

THE BROOKINGS INSTITUTION

INDIA'S 2014 GENERAL ELECTION: A PREVIEW

Washington, D.C.

Tuesday, April 8, 2014

**PARTICIPANTS:**

**Moderator:**

TANVI MADAN  
Fellow and Director, The India Project  
The Brookings Institution

**Featured Speakers:**

SADANAND DHUME  
Resident Fellow  
American Enterprise Institute

RICHARD ROSSOW  
Wadhvani Chair in U.S.-India Policy Studies  
Center for Strategic & International Studies

BRUCE STOKES  
Director, Global Economic Program  
Pew Research Center's Global Attitudes Project

MILAN VAISHNAV  
Associate, South Asia Program  
Carnegie Endowment for International Peace

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## P R O C E E D I N G S

MS. MADAN: Good morning. I know people are still filtering through, but because we're webcasting, we're going to start dot on time.

I'm Tanvi Madan, a Fellow in the Foreign Policy Program at Brookings and Director of the India Project here at Brookings. The India Project is the U.S.-based part of the Brookings India Initiative. The India-based part is the Brookings India Center in Delhi. If you'd like more information on that, you can visit their website at [brookings.in](http://brookings.in).

I'd like to welcome those of you who are here today, as well as those who are joining us through the live webcast on the Brookings website. If you're following along on Twitter or tweeting yourself, we're using #IndiaElections for this event.

In a time before Twitter and such hashtags, when India's elections were first held over in 1951 and '52, *the New York Times* remarked that they are so vast and so long drawn-out that they are hard to grasp, either realistically or imaginatively.

The India elections today continue to be vast -- and even though less drawn-out than those first elections, are still going to be held over a month. It's worth considering the scale of these elections that has observers competing to come up with adjectives to describe their vastness and complexity -- and even has tourists traveling to India on election tourism packages, to witness this event.

This election involves over 814 million people that can vote. A significant number of them will vote over nine phases. The election started yesterday; will continue through May 12, with the results being declared on May 16. There are over 900,000 polling stations, all with electronic voting machines, and over 350 parties competing for 543 seats in the Lower House of the Indian Parliament.

Thankfully, we have with us today a great panel to make these elections easier to grasp -- both realistically and imaginatively. I won't elaborate on their impressive bios that you already have, but in the order they'll speak, we have Sadanand Dhume, who's Resident Fellow at the American Enterprise Institute, Bruce Stokes, Director of the Global Economic Program in the Pew Research Center's Global Attitudes

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Project, Milan Vaishnav, Associate in the South Asia Program at the Carnegie Endowment for International Peace, next door, and Rick Rossow, Wadhvani Chair in U.S.-India Policy Studies, at the Center for Strategic and International Studies.

Without further ado -- Sadanand, over to you.

MR. DHUME: Thanks very much, Tanvi, and thank you all for coming here.

We've been doing this now over here, thanks to Tanvi's initiative. This is our -- I think it's the third one. And the first one was nearly a year ago, and it's been a really interesting journey.

And so one of the things that I thought I'd look at is, what are all the things that many of us, myself included, have been getting wrong over the past year? But let me start off with, what are the most likely predictions -- just in a nutshell, without delving into details.

There's a wide consensus among the most reliable polls that the BJP is heading for a historic victory in these elections. If you look at the CSDS numbers, and you look at the upper limit of their prediction for the BJP alone -- not the NDA -- it has risen over the last three months marginally, and it is currently at about 218 seats for the BJP alone. The NDA, depending on which allies you count, gets to around 240 to 255 mark.

So, at any rate, what seems likely, unless the polls turn out to be dramatically wrong, is that the BJP-led NDA will form the next government.

So, what I want to talk about is a few quick things. And my presentation's really going to focus on Narendra Modi, because, frankly, he's been the central figure of this election.

So, I'm going to talk about five things that we predicted wrong, and three big questions that are opened up by these elections to which we don't have answers, but it'll interesting to revisit those questions later.

The things we got wrong: First, that the BJP would not nominate Modi.

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There was conventional wisdom, even after Modi won the 2012 Gujarat elections, that the BJP would not nominate him to be their Prime Ministerial candidate. And, essentially, there were two reasons.

One reason was the thinking that he had too many rivals within the party. He carried too much baggage because of the 2002 riots that took place on his watch -- that he, himself -- you know, there are people who sort of specialize in writing columns only about Modi.

So, you know, one theory was that Modi himself is the kind of guy who really fears humiliation, so he will never formally throw his hat in the ring. So, there was this pop psychology angle.

But, essentially, a lot of people believed that, whatever else may happen, the BJP would not formally pick Modi as their Prime Ministerial candidate. Of course, we know how that turned out. They did formally pick him. They first made him the Chairman of the Campaign Committee. And then, in September, they made him their Prime Ministerial candidate.

