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INDIA GOES TO THE POLLS: THE STATE ELECTIONS AND BEYOND

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P R O C E E D I N G S

MS. MADAN: I am Tanvi Madan. I am director of the India Project here at Brookings. The India Project is the DC-based component of our Brookings India Initiative through which Brookings is expanding its work on India. The Delhi-based component is our center there called the Brookings India Center.

As I said, thank you all for coming. Thank you to our speakers. Before I introduce them and I'm going to do quick introductions so that we can actually get to the topic at hand. If you could all please put your phones on silent or on vibrate that would be great.

Today our two speakers are—I'd like to welcome back—Sadanand Dhume and Milan Vaishnav. You probably know both of them. Sadanand is a Resident Fellow at the American Enterprise Institute and Milan is an Associate in the South Asia Program at Carnegie next door. We did an earlier iteration of this in February. I'm not going to quiz them on what they said then and (inaudible), ask them if they still stand strong on their statements then.

What I'm going to do very quickly, I'm going to be your moderator today but very quickly just going to recap what it is that happened in the elections itself just to give you a quick sense of that before turning over the floor to Milan. The state election results, five state elections were held, as you know, in Chhattisgarh, the BJ -- which things pretty much stayed static. The number of C chair at least of the BJP lost a seat but overall the BJP retained power there.

Delhi, as you can see the sudden -- the purple bit is the Aam Aadmi Party which was the big surprise and the number of seats the Congress lost.

Madhya Pradesh where the BJP came in with a larger number of seats than they did the last time around, Mizoram which is fairly kind of single party state in terms of the Congress and was in fact left out by many when they were calculating or talking about results. And finally, Rajasthan where the BJP did much, much better than expected and took over, it will be taking over power from the Congress.

Just one more thing before I turn over the floor to Milan.

Something that was noted, including by the Chief Election Commissioner who spoke here on Friday was the record voter turnout in all five states. Mizoram has traditionally had high voter turnout but across the board there was high voter turnout including in Delhi. And one of the things the Chief Election Commissioner pointed out that in each of the states, what he was most impressed was the fact that women's voter turnout increased significantly as well.

Milan, over to you.

MR. VAISHNAV: Thanks very much. Thanks, Tanvi, for organizing this and thanks to Brookings for having me. I hope you like my very creatively titled presentation called Brookings. As Tanvi mentioned we did once before in February and hopefully we'll do this again in the spring as Election Day comes closer. She has threatened to put together movie posters and t-shirts and bumper stickers featuring our likenesses in Bollywood format so you could look forward to that next time we get together.

Let me just start with a couple of comments and I have a few slides to show to just kind of get the discussion going and then I'll turn it over to Sadanand. The first point to make is that these elections have been billed as the kind of semi-finals before the national elections and I have to sort of admit I've never really liked that phrasing because I think it's somewhat inaccurate.

It's true that this is the last batch of state elections before we go to national polls but the four large states, Chhattisgarh, Madhya Pradesh, Rajasthan and Delhi are hardly representative of India as a whole. They actually wrote last week that if you were kind of a BJP partisan and you wanted to sort of be able to pick which states you could go to election for before national elections, you probably would have picked these four. It's place where the BJP has had a presence historically and where there's a bipolar contest between the BJP which is seen as sort of rising in a very unpopular Congress party.

So that's point number one. Point number two and Tanvi showed the slides. I mean this was a very impressive performance by the BJP. I don't think there's any doubt about that. I do think that a week later some of the shine has come off a little bit. The morning after the results were announced, it looked like a clear 4-0 sweep. That didn't happen. Delhi, of course, remains hung. It looks like the state is probably headed for fresh elections even though the BJP emerged with the greatest number of seats. It wasn't able to form a government.

In Chhattisgarh, I think things were actually much closer and in fact, many of us stayed up until ungodly hours of the night trying to figure out which way it would go. The BJP still held it but I think Congress put up a

surprisingly tough fight given the popularity of the Chief Minister Raman Singh.

So having said that, I think, you know, we should give the BJP sort of credit where credit is due. Of the 624 seats that were on offer, the BJP won roughly two-thirds. A lot of the discussion so far has focused on this. Has focused on one state, the national capital territory which where the Aam Aadmi Party won 28 seats and they've gotten a disproportionate amount of attention for reasons I'll come to later. But clearly this was a very, very good showing for the BJP.

And one thing that's important to keep in mind is that research has shown and Rick Rosso is here, has also talk about this is a lot, is that when you have state elections immediately before national elections, that proceed national elections by a year, you often see those state verdicts reaffirmed when voters vote in the national polls. So that means that the results we've just seen historically, at least we go back the last few election cycles, we're likely to see the BJP replicate this positive performance, at least in these four states.

And at the national level, these four states account for about 72 seats in Parliament. So if you figure the BJP wins maybe two-thirds of those seats as they've done here. That would mean that they would take about 48 Lok Sabha seats out of 72 which is a significant improvement from last time around. In 2009 in these states they won 30 seats. So from going to 30 to 48 if we just do a simple extrapolation, that's obviously good news for the BJP.

The second thing which I found really quite interesting if you look at the BJP picture nationally, this is if you look at the 4100 or so MLAs, so these

are state assembly members across India's 30 state assemblies, you see the BJP making big inroads here where they now account for 21 percent, about 880 state level assemblymen and women across the states catching up narrowing the gap with the Congress Party. And for all of the talk about the kind of death knell of national parties, I think this goes to show you that they still occupy a pretty important presence covering about 50 percent of state legislative seats around India.

One question when it comes to talking about the BJP is was there a Modi effect? All right, everybody wants to know, you know, can we give credit to Narendra Modi as the Prime Ministerial candidate, as the chief campaigner and I think that the story is, for me anyway, I'd be interested in what Sadanand has to say, is somewhat complicated and nuanced.

On the one hand if you look at, this is data coming from CSDS which is the only real social science survey that's done around elections in India, and these four states, the number one issue on voters' minds was inflation which tells me that people are pretty unhappy with the state of the economy. They're pretty unhappy with the way that their pocketbooks are feeling. They're unhappy with the way that the Congress Party has been governing and managing the country's affairs.

And despite the personal appeal of some Congress Chief Ministers in Rajasthan and Delhi, they weren't able to overcome this. I do think that it wasn't just an anti-Congress narrative. I think that there is -- there was a pro-BJP shift. I think the way to think about things is that the BJP had good state

leaders. They had good chief ministerial candidates. People were happy with the party at the state level. And that they were looking for -- voters were looking to vote for change.

Having said that, you can't deny that Modi was a factor. I mean if you asked voters in these four states who would you like to see as your prime ministerial candidate, across the board Modi emerged as the number one choice. Often by pretty impressive margins both in an absolute sense and in terms of -- in relative terms when you compare Modi with the hypothetical Congress prime ministerial candidate Rahul Gandhi.

So I was trying to think of a clever metaphor to kind of package this all up for you and the way I was thinking about it, I guess it's the holiday season so we all think about food. So I was thinking about baking. So, you know, the BJP sort of baked a pretty good cake and the Congress cake had been like out of the fridge for about 10 years and it was kind of spoiling and it was kind of discolored. No one knew if it was like a white cake or brown cake or blue cake.

And Modi was the icing, you know, and it was good icing and the icing tastes good. But there's also a cake involved. And so, I think it's really a combination of these two things. But I would be wary of putting it -- Modi on top. I think that State level factors were very important. And I think that these victories even if Modi wasn't the singular factor, he is going to take credit and as you should probably take credit if you're the leader of the party.

And it was an important set of victories for him because until this

date there have been almost no instances of BJP victories at the state level where you could associate Modi with a clear win. In May in the Karnataka state elections in the south, the BJP was defeated despite Modi being engaged as sort of the lead campaigner there. So I do think that for the party's morale, for his own morale, for the purposes of momentum this was a very important set of victories.

Now, do we know if there's a wave going on? Is there a kind of pro-BJP wave sweeping across the country where you could say, well, Modi played some role? And I think for me to kind of look at what's happened and say that there's been a wave, it seems to me that there's not enough evidence yet because these states, as I said before, are not representative. We'd want to see Modi making grounds, the BJP making grounds in places which might surprise us. Not necessarily these four states.

There is one piece of evidence out there that's very recent that I think is quite interesting which is CSDS and a group called Think India have done two polls in two constituencies, one in Bihar and one in UP. So these are two very, very large states which send a large number of MPs to the Lok Sabha where the BJP is -- it needs to do well in order to have a good shot at forming the government. And in -- what they did in both of these States is they picked one constituency. They interviewed a thousand voters in kind of a bellwether constituency. And what you see here in Bhagalpur and Bihar is that the BJP emerged as by far the most popular party.

