Because I would argue that I don't think that Narendra Modi is a threat to Indian pluralism, or to inclusivity. And I'm going to go out and say that. But I think he's going to rewrite what it means.

And one of the most interesting photo-ops during this campaign came towards the end of the campaign, in Varanasi which is, of course, the seat from where he himself stood and won with a whopping margin -- one of the two seats where he won with a whopping margin -- where they invited a 113-year-old veteran from (inaudible) Indian National Army onto the stage. This is a Muslim man called Colonel Nizamuddin. And Modi then publicly touched his feet, and sought his blessings.

This really comes -- you know, so, on the one hand you have this supposed Hindu hardliner, head of the Hindu nationalist party, a person who started his public life in the RSS, standing from Varanasi, and there's all that symbolism going on. But on the other hand, you have him basically publicly touching the feet of an elderly Muslim man. But he's not doing it because the person is Muslim, he's doing it because the person, he was Indian, he fought in the army, he fought in Sebastian Ribosa's army to liberate India.

And so what you're going to see is, that if you sort of look at it in terms of the hyphen, Indian-Muslim, he's going to emphasize the "Indian" part of it. So it's going to be quite dramatically different. And I think many people are going to be upset, just as many people were very upset with him when he refused to wear a skullcap. In Indian politics, at least since about the mid-'80s, it's been pretty common for politicians of all stripes, for Hindu politicians to wear a Muslim skullcap. And Modi refused to do this point-blank. And when he's been questioned about this repeatedly, and he's argued repeatedly that he would not do it because he is a practicing Hindu who will go by his own traditions -- however, he will respect all others' traditions.

And so, in a way, this is going to be something that is contested. It's going to remain controversial because, in some ways, what he is trying to do is to rewrite the rules. His critics have argued that this rewriting, in fact, diminishes Indian pluralism. I would argue that it remains pluralism. He recognizes India as a plural country, but not in the way that it was recognized traditionally by Congress and the left-of-center parties.

MS. MADAN: Thank you.

Milan, one of the issues we've discussed over the last year is the question of not just identity issues, and how they play in Indian elections, but whether voters will actually not vote on those bases -- whether it's caste-based or religion-based -- but actually judge politicians on performance, especially on economic growth and development.

What has this election -- I have a couple of questions for you -- what has this election said to us? Not just the national election, but the state elections that we've had, does that say something about the questions we've talked about, which is are Indian rewarding good growth and development?

And, second, on something you've recently written about, which is the fate of the Congress Party. We've just heard, coming out of the Congress working committee meeting, that they have not accepted -- unsurprisingly -- that they have not accepted the resignations of Sonia and Rahul Gandhi.

Where does the Congress go from here? What do the elections say about the party, and how can they -- as you have said, "Don't write them off yet" -- where can they go from here, in terms of not just as a smaller party, but in the future, what can they do to build up again?

MR. VAISHNAV: Thanks, Tanvi. So, let me start with the second question first.

I have recently gone on record as saying don't write the Congress Party out. Of course, I'm sure they'll implode tomorrow, having written that.

But, for a couple of reasons -- one is, we've often talked about people have left the Congress Party for dead at least twice before, in '77 after the emergency period, and '99 after they'd sunk to their lowest seat total ever, 114 seats, and they came roaring back. So just by historical precedent alone, they've proved the capacity -- although this is really a historic defeat, in terms of both votes and seats.

But if you look around at the Indian landscape, I mean a couple of things I would point out, one is the 20 percent vote share they still have hung onto, despite everything that's gone on -- despite the corruption, despite the slowing growth, despite the disenchantment with the dynasty, still 20 percent of Indians said, "Well, I'd like to vote for you." So that's something that is there. It's not going to be there forever, but it's something that hasn't gone away. Eleven states they still govern, 24 percent of India's state legislators they still control. They still have a sizable presence in the Rajya Sabha.

And when you think about India -- I mean, this is someplace where maybe I disagree with Sadanand, although I'm not sure he was totally insinuating this -- is it makes sense for India to have a center-left government. I mean, in a country that's this poor, where the redistributive functions of the state have to be so powerful, I still would argue that the Congress type of secularism plus redistributive prioritization, you know, makes a lot of sense in India, although they've clearly bungled it for lots of reasons.