And just that there's a reason there's an asterisk there is the vote

share of course from 2009 in the blue was when the BJP was running in an alliance with the JDU but on its own in this constituency it's projected that it would get 47 percent of the vote. Now, take these with a grain of salt. It's one constituency. It's a thousand voters but I found this to be an interesting piece of evidence. If you go over slightly to the west and you go to Uttar Pradesh, you go to the constituency of Fatehpur, where the sitting member of Parliament is from the ruling Samajwadi Party, there again you see a doubling in the BJP's vote in this constituency in UP.

So I wouldn't take these numbers to the bank. I'm not quite ready yet to declare that there's a pan-north India wave going on but I do think that the BJP has to be very happy to see evidence that they're catching on.

One thing which I find puzzling and I'm not quite sure what to make of it is there's been a lot of talk by the BJP about the youth vote, you know, in this election we're going to see 120 million new voters who are voting for the first time, right? Who weren't old enough in 2009 to vote in national elections and they have thought that Modi would really connect with these youthful men and women. That these would be people to whose aspirations that he would speak to and what's really interesting is when you look at the data from these states, these are voters who are between the ages of 18 and 22, 18 and 25 in Delhi, that's how the data was broken up.

There doesn't seem to be a clear pattern of the BJP actually winning over youth voters with the exception of Rajasthan where they do quite well. In other places it's split and in Delhi, of course, were you had Aam Aadmi

Party you see the youth voting for this new anticorruption kind of self-proclaimed reformist party. We'll probably get into what that reform actually is in the discussion do quite well.

So this is something I think that is one piece of bad news I think the BJP was hoping that they would do better. Let me just end with the election prognostication. So I've decided to give Sadanand something to chew over and one thing I've been thinking about is, you know, given the good news for the BJP, what is the path to victory? Is there a path to victory we can see?

And here is what the path could look like. So you need 272 seats, right, out of a Parliament of 543. Here I've just done some back of the envelope calculations just for fun. And based on talking to people who are close to the BJP to see what they are internally thinking they might do. And so if you make a set of assumptions that the BJP does well in these states where we've just had elections and in other places where they are traditionally strong, the state of Gujarat, the state of Karnataka where they've been weakened but they still have a presence and depending on how local politics turns out if their former leader comes back into the fold, BSY, perhaps their fortunes could improve.

You could construct a scenario where the BJP, again, with some fairly optimistic assumptions about Bihar and UP which I'm not sure we're there yet in terms of what the data show, you could get to around 167 seats which is a big improvement from where they are today. I think they're at 116 seats in 2009.

So if you take that, how do you go from there to 272? So I think with traditional allies and with maybe a few new members who might come to

NVA, you could get to about 200 seats. So if you take the BJP's 167 you add another 15 from the Shiv Sena and Maharaja, another seven from the Kalis in Punjab and then you add another 10 or 11 from people who are fence sitters, have been friends traditionally with the BJP, you could get to 200.

That all makes sense. This is the big question here on the right. Right? Whether or not you can chip off enough of these big parties here. Here I've just given some numbers just ballpark figures for how these parties might do. That you would have to cobble enough of these guys, 72 more to get to the magic number. I think that is highly likely that you could strike a deal with the AIADMK which is the ruling party in Tamil Nadu where the leader Jayalalithaa has a personal rapport and relationship with Narendra Modi.

You have Mayawati with BSP who has been weakened but there are signs that she might be coming back. And the BSP has coalitioned before with the BJP in Uttar Pradesh. The other four are harder to tell. You have the Trinamool Congress in West Bengal which has -- relies on a significant Muslim vote and there was some talk that they would be reluctant. You have the JDU which has split off from the NDA so they are unlikely to come back into the fold unless you were to get rid of Modi and put someone else in power. And then you have an old ally, the BJP in Orissa and a new party the YSR Congress which has been a splinter of the Congress party but has been openly hedging its bets about whether or not it might join the BJP.

So we can talk a little bit more about whether or not these numbers can match up but I wanted to give Sadanand some provocative

numbers to react to. Let me just end with two points. One is that I think as far as the Congress Party is concerned, I mean it hasn't been a particularly good week for them last week. I think that if you look back at where the Congress Party is today and where they were five years ago, with the exception of Karnataka, which they captured, recaptured earlier this spring, I can't really think of a major state where they're in an obviously better position than they were five years ago.

And I do think that there's a certain amount of anti-incumbency and disenchantment and questions and concerns about their governance that will be very hard to surmount. And on top of that you layer on to the leadership question where people are still not sure about where Rahul Gandhi fits in. There are rumors that the Congress Party is going to anoint him as the PM candidate in January. There have been rumors like that every week for about the past 12 months.

One thing I will say that is quite interesting is if you just look at what's happened the last week, there have been some very positive signals from Rahul Gandhi and I don't know if this is heralding a shift but on the criminalization of homosexuality, the very controversial Supreme Court ruling, he took a very clear stand that he disapproved of that. He has helped the party push through the Lokpal bill just yesterday, this new anti-corruption ombudsperson that the Congress Party had fought for some time. And today he said something really interesting which not even some of the anti-corruption campaigners talk about which is that this Lokpal is one thing. It's one body that could deal with corruption but we have eight other bills that are pending before Parliament that could help

with corruption. We have a judicial standards bill, we have a whistleblower's protection bill, we have the right to services bill where people would be guaranteed a set of services within a set of time or there would be some penalty against the bureaucrat who denies that. And that's starting to articulate a vision and a platform and a set of policies where there are pending bills attached to that.

So I think that's a positive sign and I have no idea whether or not that will be built on but I think in that sense this week has had brought some positive news. Let me just end with the Aam Aadmi Party where I mean it has been incredible to watch as an outsider. I mean the rise that Arvind Kejriwal has managed to engineer in the state of Delhi has been not unprecedented, I wouldn't say. There are other examples of parties which have kind of blossomed overnight but certainly historic in a place like Delhi and the way in which he has mimicked some of the Obama campaign's tactics in terms of encouraging small donations from a large number of people, using social media and technology in others.

They're in a bit of a dilemma right now because they basically look like they have to relitigate this entire election if there's a hung assembly. And all of the volunteers who thought they had signed up for six months of duty have gone back to their jobs and gone back to the universities now have to come back and somehow find a way to come back and work for them on the campaign.

So I think that their challenges of trying to expand beyond Delhi are pretty stiff because they're going to have to rerun in Delhi and they don't have

a national presence. All of their leaders are very clearly identified with New Delhi and so I'm sure we'll get to more of this in the discussion but I think this is good news for them. They've done an amazing thing but the road ahead is quite long and carving out an existence in-between elections when you have to have a set of institutions, you have to have a party apparatus is a really difficult task and it's been hard to translate that from movement to party in the past. So let me just stop there.

MR. DHUME: It's always tough to follow Milan. Thank you everyone and thank you, Tanvi and Brookings for having me here. I don't have a PowerPoint. I have just a few observations. And the first is that it's great to be here and be given 10 or 15 minutes to speak because the last time I was talking about these elections was on Indian television 10 days ago and where I was sort of -- where you're lucky to get 30 seconds uninterrupted. So I'm going to try and make the most of this.

You know for me the elections, they throw up four large questions which I'm going to try and answer to the best of my ability and if I come back here in three months and I'm completely wrong or in six months I'll be sure to shave so that you don't -- so you think it's some other guy. So the four questions are this and Milan's already gone over some of this. Is there a Narendra Modi wave? Will the BJP lead the next government? What will the impact of the Aam Aadmi Party be nationally? And is Rahul Gandhi an asset or a liability for the Congress Party?

I think these are the four big questions that arise. I don't think

anybody really has the answers. We're all sort of crystal ball gazing and even those of us even if you're looking at polls, in these most recent polls we found that the best consensus got two out of four big states wrong. So everybody essentially underestimated the Aam Aadmi Party in Delhi, quite dramatically except for one pollster which was completely discounted and no one had -- well, most people hadn't heard much of them called Today's Channel Care.

The most credible posters, CSDS, they had ended up underestimating Aam Aadmi Party and again everybody underestimated the BJP quite dramatically in Rajasthan where they ended up getting about 80 percent of the seats. So I take polls with a great grain of salt.

So anyways, onward to answer these four questions. The first question is is there a Narendra Modi wave? Here I'd answer it a little bit differently from Milan. I would say that we can't say with certainty that there is a wave but compared to a week ago or compared to two weeks ago I think that we can -- it's harder to deny than it was before. So maybe you can't affirm it but it's becoming harder to deny and what are the elements of that?