I think what the party has to do going forward, I mean, is obviously three things. One is take a call on the leadership question. And here, I'm not that convinced that you can really just get rid of the family, because I think that might be the fastest way to getting rid of the party altogether. I think the party -- the family has been the glue which has helped the party stick together. And you have to find a way to balance those dynamics with bringing in new leaders.

I think the second is, you know, one of the things which is seen as a real disadvantage of the BJP in the past is that they were so regionally fragmented. You had very strong BJP chief ministers, who had their own identities, who had sometimes somewhat tenuous, confrontational relationships with the high command. And that was really -- now I think we all see that as a strength, is that they had their strong leaders who helped them catapult into office in December in the state elections, and they've been able to build off of that.

And the third is -- so, they need to cultivate those leaders. There's really that era of the tall Congress Party state leaders has truly come to an end with ouster of Sheila Dikshit in Delhi last December, and the death of Y.S. Reddy in Andhra Pradesh in 2010.

And last is, I think they have to come up with an aspirational agenda. I mean, the things that they harp upon are secular nationalism, and the welfare entitlements, which are both retrospective. They don't tell us anything about what they would do for the future of the country. And I think that's where Narendra Modi absolutely read the electorate exactly right. He read the trends about urbanization, about the youth, and he pitched his rhetoric at exactly the right level.

So I think that's the kind of three-part agenda. I think the last part is the easiest part. I think the other two are much harder. I think, you know, the Congress Party needs to do what they'd call, you know, in the NBA or the NFL, right, have a rebuilding season. They need to admit that they're going to be really quite bad for the next few years, but that's going to pay off in the long run.

Finally -- since I went on too long -- let me just be very short on the caste, question of identity politics. Caste politics is not dead, and I think that's a very short-sighted way of interpreting this election. I think caste matters. It matters in a new way, which is, you know, caste plus "what are you going to do for me?" Social justice for social justice's sake is no longer a particularly useful phrase, and I think that's why we saw the defeats of the defeats of the Mayawatis and the Mulayams.

But to say that the BJP did not use caste politics, I think, is a misreading of the situation. But it was paired with bringing caste politics to an end of development, which I think is very powerful.

MS. MADAN: Rick, this question of "what are you going to do for me?" And the assertion that Sadanand made earlier is that the polity has moved towards the right -- do you agree that the polity has moved towards the economic right, given two things? One, that the BJP did not say that it was going to get rid of any of the entitlement

programs that the UPA had put in place and, second, what you mentioned in your remarks, which is the part of the party that still talks about self-reliance.

So have they moved towards the -- is this a message for moving towards the economic right or not? And do you think that we will -- what are the signals you will look for in the next month or two to tell you where Mr. Modi is going to go on some of these economic questions?

MR. ROSSOW: Well, there's one signal that we'll all be paying attention to, which s sometime in July, they'll have the budget session of parliament, and the budget speech by whoever holds the finance ministry. That will be the signal. There may be a speech before then that shows the cards, but the budget speech, most likely will be, and traditionally is the main indicator about where they plan on going on things.

You know, studies show that the welfare programs launched over the last 10 years have had some economic benefits to the voters. So it's going to be impossible to immediately step in and peel those away. So, I don't think that's part of the plan, and certainly the BJP hasn't hinted that they plan to do so.

They'll keep them -- the question is, you know, will a BJP government that's a little bit more focused on execution, perhaps, make them work better? You know, that's actually like a pretty interesting concept to me, which is, you know, you look at direct-benefits transfer, and some things like that -- like what if an execution-focused government -- they probably wouldn't have come up with direct-benefits transfer themselves, or a food-security program, things like that, but they may be more capable of carrying it out to its maximum efficiency -- not perfect, but maybe better.

You know, to your point, too, on balancing economic interests versus social programs, you know, it really does come down to, you know, those things have

already happened, they're going to stay, can they execute them better? But where does Modi spend his political capital going forward?

Because, you know, those that view the last 10 years of a failed Manmohan Singh government miss the point -- and I've heard Milan say this before, too -- that Manmohan Singh was not the leader of the government. Sonia Gandhi was the leader of the government, the bills she wanted to get through the finish-line she got, by hook or by crook, parties to support her, to get those votes done. You know, land acquisition, food security, rural employment guarantee, Telangana -- I mean, the last-minute, hail-Mary bomb to try to save some seats in Telangana -- she got that done just a couple months before the election.

So the programs launched already will stay, but the question is, you know, will Modi use his political capital for other programs along those lines, or economic reforms? And I think whenever he's able to cobble them both together, I think he'd rather use that for economic issues.

MR. DHUME: I'll disagree slightly, but not hugely.

I think what's going to happen on the welfare programs is -- just the sense I get from speaking with, you know, some of his advisors -- is not that he's going to do something sweeping, and come into office and say that NREGA, we're scrapping NREGA. But he is going to do a couple of things.

On the one hand, he's going to try and streamline and improve stuff like the NREGA by maybe pushing it towards infrastructure -- so kind of keep the shell, but change the content. And so that's one part.

MR. ROSSOW: No more digging a hole, and then the next guy filling the hole --

MR. DHUME: Right -- so he's going to try to make it more productive.

And then on some stuff, I think that the sense you get is that they're not going to formally scrap it, but they're essentially going to choke it in the crib, some of these other programs -- just let them sort of wither.

On the internal argument, I would say that, you know, if you compare this to 1998, which is the last time the BJP came to power, the debate within the party and within the broader (inaudible) has just moved so, so far. And these old guys, you know, the (inaudible), they're still around -- right? They're not going to go away. But they've never had less power.

Because the rise of Modi is really, in many ways, their biggest nightmare. And the bone that he's been willing to throw to them is really this no FDI in retail. But I don't think he's going to be throwing too many more bones to that crowd.

MS. MADAN: Dhruva, a similar question to you, in terms of the signals. What should we look for, in terms of key moves, or key issues in the next few months on the foreign policy side?

And, second, talk a little bit about another relationship, which Mr. Modi mentioned on Twitter this morning, that with Russia. It's got some attention here, the Indian relationship with Russia in general, especially in the context of the situation in Ukraine. And likely, if Mr. Modi decides to visit, one of his first visits abroad might be to the BRICS summit in Brazil in July, where he will meet Mr. Putin, Chinese president Xi Jinping, amongst others.

And Mr. Modi said today that India-Russia friendship has stood the test of time, and that "we will further strengthen our relations in a wider range of fields.

Where will the relationship with Russia likely go, and the BRICS broadly? And what are the signals that we should look for in the next few weeks and months?

MR. JAISHANKAR: I'm afraid I'm not really in a position to answer that, not just because I don't have any sort of real insight into that, but I'm not sure if anybody's really thought this through. It's not as if there is an answer out there that I don't know, it's just I don't think there is currently a clear answer.

I mean, I do think we're going to enter a summer and a fall which has an extremely active schedule of summits. There will be one multilateral summit after another. And this will actually be an opportunity for the next prime minister to actually meet with a lot of his counterparts, sometimes for the first time, sometimes rekindling relationships that he has built up as chief minister of Gujarat.

On Russia specifically, I mean, I would imagine that the defense relationship would still be key, mostly because that is, I still think, the strongest leg of the India-Russia relationship. But, I mean, I don't want this to sound like a cop-out, but I do think it will come -- from what I said in my remarks, which is I do think the emphasis over the next few months will be on rebuilding the Indian economy, and using international relations to actually help do that. And this will mean courting investment, sort of re-kindling trade relationships.

But there will be a lot of international exposure, a lot of international activity. He has spoken, as I mentioned, about making commerce central to foreign policy, which it perhaps will be.

But on Russia, since defense occupies so much space, I suspect that that will be important.

The other thing, I mean, it will just be interesting to see, at the BRICS summit -- and a lot of parallels are being drawn to Modi as a global leader, and other leaders in the region and further -- it will be interesting to see what kind of chemistry he actually is able to produce with some of these. It could be, in fact, quite constructive, by clearly articulating what India's red lines are, while being much more forward-leaning in terms of his engagement could, in fact -- I mean, that's something that a lot of leaders in other countries will recognize, and that also includes the region, as well.