And some of this we've seen from before the results. I mean we've been seeing massive crowds. So we've been seeing massive crowds at Narendra Modi rallies, not only in Rajasthan, Madhya Pradesh and the places where the BJP did very well but also quite surprisingly in places where the BJP doesn't have traditional strength, Kerala, Tamil Nadu and so on. So you do see the -- at the most sort of basic level, here is a person who is able to draw very large numbers of people to his speeches.

The second element of it is that he seems to be setting the national agenda. You find Modi makes a move and then everybody else responds. Most recently, a couple of days ago he organized something called run for unity across the country and there was a lot of criticism of the run for unity and there was also a lot of praise. But the fact of it this is just -- this is a Modi idea and everybody else is playing catch up and you've been seeing this pretty much over the last 12 months after he won reelection in Gujarat for the third time and became very clear that he was going to -- he had prime ministerial ambitions in this coming election.

In many ways he's been setting the agenda and that's because he has become -- he's the central figure in Indian politics today. He's partly the central figure because a lot of people love him but he's also the central figure because a lot of people hate him just as passionately. So basically the conversation in India is a conversation about Modi and it's much more so today than it was say even in the spring.

So if you went there and I've been going to India a lot this year, I've been there six times this year. As late as April, you know, there were all kinds of conversations going on. Since October I found that it's very difficult to have a conversation about politics that doesn't instantly zero in on Modi one way or the other. So in many ways he's really dominating the conversation.

So there's anecdotal evidence. In the polls there's a steady rise. Milan showed some of the polls from those states but also generally you find him widening the gap with Rahul Gandhi, his putative rival in this -- in the prime

ministerial race. It's been growing and according to the CSDS poll the last I saw it was 35 percent approval, Narendra Modi was at 70 percent for Rahul Gandhi. And I think at this point take the polls with a grain of salt but I think at this point it is fair to suggest that Modi is the most popular politician in India.

He is also the most polarizing politician but there is nobody right now who comes close in terms of numbers when you ask the simple question, who do you want to be the next Prime Minister of India? So that's the sort of Modi wave question. I'm not answering it definitively but I'm saying that there is more evidence of a Modi wave now than there was two weeks ago and it's also harder, more importantly to deny that something is going on there.

The second question is will the BJP form the next government. Here I largely agree with Milan. We both had pieces last week which made similar points. And to sum up, my analysis of why I am -- what I think has changed with this election in a nutshell is that the BJP is now the front runner. It is front runner to be, to emerge as the single largest party and I will be very surprised if they don't emerge at the single largest party in the summer.

Now that doesn't mean they're going to form the election. Now, one of the issues really is that the BJP has at least in national terms, it's not been a traditional ruling party. This is a party that has only ruled India for six years since independence. They're very good at losing national elections. They're good at winning state elections in Madhya Pradesh and Gujarat and so on but when it comes to sort of getting their act together, getting the right allies in place, they lose regularly.

And so, you have to be a brave person to bet on them overcoming that just for structural reasons. We could get into more detail over there but most of these things are well-known. They have difficulty in attracting coalition partners. We don't know what the impact of the -- I'm going to come to this later, we don't know what the impact of the Aam Aadmi Party is going to be. And the states where they've done really well, I mean there are interesting parallels with 2004 where again they had done very well in those same states, in fact winning three out of four and on the basis of that, Vajpayee decided to call an early election and we all know how that turned out.

So again we're looking at states as Milan pointed out, that these are the best, these are the strongest states for them. These are the states where it's a bipolar contest. They're dealing with a Congress government that is extremely unpopular. If you'd have the same assembly elections right now and we'd had these elections in Tamil Nadu, Andhra Pradesh, Kerala and West Bengal, no one would be talking about a BJP wave or the likelihood of a BJP government.

So you've got to take these results with a grain of salt. You've got to recognize that in many ways the BJP is it's strong in the north, it's strong in the west, it's virtually invisible in the east and it's quite weak in the south particularly given its recent debacle in Karnataka. And doing well in Rajasthan and Madhya Pradesh doesn't change those realities. So it's still an uphill climb but I would say that at this point they are better placed than anyone else to come in as the largest party. That doesn't mean that they're going to get to 272.

The impact of the Aam Aadmi Party, here I would argue that the Aam Aadmi Party's main impact is symbolic. It's going to be more symbolic than electoral. I think this is, in electoral terms, this is largely a creature of Delhi. For several reasons, the most important being that the movement from which is grew, the Jan Lokpal movement, was a Delhi centered movement. It had impact in the cities. It got blanket television coverage but in terms of crowds, it was really Delhi where people sort of people converged on the Ramlila grounds and made this a big national spectacle.

And in fact, a few months later in 2011 when they tried to repeat this in Mumbai they really didn't get much traction. And they had to fold after a few days and say that Anna Hazare was too ill to continue.

So add to the fact that the main figures in the Aam Aadmi Party, Kejriwal himself, Prashant Bhushan, Yogendra Yadav, Manish Sisodia, Kumar Vishwas, these are all Delhi figures. Their idiom is they speak the language of Delhi. They're very comfortable in Delhi and I was discussing this with a senior journalist in Delhi and who was from Bombay and I asked him, so how do you think people over there are going to respond to Arvin Kejriwal? And they're like, you know, for them he's the income tax guy who comes to shake them down. They're like, they have no natural affinity for a Kerjiwal-like figure and so I would be very, very surprised both if the Aam Aadmi Party can extend its reach in electoral terms outside of Delhi, quite apart from the fact that they have very, very little time.

We have an election upon us in a few months and they're tied up

in knots in Delhi. Will they form the government? Will they not and so on. So I'd say the electoral impact was limited but the symbolic impact is going to be huge. I think we already saw that in Delhi with the choice of Harsh Vardhan as the BJP Chief Ministerial Candidate.

The BJP started out wanting to go with Vijay Goel who was a sort of classic backroom boy kind of politician, not seen to have a particularly clean image and then it was the fact that Arvin Kejriwal was in the fray and the fact that he was sort of rewriting the rules in terms of campaign finance, in terms of promising cleanliness and so on that forced the BJP to reconsider. They moved away Vijay Goel and they brought in Harsh Vardhan who is seen as a clean figure. They ended up doing reasonably well. They got 32 seats; they needed to get to 36.

Some people argued that if they had gone earlier with Harsh Vardhan they may have been able to form a government but the fact is that you can see very directly here how the Aam Aadmi Party is beginning to influence the decisions of other parties. And that's what I'll be looking for in the election, in the Lok Sabha election. How does the presence of Aam Aadmi Party, particularly in the cities, effect candidate selection and affect the kinds of issues that other parties raise?

Lastly, the question of Rahul Gandhi. Rahul Gandhi has had a pretty bad run. So not only these four elections but before this Congress did pretty miserably in Bihar which is a campaign led by him, they did pretty miserably in Uttar Pradesh where again Rahul Gandhi had spearheaded the

campaign. And in between those two states, which as you know are the two biggest Hindi heartland states, Congress got I think about five percent of the seats between Bihar and UP. And now, you've got Rajasthan, Uttar Pradesh and so on. And it seems quite clear that Rahul Gandhi is not clicking with the voters of the Hindi heartland.

That's now evidence from 2010 onwards. That's the first problem. The second problem he has is really with the elite and opinion makers. The danger that he faces is that he is being seen increasingly as a figure of ridicule. And I'm sure some of you are aware of this satirical site called the Unreal Times. It's actually quite funny. They do a lot of political satire and Rahul Gandhi is reaching a point where everything he says is interpreted as funny and not in a kind way.

And once you reach that, right, I mean some of you remember Dan Quayle, you can reach a point in a politician, as a politician in your career where when you've said enough stupid things everything you say begins to sound stupid. I'm not saying that Rahul Gandhi is there yet but I think that there is a genuine danger particularly with urban elites and opinion makers of him being seen as sort of detached, kind of like loopy, a little bit out of step with the country, out of sync, not fully engaged with politics, not really serious about what he wants to do and so on.

I think the Congress being the Congress is going to give him a long rope. He's going to at least get to lose the 2014 election. Maybe he gets to lose 2019 also, we don't know. But he's going to be given a long rope. If you are

a believer in what he's doing it's quite possible that what he's embarked upon is visionary. You know, he is trying to reorganize the Congress Party and that's really been the main reason he has not taken any government position over the last 10 years.

So it's possible that he is, you know, he is reorganizing the party, modernizing it, putting in place systems and processes, making Congress party leaders send him e-mail for appointments, stuff like that, you know, sort of really redoing this old smoke filled room kind of way the party worked and making it something much more modern and technocratic. And it's possible that this works and it's possible that he is then remembered as the person who completely remade the Congress Party and gave it new life.