MS. MADAN: Before we turn to Q&A, Rick, a question for you: What can the U.S. do, or what should the U.S. do over the next two or three months, vis-a-vis the Modi government?

MR. ROSSOW: Well, you know, clearly, I think the Modi government will probably want to slow-walk relations with the State Department, and probably even with the White House to some extent. But choreograph it well. I mean, my conversations with folks inside the NDA, they're not averse to that relationship, they just want to handle it appropriately, considering the overhang of the shutout.

But that's only one small part. You know, when I read articles, when I see people talking about the fact that, you know, U.S.-India relations are going to be off to a slow start, that's only one segment of U.S.-India relations. American CEOs should be on the first planes getting out there. They've maintained great relations with Modi over the years, and they'll continue to do so. He's going to be very interested in defense relations with the United States, internal security -- the United States, there's a lot they can do, and that's going to be a very high priority for a Modi government. Congressional leaders, too.

So, I actually think that there's a lot of constituencies in the United States that actually have maintained solid relations with Mr. Modi, or that could start things off relatively quickly.

But the most important, of course, is that we're looking at the U.S.-India strategic dialogue. You know, the senior bilateral dialogue, which typically takes place in June -- clearly June, you know, is out of the question, but how quick can we get that scheduled for State Department and the new Ministry of External Affairs to get together? Because that will be the opportunity, too, for the two governments at the most senior level to begin to look at what the relationship will look like, government-to-government, going forward.

MR. VAISHNAV: On the U.S.-India relationship, I mean, I think another thing that really helps set the right tone going forward is President Obama's phone call to him --

MR. ROSSOW: Yes.

MR. VAISHNAV: -- which I do think -- at least the statement issued, the public statement issued, I think really helped to clear some of the air.

MS. MADAN: We're going to turn to questions and answers. If you could please identify yourself, your name and affiliation. Please wait for the mics. And please keep your questions short.

Over here.

And if there's a person you'd like to direct the question to, name them as well.

MR. EBINGER: Charles Ebinger, from Brookings.

Milan, you seem to show quite conclusively that concerns about inflation were a determining element in the elections. How does Mr. Modi deal with things like energy subsidies, other subsidies, as the country is increasingly overwhelmed by large import bills for oil, gas, and coal? How does he balance concerns about inflation and getting rid of the subsidies, if he wants the country to grow?

MS. MADAN: Let's just take a second question.

I think there's a question over there.

MS. NYACK: Thank you. Polly Nyack, independent consultant.

My question concerns the youth vote and the opinion of young people in general in India. Clearly, youth, their turnout, their enthusiasm, their expectations played a big part in the election outcome.

As some of the key researchers on where India is going, what questions would you all think should be asked on a regular basis, on an ongoing basis, of people, say, under 30 in order to track how India is changing? What are the demographics that you would -- what would be your perfect research agenda for where this group is going, and whether its expectations are being met or perhaps modified?

MR. VAISHNAV: That's a great question, Polly. I mean, I think -- let me just make one clarifying point, which is we don't yet know the statistics on youth turnout. What we know from the exit poll data is that the youth apparently overwhelmingly supported the BJP as opposed to the Congress. But we don't yet know how much of the surge -- and hopefully, we'll get an idea about that in the coming days.

But, in terms of what one might ask them, this is something I've thought about myself as I've been involved in some survey work, and I think there's, you know, there's a couple of things.

I mean, one is trying to understand whether or not people have employment opportunities that they feel are a good match for the kinds of skills that they've been getting through higher education. I think that's clearly one. Because what we've seen, a lot of the research shows, is a real misalignment between what people are focusing on, and where the job opportunities are. So that's one.

The second is, you know, asking a very simple question, which is related to public safety and security, which is something we've asked, and we'll have the results this summer -- which is: How late would you feel comfortable letting your daughter go out at night, returning home alone? I think that's a really good question, in terms of getting the sense of the state of public safety which I think is a big issue, especially for women, in India. I think that's something that's on many people's minds. Although it didn't seem to percolate up to the upper echelons of what people's priorities were, it's clearly there.