But I think that there is real concern and real disquiet among Congress Party leaders that by the time Rahul Gandhi's long-term vision begins to pay off they're not going to have careers left. So this is a real fear. If you're a young Congress Party politician and you're fighting from Rajasthan or MP right now, you're worried that these processes seem to be not going anywhere and seem not to have taken effect just yet. And so that's one thing to look at.

And finally, you have the fact that Modi is seen as a successful general. Again, part of it is just the luck of the draw. These were all states where the BJP has a very strong presence. These are all states where the BJP had strong Chief ministerial candidates. And I think that's the sort of, you know, to use a different analogy from Milan's analogy of the cake and the icing, I would say that if you think of Modi as a salesman, he's a very effective salesman but he

needs to have a product to sell.

In Karnataka he didn't have a product to sell. Yeddyurappa was their biggest leader, he'd been kicked out, there was really the BJP had performed miserably as a government over there and they did badly. Over here he had four credible candidates and he made the most of that. So think that Modi alone can't swing it and I think in fact given the BJP's position historically, this is a party that's been losing vote share on each of the last three elections. In many ways, Modi is a bit of a Hail Mary pass.

Things have not been working for them. They have lost vote share in three elections. They have withered in states where once in the '90s they showed some promise. Places like Orissa, places like Andhra where they used to win some seats, it's virtually a non-existent party now in many states where it once had a presence. So what they have really -- they have bet the farm on Modi's charisma turning this election around. It's a big bet. So far it seems to be paying off at least partially but only a fool would go so far as to say that with any certainty that it's going to pay off in the summer as well. Thank you.

MS. MADAN: Thank you Milan and Sadanand. I don't know if these are on yet so I'll just speak really loudly. I think they're going to change; they're going to switch the lights on in a second. Before I turn to politics and asking you a few questions and that just want to talk about policy for a bit. There was much talk before these elections about what this was going to say about good governance, what it was going to say about entitlement programs or other electoral sops. Has these set of elections told us anything about those trends?

Sadanand, maybe you first and then Milan?

MR. DHUME: In a limited sense, I think what it's told us is there's this intra-projection that there's been a vote against sops because Ashok Gehlot was, out of the people who were standing for election Gehlot symbolized the kind of traditional sops and giveaways more than anybody else. But I'd sort of caution against that because I think what it's told us is that sops alone cannot win you an election.

And that's the lesson of Rajasthan. But it doesn't mean that sops aren't effective because sops are central to Raman Singh's appeal, the sort of he's the one who pioneered this food security program which was even more generous than the central version which is sort of 90 percent of the people get subsidized grain. And one of Shivraj Singh Chouhan's first announcements on reelection was about subsidized rice.

So it's not as though this is you can break this down in very clearly terms. But what you can say is that a naked appeal to voters at the last minute based purely on subsidies and handouts, which really was the Gaylord strategy, is not going to be enough. So that's the kind of, for me that's the main policy takeaway. Other than that, parties that offer freebies including the Aam Aadmi Party have done pretty well.

MS. MADAN: Milan?

MR. VAISHNAV: Yeah, I mean I think that one of the enduring puzzles about Indian politics is, you know, for all of the talk about patronage, right, and clientelism and handouts and goodies, why do so many incumbents

lose after they have access to the state largesse to distribute patronage? And I think the only answer that I can come up with on this question is because they know that if they do it, there's no guarantee that that's going to put them over the top.

It's no guarantee that's going to make them win but if they don't do it, it's a pretty good predictor that they're going to get thrown out. So it's kind of -- there's a minimum threshold now of sop provision that I think governments have to engage in and I think that's true across the board. And I don't think it's just, you know, there's an idea out there that this is the province of regional parties, right, that the parties in Tamil Nadu, for instance, and Andhra have masterminded this but this is really an across the board sort of phenomenon.

The thing I will say just to tie this up a little bit is I've been struck at one of these intangible things that seems to have really mattered. And, you know, as somebody -- when you kind of study elections you don't really know how -- you can't quantify it. It's just this idea of leadership and that you have a kind of decisive leader. And I think that's clearly part of the Modi appeal but it's also why you have successful chief ministers.

And I think Sheila Dikshit, even though she lost in Delhi, I mean she had an amazing run. I mean she governed the state for 15 years and there were in some ways forces beyond her control that despite her personal popularity she wasn't able to overcome.

But I think one thing that's so striking about the difference between the Congress and the BJP, is that Congress really lacks effective state leaders.

They had two very tall leaders, one of whom ran Andhra Pradesh who passed away and the other has just been tossed out of office in Delhi and I think that's a problem. And the BJP, the knock against the BJP is that it always been more of a collection of regional parties rather than a true national parties. You had very powerful state units.

That's proving to be kind of an advantage in these state elections. So that's actually quite interesting. It was previously thought to be a liability but it seems to have helped them.

MR. DHUME: I'll just add to very briefly to that. I mean, I'd say it's almost as though the states are, these are mini-presidential elections in a state. You need a strong leader but also it's remarkable the number of states in India where you really can't name a number two. Everybody else is invisible. You know Raman Singh. You know Shivraj Singh Chouhan. You know Narendra Modi and you know Nitish Kumar. You know Naveen Patnaik. So it's almost as though the states are changing so dramatically where you need a very, you need the strong figure and beyond that you really don't know anybody in the politics of these states.

MR. VAISHNAV: Yeah, I mean Ram Guha has this great line where he says, you know India is a parliamentary system that has presidential states which is sort of true. And you know, the challenge is ask yourself and I've done this to myself and I fail miserably, name the Finance Minister in all, every single large state in India. You know, I can think of sort of one and then --

MS. MADAN: I mean in some ways having said that, these have

become familiar names. They weren't born that way so in some ways they've built into kind of these leadership roles. And on that are there, given what you said about if you were a young Congress MP or politician, is there if you were a young Congress MP or politician do you see a future for you whether it's at a state level and state leadership or at the center within the party.

Or is you are better off actually going as Sharad Pawar and others did separately forming your own regional party and actually becoming a kingmaker at the center?

MR. DHUME: That's a great question. My sense of this is that most Congress leaders still feel that the family has enough of a track record that they're going to give it time. So the question is for the Congress, how many times do they have to lose before people start questioning the leadership of the family in any significant way?

And given the fact that they have had an extremely successful record throughout the -- since independence, you could lose this election and view it as, oh, this is like 1977. We're going to be back in a few years. And I think that the key is what's the kind of ambition you have and for most of them, I think if you don't want to be the Prime Minister, if you don't have or if you don't want to be a powerful Prime Minister, you can go pretty far in Congress.

I mean there are people who and many of their leaders are people who are -- who wouldn't really have political careers if not for affinity with the family. These are not mass leaders. These are leaders who are drawn to -- who are propped up for other reasons. Many of them are very competent people.

And so, that class of person has no choice, right?

So if you're talking about people who have difficulty winning their elections or who have never won an election that but what's more interesting is the younger people who do have some kind of base, right? People like Jai Scindia, people like Sachin Pilot and for them I think at this point it makes sense to wait and see where this goes. But it would be very interesting to see what happens if Congress loses decisively in 2014.

MS. MADAN: Milan, if you were a Congress strategist, what would you do differently between now and the election? Is there very much you could do? Have you written it off already or are there things you would try to change?

MR. VAISHNAV: That's a great question. I mean I think the obvious one is, you know, pray that Raghuram Rajan as the new RBI governor has a magic wand for bringing inflation down. And I think that two things that kind of worry Congress right now, one is that obviously the price of food and persistent inflation is hurting people's pocketbooks and making people very angry.

And the second is that you're seeing rising turnout but particularly as you mentioned rising female turnout. And the interaction of those two things is actually quite interesting because if you go and talk to Indians especially housewives, they are the ones who actually know where the money in the household is being spent, right? The husband can't tell you anything about the price of onions is, right? I mean it's the woman who's on top of everything in the

kind of way Indian society is structured.

And so, I think that's number one. Number two I do think that there needs to be some projected leadership and there needs to be some set of issues and Rahul Gandhi, you know, it seems like the only card that he can play if he is the leader is to be the revolutionary who is going to be the anti-establishment campaign who campaigns from within the sort of establishment.

One thing just to comment on the previous conversation if I could for a second, I do think it's a little bit unfair when they kind of commentary it and you know I am guilty of this, to criticize the Gandhi family and the Congress Party for being kind of a dynastic party. I mean this is an affliction that plagues parties across the board and if you look at the BJP, if you look at the Congress, if you look at the regional parties, I mean these are, many of them are at the local level, family run enterprises.

I mean someone commented this week that the government in Uttar Pradesh wasn't run by the Samajwadi Party; it was run by Mulayam Singh Yadav Private Limited, right? He puts his son as Chief Minister, he puts his brother in as the chief advisor and it's a fact that if you look at members of Parliament, every member of Parliament under the age of 30 is a dynast, has a family member who has succeeded him or her, preceded him or her in Parliament.

Two-thirds of members of Parliament who are under the age of 40 fall into that category. And so, this is not just a Congress Party problem. The institutional regeneration and rejuvenation of parties is a big question mark for a

lot of political parties out there.

MR. DHUME: I'm going to disagree with that slightly. I'm going to -- yes and no. I mean, all parties are more dynastic than they were but some parties are much more dynastic than others and I don't think and if you look at the top five BJP leaders, these are not people whose mommies or daddies were anything. So look at the CPM. There's none of this.

So I'd say that yes it's true that there are more younger MPs in the BJP now whose parents were but in terms of leadership, in terms of who is going to run the party, I think that this is peculiar to Congress and then a bunch of regional parties. And the two national parties are not comparable on this particular dimension.

MR. VAISHNAV: Yeah, I mean, I think there's a yearning amongst many aspiring politicians to have more intraparty democracy. And I think one of the reason that the Modi case is really interesting is there were not formal primaries, right? No party has formal primaries in India but there was a sense that Modi was the consensus choice from the party rank in file, right? And so in that sense there were not formally, internally sort of democratic elections but that he kind of emerged as the person who kind of came up from the bottom against the wishes of many people who were at the top, so.

MS. MADAN: Well, within the dynasty or beyond it does the Congress have a non-Rahul card, will it play it and does it have any chance of working for this next election?

MR. DHUME: I don't think it has a non-Rahul card. And to just to

piggyback this onto your earlier question about what would you do as a Congress strategist, I would say that they need to have a prime ministerial candidate, because the other side has a prime ministerial candidate.

They need to, if it's Rahul Gandhi and I think it has to be to answer your question, at this point it has to be Rahul Gandhi. I don't think they can pick another figure because no matter how deserving that other figure may be it's going to look like this current model repeated.

So if you get a technocrat like Nandan Nilekani it's going to be like, well this is the next Manmohan Singh. If you get somebody like Pijot Humbera whose a very competent person, the question is going to be, well, he can barely win his own seat, how is he going to win elections for anybody else and therefore he's not going to be strong enough.

So at this point, I mean maybe once Rahul's technocratic Gmail, Excel, ping works out after 25 years they would have grown some leaders but for now, it's him. There's clearly nobody else who can lead the party in the battle. I think he should embrace it. I personally think that the idea of his running as this anti-establishment figure who just happens to be the heir to the party that's ruling for 10 years is slightly absurd.

I think he should embrace the fact that he -- embrace his family, embrace the fact that this is -- that he is not an outsider by any stretch of the imagination and put forward a clear set of policies, try and communicate at the least for the -- in the run-up to the election that he can be a full-time politician because this is a full-time game now and everybody else is, everyone he's up

against is a full-time politician. Be more accessible to the press.

He started doing a little bit of that over the last week or 10 days. So there are things that he can do and I think he is the only person at this stage of the game who can do it for them.

MS. MADAN: Milan, talk a little bit about the scenarios for the BJP in terms of different bands that they might reach especially in terms of leadership. If the BJP emerges as a single largest party, is the number of seats going to affect whether Modi is seen as without question first amongst equals, or are other leaders if it falls below a certain band of expectations going to start to say, maybe I have a chance as a consensus candidate, as an alternate candidate?

MR. VAISHNAV: It's a great question. It's a hard question to answer. I mean I think that, let me start in the following way. I think there are many people within the BJP high command, including prominent state leaders, including some national leaders who came to the reluctant conclusion that Narendra Modi was their best chance at winning these elections. He was the best chance at rallying the rank in file, getting people energized and that whatever their personal feelings or misgivings about him, they had to back him.

That doesn't mean that they want to see him occupy the throne after the election and I think that there's a part of them that is hoping that they can use him to win votes, to get to the poll position and then marginalize him. And I think part of the -- you know, some group of the right wing groups, the RSS and other sung groups also hope this because they have had historically very

rocky relations with him.

Again, that's a post-election thing that has to happen. So the question is what are the scenarios under which that could happen. And I'm starting to change my views a little bit on this. I mean the conventional wisdom has been, you know, if you want to form a BJP government you're going to need about 170, 180 seats. If you want to form a Modi led BJP government, you're going to need 200 seats because yes he will have turned on some people. He will have alienated others.

But, you know, I'm a bit cynical about this and I think that once someone gets close enough to power all kinds of friends are going to emerge out of the woodwork and be willing to sort of cut deals with him. I mean right in India there are very few permanent enemies or few permanent allies. So I actually think if one were to take these optimistic numbers that I've put up there, that the BJP could get -- or an expanded NDA could get 200, I actually think that they may have a reasonable shot of forming a government even with Modi.

MS. MADAN: So if he builds it they will come?

MR. VAISHNAV: I mean I think that we are, I think that the threshold is not as high as people have made it out to be.

MS. MADAN: Sadanand, do you agree?

MR. DHUME: I still he needs, I think he needs 180 or more. I don't think Modi will -- I think the good comparison was at '96 right? Why were they unable to form a government with 161 in 1996 and two years later with 182 they were able to form a government? And the key there is and I would apply

that here.

So I think 160 is maybe enough for a BJP, won't be enough for Modi. 180 onwards it becomes viable, somewhat viable, 200 and beyond it would clearly be him. That's the sort of first point.

To your earlier question about at what point is he threatened, I think if he brings in anything less than 140 the knives are going to be out for him. But if he improves the party's position, even if they don't form the government, let's say he gets to 150, 160 seats, he will cement his place as the new leader.

And so, even though there's a challenge to Modi from other senior leaders, most notably Advani, there is no challenge to Modi from the grassroots. The support for Modi from BJP workers is overwhelming. So in terms of having won the grassroots both the BJP and the Sangh Parivar, more broadly, he's in a pretty strong position and he'd have to do really badly in the next election for that to be shaken.

That's my -- and coming back to Milan's seat projections. I mean I think they're realistic. I would not call them optimistic. 'Cause for example, if you look at those two polls, the two bellwether seats that you showed, 35 percent and 47 percent or something, those are landslide victories in the first pass the poll system. In UP to get, you know, to have -- to get 36 percent of the vote in a four cornered race so, and again, I take all the polls with a grain of salt.

And historically speaking, you could argue for the BJP to go from 10 odd seats to 30 is a big deal. But if you're looking at that and what they themselves seem to think is that getting, 40, 45, getting back to where they were

in the '90s in UP is certainly plausible. Frankly, I don't think we have enough evidence one way or the other. But I would say that 167 is not something that BJP would characterize as optimistic.

I think as this point they would be characterizing as like baseline. They could be wildly wrong but I don't think they would be called optimistic.

MS. MADAN: For both of you, talk about which are the non-BJP, non-Congress or the third parties beyond the Aam Aadmi Party as you talked about it's symbolic. Which are the parties that we should be watching? Why should we be watching them? Who are potential other leaders that we don't know about now but we will hear their names in May or June? May, I think is the --

MR. VAISHNAV: I mean, I think you need to look at the big states because that's, it's simply, you know in the end it's simply a numbers game. So you look at Tamil Nadu and Jayalalitha, AIADMK is supposed to do very -- do well. And traditionally, just in the nature of Tamil Nadu elections is such that it's a sort of feast or famine kind of election.

They tend to one party, one of the two (inaudible) parties tends to get a very large chunk of seats. So it's quite possible if you take the 40 seats if you include Pondicherry, it's quite possible that AIADMK will end up with 30 or 32. In which case, Jayalalitha is going to be a very major player in any coalition.

I would look at the Trinamool Congress in West Bengal again. It's a large state with 42 seats. I don't know if the West Bengal voters have had enough time to come to terms with Mamata Banerjee's lunatic governance. But

it's possible that they vote for her again but again she's going to be most likely be a powerful figure. I don't see a communist comeback this soon after Trinamool has been elected.

Maharashtra is very interesting and there the key for the BJP and the NDA really is what happens with the MNS? Because it's clear out of the two parties the MNS and the Shiv Sena, Shiv Sena has the legacy and it has many of the cadres and it has a sense of appealing to the memory of the founder. But MNS has the charismatic leader even though he's thuggish, the charismatic leader and the momentum.