And then, you know, the perennial question, which is: Do you have confidence that, you know, your economic opportunities for you and your children will be greater than what your parents had? And I think that's obviously a standard question to keep in mind.

On inflation, I'm afraid I don't have great answers for you. I mean, I think that, you know, we've talked about how this is an election for growth, for investment, for reform -- but, by the way, don't reduce our diesel subsidies, or LNG subsidies.

So I think that is going to be a problem. I mean, you know, Modi hasn't had to specify at all how he's going to get this great economic bang. And once you start talking about what you're going to remove, you start to create enemies, which is something that we're going to have to look out for.

I mean, I think what BJP economic advisors have said is that they will continue the policy of, you know, small, periodic increases in reduction of subsidies that don't raise the ire of votes, and spark street protests, but that they will have a phased approach that they will spell out and set targets, much as they did when they were in power the first time around, in 1998 to 2004.

But I think, you know, one think that Modi I think is quite keen about doing is fixing agriculture, and trying to deal with food inflation by better agricultural management. And so one of the things he's done, for instance, in his state of Gujarat, is to revise the APMC Act to cut out, essentially, the middlemen involved in agriculture, which has been a benefit to the consumers, and reduce this segment of middlemen. So that's something, I think, that he is going to try to promote in other states, especially the BJP-ruled states.

And I think this is really something that's going to be quite interesting because of the legislative roadblocks. According to the Indian constitution, if a state law is repugnant to the central law, the state law can prevail if the president gives his assent. And so Pranab Mukherjee is going to be a very important man, because I think one thing that Modi's going to try to do is to use Article 254 of the constitution for that purpose. And it's going to be interesting to see how the president looks upon that, if it's something that's going to be used with regular frequency.

MS. MADAN: Question over here, and there, as well.

MR. JOSHIPURA: Sanjeev Joshipura, former president of the Commodity Markets Council.

I have a question about the discrepancy between the vote share and the seat share in the Lok Sabha -- to a greater or lesser extent for all of the parties.

Specifically, my question is, does that discrepancy indicate the emergence of a more U.S.-style politics? And what I mean by that is, party strategists or campaign managers' trying to win perhaps a somewhat smaller number of seats by overwhelming margins, than a greater number of seats by, you know, 52-48 margins?

SPEAKER: Hi. (Inaudible), I'm a Ph.D. student in public policy, GMU.

My question was to Sadanand and Milan, and especially concerns UP.

So, 73 out of 80, with 2 seats going to the Congress, the (inaudible), and 5 seats going to the Mulan family. And everywhere else, it's saffron all the way.

And that concerning with Bihar, where you essentially mentioned the fact that people in Bihar said that they would vote for BJP only if Modi was the prime ministerial candidate, where in UP it was not the case.

I would like to get some insight on what's actually happening in UP on the ground.

MR. VAISHNAV: Since he just boarded a flight from there --

MR. DHUME: I have to say that the numbers that I saw on that, that the data doesn't strike me as, I mean -- didn't seem convincing to me, based on what I sort of was picking up on the ground. In UP, my sense, in Lucknow, in Amethi, in Varanasi, overwhelmingly it was about Modi.

And Amachar ran a really smart campaign. He just sort of -- he just managed the campaign with a professionalism that had not been seen in UP politics before. The fact that he was an outside was tremendously helpful, because he wasn't associated with one or the other factions. The BJP was completely faction-ridden.

And so, in terms of vote share being converted into seat share, you know, this is not unusual. If you go back to the last time the BJP did really well in UP, they got 33 percent of the vote in 1998, and they got 57 seats.

This was still undivided UP, so it was 57 out of 85. This time, we were -- I was in a lot of TV studios looking at the exit, you know, commenting on these exist polls as they came out. And the exit polls were sort of showing that the BJP would get around 40 percent of the vote in UP, but yet the seat check conversions, where people were kind of saying, well, maybe 51, maybe 52.

And I think that this is just part of something larger, where what you've seen happen in several elections is that when it comes to making that conversion from vote share to seat share, the people making that tend to be a little bit cautious. Whereas, when you finally look at the results, yes, of course, it's staggering, right, for BJP-plus to get 73 out of 80 seats. It is staggering.