And so, if these two parties can be stitched together, then NDA is looking at doing well in Maharashtra. If MNS and Shiv Sena remain at loggerheads, then that could really affect the national picture. So if I had to look at three parties, it would be those three apart from of course the perennials of UP, SP and VSB.

MS. MADAN: Milan, anything to add?

MR. VAISHNAV: Yeah. I mean I think I agree with that. I think that I mean if current trends are any indication, Jayalalitha and Tamil Nadu could end up her parties with the third largest number of seats which would put her, I agree that she could win. She's either going to win 30 seats or she's going to win 10 seats. There's going to be no halfway house. As you said, it's going to be feast or famine.

And I think that becomes very interesting because if it does look as if the Congress and the BJP underperform, I mean she's always been my dark

horse candidate for the next Prime Minister if there is a third-front government for the following reasons: one, is that she would have a large number of seats. All of the Hindi belt leaders hate one another they would hate to see the other guy it so Malayalam would never won, Mayawati wouldn't won, Nitish wouldn't won, right? I mean they'd all be too busy fighting one another.

And so, if you come from the south it's like coming from Mars. I mean it's a completely different political plain that doesn't -- it doesn't even intersect with north India oftentimes. She has spoken on foreign policy issues. She is quite smart. She has gone in the past with the BJP. She has gone also with Congress. So she has no intellectual problems with going on either side. The last point I'll make is, you know, I think unfortunately for those of in the room who follow Indian politics, we're going to have to start really focusing on some of the smaller parties, even below the major regional parties because if we're talking about close margins, coalition formation, you have to think about a party like the MNS in Maharashtra which is not a big player. But it can cut into votes as it did last time that could re -- down to the benefit of the Congress Party for instance.

You have to think about YSR Congress, you have to think about and I think one of the most interesting cases is the BJD in Orissa because they're projected to do quite well. They were formerly a part of the BJP government. And they broke with the BJP in part because of what they perceived was BJP sponsorship of anti-Christian riots. So there is a minority issue and there the Modi factor could be quite sensitive.

So that's one that doesn't get a lot of attention. It's not a huge

state but it could be very important.

MR. DHUME: Just one more thing on the parties. I think it's important to see who is where before the election. So like if you look at that BJP climb from 161 to 182, they got these 21 extra seats. 14 of the 21, two-thirds of them were in states where they managed to stitch together a pre-poll alliance before the '98 poll. And this is their biggest problem right now.

They've lost the GDU. They've got the NDA itself has really shrunk. And what we haven't seen, we've seen murmurs of parties such as YSR, Congress and TDP suggesting that they might be ready to go with the BJP before. But it's really important to see what happens before because particularly for a party that doesn't really have a presence in many of these states, Bengal, Tamil Nadu, Andhra and so on. So the before and after of that is really important.

MS. MADAN: Before I open up to audience questions just one final question from me, put yourself in the shoes of somebody in the US; two instances, one a private sector potential investor in India, second somebody in the state department and don't give me the caveat that the state department can't comment on elections. What would you be worrying about? What would you be hoping for and other things you would be generally watching for? Milan?

MR. VAISHNAV: Oh, you had to go to me first on that one?

MS. MADAN: Okay, you can sit --

MR. VAISHNAV: No, no, I'm happy to take it. I mean I think there is a certain amount of irrational exuberance in my opinion about the idea of a

BJP government coming back to power in terms of its economic credentials. I mean for me there's kind of three options and it's, you know, I am still not convinced which option the BJP will take.

The first option is that they'd go the way they did the NDA government from 2000 -- sorry, 1999, 2004 which is pretty reformist. They could go the way that they've gone the last 10 years which has been completely muddled economic policy against every reform that they used to be for and without really any kind of cogent, clear economic policy. And then there's also the Modi route which I put in a third category because it's actually kind of more libertarian in a way than it is sort of, you know, I mean it's about low tax rates. It's about doing good things that allow business to come and it's about having a lean state, focusing on private provision of what are thought to be public services.

But I think given the disenchantment with the past 10 years, especially the last few years. If I had to bet I would expect that the BJP probably would revert more to what it's done when it was governing last time. I think, I mean clearly a negative outcome would be a third-front government just because it's so hard to make heads or tails out of what a government might do, what its priorities would be, what its foreign policy vision would be. Most of these parties don't ever make any pronouncements on foreign policy.

I don't think it would be a disaster. I think if you look at third-front governments in the 1990s, they weren't disasters. They were unstable but they weren't necessarily inimical for economic growth, right? Economic growth sort of

proceeded reasonably well.

I mean, there is the issue of course of Narendra Modi and what the state department view on that or the administration's view might be on that. My sense is that although it would be awkward and they are not relishing having to confront that awkwardness of dealing with him, they are ready to come up with a pragmatic plan to engage him if he were the PM. And that's my sense from trying to read the tea leaves from Foggy Bottom.

MS. MADAN: Sadanand?

MR. DHUME: You know in economics I think the BJP is a strange beast, right? 'Cause I mean a part of it, a part of it is to borrow Swapan Dasgupta's phrase. A part of it believes in Marxism plus cow. That's their economic philosophy, right? The sort of the -- that they're traditional RSS, very mistrustful of markets and mistrustful of industrialism.

But a part of the BJP is also quite friendly to business because it has a support from a traditional trader class and so on. I would argue that if it's a BJP government it will likely be more reformist. I'd think you're going to likely, especially if it's led by Modi and there's an overwhelming sense in the business community. I mean the fact is that the people who actually have to put the money down into factories and so on overwhelming feel and there are sort of multiple polls that suggest this, that if Modi were to come into power, India would be a better place to do business.

And so, I'm not going to second guess, you know, if there's a sort of poll, if there's an ACNielsen poll of 600 CEOs and if 75 percent say that they

think Modi would be a great idea for business, I think there's that sentiment can only take you that far but sentiment does matter. And clearly, in the business community there's a very strong sense that this government would be more reformist and unless I see evidence to the contrary, I'm inclined to believe that.

In terms of negatives, I actually think that regardless of whether you -- what you think of the BJP and the third front, I actually think it would be a disaster for India if the Congress were to come back. Because what it would say is that you can rule the country and have not only the most -- you can have the most staggering corruption scandals in Indian history and you can take the growth rate down to its lowest in a decade and you can still come back.

And if that, if you can still come back after both of these things, it basically means something in this system is broken. You can turf out the ruling party. So I think for India, it would be good even if the Congress, and if you sort of love the Congress then you can hope that well, okay, maybe they should be out for a couple of years and come back. But I think coming -- I think winning an election after this record would be bad for Indian democracy.

In terms of what I'd be worried about in the state department is I think Milan spoke about this too. It's the Modi question. Of course they're going to find a way to work with him if he's Prime Minister. He's the Prime Minister of India. I mean come on. I mean you'd sort of, you know, if there was sort of you know if you had a robot as Prime Minister of India of course the state department is going to try and find a way to work with them. They found a way to work with Deve Gowda.

But the real question is that have they -- is the US misplaying its hand? The US policy on Modi is quite different from over the last six months or the last year. We've seen the UK, the Australians, the Europeans, everybody else has found a way to position themselves where they haven't exactly rolled out the red carpet for Modi but they found a way to kind of be in a position where they haven't alienated him should he become Prime Minister. The US is the only major power that has not done that. I happen to think that's a big mistake.

MS. MADAN: Questions, right here, if you could please identify yourself and keep your questions short and if there's a particular speaker you'd like to direct them to please mention that.

MS. REFELL: Yes, there will be. I'm Helen Raffel. I'm a retired economist and I have a two-part question. The first part is that I haven't heard as in the United States between the Democrats and the Republicans, I haven't heard of any strong policy differences between the BJP and Congress. Seems to be wandering around and mostly political strategy, the second -- but that could be for both of your speakers here. The second part is directed towards Madam Moderator because it says here that you're writing a book on US-India relationship and China. And since I worked five years in China and not at all in India, I'd like to know if the BJP does win the majority in the assembly what will be the difference in the India-China relationship? Will there be any difference from what it is at present?

MS. MADAN: Do both of you first want to take the is there a policy difference?

MR. DHUME: I think there are -- I think the most -- I think the clearest policy difference is going to be in the economic realm. And of course, all of this is with various caveats but you could broadly say that a BJP government is going to be more growth oriented and it's going to be more pro-business and it's going to emphasize the kind of schemes that the Congress has built the last 10 years of rule on, you know, the rural employment guarantee, the food security act and so on.

It's going to be less naturally inclined towards that, going by the record of the NDA, going by Modi's own record and so on. Of course, these are never any pure forms, right? There's always a mix of this. So you're not going to be if you're some sort of, you know, pure Randian libertarian person you're going to be shocked and appalled by what the BJP ends up doing.

But by and large within the context of Indian politics, I'd say that there is particularly because Modi's at the helm of the BJP, there is a sort of -- there is a philosophical difference in the balance between growth and redistribution between the two parties. The BJP leans more towards growth, the Congress leans more towards redistribution. So that's the single biggest thing.

On foreign policy, I think in general it'll -- the US we don't know. So far the BJP has been quite pragmatic. It doesn't seem to have borne any grudge. We don't know whether there's going to be this sort of wild card where we have a Prime Minister who has -- who is not only very nationalistic but also has reason to bear ill will towards the US or at least the people around him have that reason also. So we don't know how that's going to play out.

In terms of relations with the neighbors, I actually think a BJP win would make things very complicated for India because no matter how, you know, in India he's seen, you know, he's a polarizing figure. He's seen in quite dramatically different ways but in the neighborhood especially in Pakistan and Bangladesh, he's seen almost universally through the prism of the 2002 riots. And so, I think it will definitely complicate Indian ties with both Pakistan and Bangladesh.

MR. VAISHNAV: I mean, I think in terms of policy differences that was a great summary. I don't disagree with much of that. I mean, let's not forget social policy, right? I mean there is this thing out there called Hindutva which the BJP once stood for and they haven't been talking about it very much this election but it's there in the background. And Modi has not made it much of a central part of his campaign. There are people around Modi who have, in particular in some states like Uttar Pradesh.

So I think, you know, to the extent to which they do try to enact social policies that could be different, that would be not welcome particularly by some minorities, by some on the left is an open question. I mean, again, Modi hasn't emphasized it as he's tried to keep the conversation on kind of development. So that's clearly one that's there and there'll be pressure obviously for the BJP after having not been in power for 10 years from their -- the Sangh Parivar to implement some of those changes and to talk about things like the Ram Temple in UP and so on.

The one thing I will say on the economic side is just to caveat

what Sadanand said is that it's really hard to talk about these parties in a monolithic way because there is a lot of variation within these parties at the state level in terms of the kinds of policies that they pursue. And I think that there is generally, you know, the one takeaway that I always try to keep in mind in the famous line by Montek Ahluwalia whose the chair of the planning commission, that, you know, in India there's a strong consensus for weak reforms. And I think that's kind of been the case.

I mean even in the heady reformist days of the NDA government there was never a private sector undertaking privatized in a state where the cabinet minister who oversaw that sector was from the BJP. So I mean there's been a lot of politically savvy management of reforms in the past that hasn't always been reformist in the sense that we think of it.

MS. MADAN: I think on China there are a few different aspects to this. And I preface that with the having a permanent bureaucracy especially in the foreign ministry and even the Prime Minister's office, the National Security Council Secretariat is largely staffed by career bureaucrats or military officials.

So to a certain extent you do have a certain amount of consistency across administrations. And China in particular, and you know sometimes it depends on I think a big think that people will watch for in general in foreign policies is who the National Security Advisor will be. That role has become stronger over time.

On China in particular, I think there are a few different things. I would say first and foremost it depends on how China behaves over the next few

years. You've already seen especially this; the Indians are watching, for example, the ADIZ situation very carefully. That starts to change the discussion and even within the existing government, strengthen the hands of those who have taken more hawkish position versus those who are emphasizing engagement rather than competition or potentially conflict.

And in that sense, I think what China does will make a difference. The other aspect is, you know, if there is a change in government in terms of who is actually Prime Minister. You know, if you listen it's a bit like here during campaigns. China is a convenient whipping boy but when there's the campaigning and there's the governing.

Now, in campaigning if you listen to a leader like Modi, he's come out and said the government's been weak on China, that China is something to be worried about and that his government, his potential government would be much stronger. It's not just the case with him, it's with a number of politicians; I haven't seen them say what that would translate to that is different from what the government is doing.

Second, there's a geopolitical aspect, there's an economic aspect. If you look at what Modi has done as a Chief Minister, he's been one of the most active in terms of trying to attract Chinese investment. When he was in China, he gave one of the most China-friendly, pro-China speeches that I have seen an Indian politician give since Nehru. (inaudible) said Indians have a special relationship and I think he meant that in a positive way with the Chinese people and that the Chinese people had a special place in his heart.

And again, he meant that in a good way. So it will be interesting to see because if he is Modi the economic reformer, the guy who wants investment from the -- you know, where Indian companies would like to get to be more engaged there and that could play out both ways as well. Because India's economic experience with China hasn't been all positive. In fact, there are a lot of hassles on the trade and investment side.

But I think we -- it's not as simple as especially, you know, and this is different from the case of the other neighbors. In China's case, I think, I really think the first and foremost thing will be what will China do? There might be slight different emphasis otherwise absent any Chinese moves, you could have if there's a surprise and somebody like Mulayam Singh Yadav comes out whose very hawkish on China, used to be Defense Minister and feels very personal about the issue, that throws everything out of the window.

But overall, I think things are likely to stay the same rather than more -- if anything, you might see a greater push towards economic engagement again absent China doing anything.

Nilanthe, did you have a question? May I have right here?

MS. SUMMER: Nilanthe Summer with CAN, question is for Sadanand. Just to follow up we've heard a lot about or heard a bit about what India's foreign relations could be with its neighbors, so Pakistan, Bangladesh under a Modi government and now China. I wanted to follow up with Sri Lanka. With AIADMK and NDA how would Modi's foreign policy be towards Sri Lanka, I mean, given his pragmatism but then what we've seen with Congress Party's

foreign policy towards Sri Lanka?

MR. DHUME: I think that's a great question and it's actually one of those great unknowns because if you look at the BJP itself, it's very positively disposed to the Rajapaksa government. So the senior BJP lead -- the BJP has been quite supportive. They think that Rajapaksa basically is a good guy. They think that the relationship with the Sri Lankan government should be cultivated and of course you have the -- so they have not put the Tamil question as a party.

It's not been at the forefront for them. So I think it's going to really come down to numbers. So does if Jayalalitha has a decisive say, say she has 30 seats and they need those 30 seats desperately then she will get a very large say in Sri Lanka policy because you have an important ally which is central to government making. If the BJP by itself is more comfortable if they and if they've stitched together an alliance that looks more like NDA II which has about two dozen parties and they're not overly dependent on the AIADMK, then I would say I would see a much more positive relationship with the Rajapaksa government and the Tamil issue not being on the front burner.

It's always going to be an issue for any Indian government. It's a question of emphasis. It won't be on the front burner in that case.

MS. MADAN: Milan, do you have anything to add? Okay.
Question over there.

MR. KANSARA: Hi, I'm Jay Kansara with the Hindu American Foundation. There's a resolution in the House of Representatives, House resolution 417, that clearly seeks to demonize the Chief Minister and the BJP

clearly. And we don't have a position on who should win an election in 2014. We believe that's for the Indian people to decide but how do you feel or what is your opinion about US Congressmen and women trying to influence an election by putting out a resolution that clearly demonizes a prime ministerial candidate from Washington, DC and the actors who are lobbying very hard to get more and more cosponsors for this resolution.

The Chairman of the Foreign Affairs Committee has clearly said he would, I don't think he would allow it to come to even his committee for markup but what is your opinion on that? And anybody on the stage can answer the question, thank.

MS. MADAN: Milan, do you want to take this question?

MR. VAISHNAV: Look, I mean, there are any number of issues which one Congressperson or a group of Congressmen and women can opine on and regularly do on all sorts of countries, every single country under the sun. I tend to on foreign policy, pay more attention to what is coming out of the administration since they really are in the driver's seat on foreign policy. And when I look at what's coming from the state department my sense of the internal thinking, again, this is from no inside sort of knowledge, is that they have decided to take a very pragmatic course.

That as Sadanand was alluding to the Europeans; many of them had a different point of view. I think the Americans wanted to take a more conservative view which was let's just see how this thing turns out. We don't want to rock the boat. In any case, we're not in the business of issuing

preemptive visa approvals for anyone short of an application being submitted.

So it's a sort of non-issue calculating that if he were to come to power they would be able to come to some understanding and that they could pacify some on the left who might be upset by stressing that human rights and democracy would remain on the agenda for any future US-India dialogue. So I think that Sadanand and I think differ on this a little bit. You know, if I were sitting at the State Department I would not want to be seen as meddling in an election. And I think actually making a change on Modi at this late date would be doing that.

As far as Capitol Hill is concerned, you know, I mean there are resolutions going in every direction and I honestly have a hard time keeping them straight.

MS. MADAN: Sadanand?