But it is not staggering, or not that -- it is not implausible, given what their vote share was. And the reason we didn't see that is because the kind of projections people were making would tend to be on the cautious side.

Of course, if you had told me, you know, I would not have said that they were going to get 73 seats. In the BJP office in Lucknow they didn't think they didn't think they were going to get 73 seats.

So this was a surprise, but it's certainly within the realm of plausibility because of how vote share works.

Your question, Sanjeev, I don't see any kind of -- I don't think that you have either of the major parties deciding, for example, that they're going to focus on where things are winnable. Someone was telling me the other day -- I won't name the

person -- that the BJP spent more money in Andhra than in Rajasthan, and they got three seats in Andhra, and 25 in Rajasthan.

So, I think the goal was really just go out there, blanket the country. Modi went to an address for allies in Kerala, Tamil Nadu, West Bengal -- right? So there's no such thing that, "Well, oh, this is safe, this is -- " -- why should Modi be wasting his time going in places where the BJP has no presence? But, in fact, it was the opposite. He went to many places where the BJP didn't have a presence.

And my sense is, going ahead, in fact, given that they've ended up doing particularly well in parts of eastern India where they didn't have a presence earlier, particularly in Assam, West Bengal, and the results are not in terms of seats but in terms of vote share, is that you're going to see a strategy going ahead which really is, for the two major parties, a national strategy. Congress has always been a national party. The BJP would like to consolidate its status as a party that has this reach across the country.

MR. VAISHNAV: Two quick thoughts. I don't have much to add.

I mean, I think, one is I agree with Sadanand. In talking to people on the campaigns, I did not discern that kind of strategy as you were describing. It was much more of a blanket "cover the country" and see what results.

But I do think, you know, one thing which the BJP did very effectively was alliance building this time, which is something that they had not done previously. And, you know, frankly, Modi was a bit mocked for the kinds of allies he picked, because they were sort of seen as kind of trivial players. I mean, you pick up a guy like Ram Vilas Paswan in Bihar, who has zero seats in parliament, you pick up the Haryana Janhit Congress, right, which most people didn't even know was a thing. You pick up five small Tamil parties, you pick up the

Delgu Dissam party, which had been, in many people's eyes, a sort of spent force. You had this guy, Nidu, who was, you know, around, but had been sort of seen as somebody whose best days were maybe behind him.

And so he took a very egalitarian approach to coalitions, really. Anyone who wanted to come on board came on board. And because he -- I think what fundamentally, you know, he and others figured out, is that Ram Vilas Paswan may not have -- he may have zero seats, but he has a 6 percent vote share in Bihar. And a 6 percent vote share in Bihar, in a first-past-the-post system, where the margins are so thin, can get you that jump in that vote-to-seat conversion.

And so I think that was quite savvy -- although a lot of people said, you know, "These guys are nobodies."

You know, one thing I will point out is, this is a breaking point, in terms of past trends. Margins of victory in Indian elections have been dipping. They dropped to their lowest level last time, and 9 percent was the average margin of victory. This time it's gone up to 14 percent. I mean, the BJP winning margins are even higher than 14 percent. That's just the average.

In UP, I mean my hypothesis on that graph, which shows that people in Bihar were much more willing to vote for the BJP with Modi than people in UP -- I mean, one way of thinking about it is people in Bihar felt like they had a decent alternative in Nitish Kumar. So if the BJP doesn't really have an effective candidate to project, Nitish Kumar is a pretty good option.

But in UP, the other alternatives were wholly discredited, right? They weren't going to work for Malayam, they weren't going to vote for Congress, they weren't

going to vote for Mayawati -- hence, so really, the BJP emerged as the one that they went with.

I mean, that's one simplistic way of maybe squaring those two disparate facts.

MS. MADAN: So we're going to take two very quick questions to end.

One back there, and one back there, just so that we get folks in from the back, as well.

MR. PARISH: Thank you for your insightful comments. Mark Parish from MetLife.

I wanted you guys to comment a little bit on the next couple of weeks, and how the cabinet pieces are going to fall together, particularly for economic portfolios of commerce, trade, and finance.