MR. DHUME: Well, I'll answer your question but I just want to clarify. I actually don't think the visa is an issue either. I agree with you there. I don't think he is going to be travelling anywhere between now and the election. That's moot.

My point was more about at what level do you have contact with him and do you not, and should the US have contact with him at the Ambassadorial level like everybody else? So it's not the sort of -- the visa question I think is -- that's not the issue. And I think it's interference one way or the other. It's interference if you say, no, we're keeping it -- we're staying away because that becomes an election issue that's used by his opponents. And if you

reach out, then it's an election issue used by him.

So you can't really -- you can't win that one way or the other. It's sort of -- the US is sort of this big country and it is an issue.

To come to your question, I mean, I -- like Milan said, all kinds of Congressmen have all kinds of views but I think this points to a larger question which is that the conversation in Washington about Modi and the conversation in India about Modi are not the same conversation anymore. Yes, in India also there are people who view Modi primarily through the prism of the 2002 riots. But I would argue that that, the number of people who view him primarily through that prism has shrunk over the years and is no longer the majority.

Most people now view Modi in India through the prism of development. In Washington, it's still much more there are some people in the business community and so on who sort of who view him through the prism of business and investment. But the shadow of 2002, it casts itself much more strongly in Washington even now than it does in India. And I think that this is, and you see this in many ways and one of the ways you see this is in this kind of resolution.

I'm not particularly concerned about this sort of thing influencing Indian elections one way or the other. I mean, if some Congressmen, either way, right? Some Congressman could go to Gujarat and meet Modi and say he is this great guy who is India's Reagan and it's not going to win him any extra votes. And similarly some Congressman saying that he is this horrible person who we all oppose is not going to lose him or win him any votes either. So I think that

Congressional concerns are so peripheral to electoral politics in India that sort of the idea that this is going to have any kind of impact I think is a little bit farfetched.

MS. MADAN: Well, and absent a few instances in a few countries in particular, I mean we don't know this. Polling is not good enough. But there is little evidence that Indians vote on foreign policy issues overall.

We'll take a final round of questions. I'll do it together and then Milan and Sadanand you can answer. Over in the back and then these two questions right here in the front.

MR. REUBEN: Good afternoon. My name is Nissim Reuben. I am the American Jewish Committee's assistant director for Asia. And I wanted to ask Sadanand, what would India's foreign policy with the Middle East look like in a BJP government? Will we see what in their view a pragmatic foreign policy in 2003? Prime Minister Vajpayee invited then Iranian President Mohammad Khatami as a chief guest of the republic and two months later invited the then Prime Minister of Israel Mr. Sharon.

Would we see -- and he also put relations with Israel at a different pedestal where no future Indian government could sort of rollback. Will we see some sort of policy and also what I heard in a small conversation that Mr. Modi made about the most important Indian diaspora and he said, it's my 30 million workers in the Gulf that send money home to help their families. That is the most important diaspora for me in the world.

MS. MADAN: Just right over here. First here and then there.

MR. SHAH: Thank you. My name is Ashmit Shah from Business Times. Today's discussion was a very timely and recently only two days back India's chief of the election commission, Mr. Sampath was the -- he gave a world presentation about upcoming election (inaudible). But also very dramatic developments have taken place between there and America because of the incidents or the Indian diplomats (inaudible) or what they call it.

And the way (inaudible) has been observed in India during the opposition parties refuse to meet the congressional delegations, none of who and are the parties have opposed America's attitude. In fact, (inaudible) have been removed from the embassy, all kind of they will know. In view of these things, what do you think the possibility of the India-US relationships if BJP comes to power? Because this is an unprecedented event. All the benefits given to the American diplomats have been removed and I think there's a lot of I should say concern about the treatment of these diplomats.

MS. MADAN: Yes.

QUESTION: Thank you, Tanvi. Thank you all, in fact. The big question that comes to my mind is about the Aam Aadmi Party. There are two trends in India. One is urbanization where again the Aam Aadmi Party is essentially an urban party. And the second is the increase in the number of Muslims who are urbanized.

The Muslim community in India has traditionally been more urbanized than the Hindu community. Now, if you see block Muslim voting especially as an anti-Modi ward, how much of a spoiler can the Aam Aadmi Party

eventually emerge? That's a question.

And just a remark. The last finance minister of (inaudible) that I knew was Jagjit Singh Chauhan who then led the movement from Khalistan.

MS. MADAN: Well, that might tell you why people don't know who the finance minister is anymore. Sadanand, do you want to have the first round and then Milan?

MR. DHUME: Sure. Nissim, to answer your question first. I, first of all, I'd sort of broad points. There's, you know, broad continuity in Indian foreign policy including Indian foreign policy toward the Middle East. And on the Iran question, there is a very broad consensus, in fact, I'd say not just among political parties and also among analysts that Iran is very important to India and India is going to maintain a relationship with Iran which is why Indians are generally very pleased to see a breakthrough in ties between the US and Iran.

So I'd the major difference really is when it comes to Israel. And the difference really is that both the Congress and the BJP are happy to strengthen ties with Israel, both trade ties and military security ties but the BJP is much more inclined to have those ties out of the closet. And that is something we saw when the NDA was in government with the Sharon visit and what we've seen with the UPA really is not they have not pursued a close relationship with Israel but that they have frozen the public aspect of that.

They have really dialed down the public aspect of that in ways that I would argue are harmful to the relationship in the long-term. So I would imagine that a BJP government would be much more upfront about embracing

the India-Israel relationship while continuing substantive engagement. But that does mean that it would pursue a dramatically different policy toward Iran for example.

On the diaspora, I actually think that the most important diaspora for BJP government would actually be the diaspora in the West simply because there are so many Gujaratis here. So I mean obviously, you know, Modi can't say that but given the current circumstances. But if you actually sort of look at the amount of support that he has and so on, I would imagine that this diaspora is the most important diaspora whether he says it or not.

In terms of the diplomatic incident, I would say that it's still, you know, the facts are still coming to light. It's still very early days. My hope is and my hunch is that this is something that will blow over. But let's see where we are a week from now. But I think it's sort of wrong to gauge its impact on the US-India relationship based on the very high temperature that we're seeing right now in New Delhi.

In terms of the question about the Aam Aadmi Party and the urban Muslim vote, it's really a question of whether you see the Delhi experience being replicated in other parts of India or not. Both Milan and I have sort of indicated we don't see that. I certainly don't see the Aam Aadmi Party doing what it did in Delhi, in Calcutta and Mumbai and Bangalore and the other cities. It may spawn copycats. It may change the set of issues that other parties campaign on. It may force them to change their candidate selection and so on.

But the idea that the Aam Aadmi Party will do what it did in Delhi

which is really take away a large of the Congress vote, right so the Aam Aadmi Party really, I mean, what it ended up doing was decimating the Congress vote. It hurt the BJP to the extent that if the Aam Aadmi Party had not been in the fray, many of those voters who were disaffected with Congress would have gone to the BJP. But it hurt the Congress in terms of taking their own voters including many Muslim voters. So my sense is that the party is too young, it doesn't have the kind of roots that it needs to make, to have a significant impact. But that said, everybody has underestimated the Aam Aadmi Party before and it's possible that we're underestimating them again.

MS. MADAN: Milan?

MR. VAISHNAV: Two things just on the last point. I think you're absolutely right that urbanization is an opportunity for political parties that has not been tapped. I mean there is not political party which has really been able to form a vision for urban India and articulate a set of policies that might and maybe the Aam Aadmi is pushing the envelope. I think one of the puzzles and this is something that Ashutosh Varshney pointed out is that urban areas in India are so dominated by the two national parties.

So two-thirds of urban constituencies, Lok Sabha constituencies were owned by national parties. 70 percent of semi-urban constituencies are warned by national parties and only about 50 percent of rural ones are. So for some reason they've been voting for national parties. We don't really understand why that's the case. I think there is an opening. What I'd like to see for the Aam Aadmi Party is actually to build roots in Delhi.

I'd like to see them contest municipal election and try to really show that they have model of governance before they rush to try to replicate themselves all around the country. Because I think it's model that should be built on and really insinuate yourself into the grassroots of the Delhi local government which I think they're in a really good position to do and then think about what are the 25 most urban metro constituencies that can go after and let's form alliances with Lok Satta and Hyderabad, with the IT kind of technocracy in Bangalore, with groups in Bombay and that's the way I'd proceed. But I think they are an awfully fast, they're in a hurry to move awfully fast.

MS. MADAN: Thank you to Sadanand and Milan. We will do another iteration of this in spring probably before the elections and then one after. And we will talk about what we've discussed in the last two editions of this. Thank you all for coming out and for staying. Happy Holidays to all of you and do come back when we do this next.

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