And, related to that is, you know, we've seen a lot in the press about Modi's somewhat strained relationship with RBI governor Rajan. To what extent is that true? And to what extent do you think, you know, Rajan is going to stay for, hopefully, the long haul?

Thanks.

SPEAKER: Hi. Thank you very much for your comments. My name is Shuthi, and I go to SAIS, across the street.

My questions is about parliament itself -- so, getting down to the business of actually sitting in parliament and passing laws.

We have seen that parliament has become much weaker than it's been over a number of years. I think, half the bills it wanted to pass were not passed at all. And it takes maybe five or seven MPs to disrupt parliament, for business to stop. And the

TMC, and the EIADMP have come back with even larger mandates. And I don't see why they wouldn't try and use those tactics if they do not have, you know, votes. Because it's fairly easy to actually disrupt parliament in this way.

So, what are the implications you see for, you know, bills moving forward, given all of this?

MS. MADAN: Rick?

MR. ROSSOW: Yes -- so on the cabinet questions, you know, there is this big question over whether or not they'll make a serious attempt at collapsing ministries. Clearly, the BJP would like to have fewer ministers. The way they did it last time, to a smaller extent, they actually brought multiple ministries under a single minister, but the bureaucracies remained the same. As I mentioned, that's a pretty easy way to do it.

The more difficult way is actually if you merged different ministries together. I think one of the more prominent that I've heard about, actually, is potentially putting the Ministry of External Affairs and the Ministry of Commerce together, and this notion of actually using trade as part of international statecraft. Will that happen, will it not? Difficult to say.

But we should know the cabinet here just in the next couple of weeks, because they've got parliamentary business to get done with. They're going to meet for parliament soon to do parliamentary business -- speaker of the house, things like that -- and then get to work on crafting the budget.

So, another week or two, I'd be surprised if we don't know by that time.

MS. MADAN: Milan, talk about, answer the Rajan question. And, Dhruva, just building off, and to end Rick's point about institutional reform -- if you could

talk a little bit about, just to end, any institutional reform potentially you see happening on the foreign policy side.

MR. VAISHNAV: There's been some scuttlebutt in the press about a Modi government getting rid of Rajan as the head of the RBI. I think it's crazy-talk. I mean, it's amazing to me that this is a story. I think it would be absolutely suicidal for a BJP government to do this. It would send the wrong signal to the investment community, which treats Rajan like the rock star -- I think India's page 3 columnists would revolt if this were to happen.

I just don't think -- I mean, this was something that was mooted by Piyush Goyal, who is the BJP treasurer. We haven't really seen anyone else of stature come out with this. He later clarified his remarks.

I would be very surprised if they sought to do this. I think it would be sending exactly the wrong signal at the wrong time.

MR. JAISHANKAR: Yes, actually, I just want to touch a couple other points.

One is actually, I believe, on the Rajan thing. I'm not sure if there's any precedent for that. I mean, that is, even though the prime minister can, or the government --

SPEAKER: It was like 85 years ago.

MR. JAISHANKAR: Yes -- but it's not for a long time.

Just one more point, actually, on Polly's question. Another issue, in fact, would be, that we'll have to see, is on higher education, in terms of youth. And it's also interesting that Modi has specifically cited, he gave a speech where he talked about sort

of tapping the potential of both the diaspora and international universities. Strangely enough, he mentioned specifically Harvard and Wharton, for what that's worth.

Just on institutional reform -- I mean, there's a lot of speculation. I've heard some of the same things that Rick has heard from people. I'm not sure how informed that speculation is. Again, it's one thing to have ideas circulating in the ether, it's another thing to actually try and put this into place.

Another thing we could watch out for is perhaps expanding the civil service in certain ways where it's, in fact, quite understaffed. And I know this has been an issue that has gotten a lot of attention here, that Indian institutions don't always have the necessary capacity to effect policies. But we may see that being addressed to some degree.

MS. MADAN: Please join me in thanking this great panel. (Applause)

And thank you all for coming, as well.

Thank you, Milan, Sadanand, Rick, And Dhruva. Thank you.

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