The second thing that many people believed was that Modi could not break out of Gujarat. Well, yes, he's a big Gujarati leader, and he's won three elections in Gujarat. But if you looked in Modi's record ahead of this, he had really not been that successful as a campaigner for the BJP outside of Gujarat.

He was a popular campaigner in 2009, but the BJP did not do well in 2009. In fact, they did quite badly. He campaigned in Himachal Pradesh. He'd campaigned in Karnataka for the Party. The Party did not win. It lost in both those elections.

So, the idea that Modi was an untested figure outside of Gujarat, and we had good reason to believe that he would not be able to translate his appeal in Gujarat -- and his appeal among certain sections of the middle-class and the media to a broader electorate was a second myth.

Related to that was the idea that the caste arithmetic for the BJP would

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not add up -- that Modi would not be seen broadly as what's known in India as an Other Backward Caste in the Hindi heartland.

And there's a lot riding on this, because this is essentially 40 to 50 percent of the population. These are the voters who the BJP needs to add to its traditional upper-class constituency. And the logic here was that, well, yes, technically, he belongs to what you'd call an Other Backward Caste in Gujarat. He's not an upper-class person himself; however, first of all, he's never really talked about it. He really talks mostly about development.

And, apart from that, how does this translate into the Hindi heartland, in any case? He's from some obscure sub-caste in Gujarat. Who in Bihar, or Uttar Pradesh, or Madhya Pradesh has even heard of this particular Gujarati sub-caste? It's just not going to translate for him.

And now we've got a lot of polls, and some of those others are going to go into those details, I imagine, that show that Modi is the most popular political figure in India, across all castes. The only demographic that is overwhelmingly against Modi, according to the polls, is the Indian Muslims. But across all Hindu castes, he is the most popular leader.

The fourth was the idea that Modi would run as a Hindu hardliner -- that that was his ticket. If he did get the nomination, he would try to whip up emotions, bring back issues that had been put on the backburner by the Party, and really try to drive his campaign by being the Modi of 2002 -- the guy we associate with a hardline Hindutva.

I'm not saying everybody said that, but several people sort of believe that this is -- in fact, he's campaigned almost entirely on the plank of development. What you notice when you look at his speeches is that he talks about infrastructure, he talks about jobs, he talks about inflation, and it's been a very smart strategy.

You could argue -- and some people do argue -- that there is an implicit message -- just the very fact that this is Modi running -- that there is an implicit Hindutva message attached to this. And I think that would be accurate. But his campaign has

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really been a campaign about development, about economic growth, about governance, about putting India back on the rails. It has not been a campaign about temples and the like.

Finally -- and I think, in some ways, this is the biggest myth -- or the most widely-held myth -- was that Modi would be toxic to allies. Remember last year, when Nitish Kumar pulled out of the NDA after Modi was made the head of the BJP Campaign Committee? There was a sense that these guys have really blown it, because while the BJP rank-and-file might just adore Narendra Modi, no one else is going to touch the guy, because he was toxic -- particularly to Muslim voters.

Allies who needed those votes were not going to form an alliance with this person, particularly before the elections. And for the BJP, because it's a party that is concentrated in the north and the west, what happens before the elections is actually very important.

And to just give you a quick example -- between 1996 and 1998, the BJP went from 161 seats to 182 seats. And that's really what allowed them to form the government in 1998. Out of those 21 extra seats that they got between '96 and '98, they got 2/3 of them. They got 14 by stitching up alliances before the election. So, that allowed them to pick up some seats in Tamil Nadu, pick up a few seats in Bengal -- pick up seats in places where they were not traditionally strong.

And so the idea of the pre-poll alliance is very, very important for a party like the BJP, which has a limited national footprint.

Again, that was the conventional wisdom. I wrote an article about it, too. It turns out that he has picked up an ally in Bihar, LJP. They have an ally in Haryana. They stitched together an alliance with three parties in Tamil Nadu. And, probably most significantly, they have recently announced an alliance with the Telugu Desam Party in undivided Andhra Pradesh -- in both its halves, Seemandhra and Telangana.

So, the idea that no one was going to ally with this person has been proved wrong. And it's quite simply been just an extension of his popularity in the country

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that allies now feel that it makes sense to be with him even before the vote, because the number of incremental votes that he's going to bring more than makes up for any votes that will be lost.

So, those are the kind of five big things we got wrong. And I'm going to just very quickly speak about three questions to which I don't have answers, but I think are interesting and worth pondering.

The first, of course, is, how wrong will the polls be? And many of us here remember the 2004 polls, where everyone had predicted a BJP victory, a big NDA victory, and, of course, it turned that, instead, there was a slender NDA defeat in the Congress to power.

I think there are two ways to read the polls -- and Milan here knows much more about this than I do -- but there are probably two ways to read this.

One is that the polls in India consistently overestimate the BJP. And the evidence for that would be, in 2004, they thought the BJP would do better. It didn't; the congress did. In 2009, the more reliable polls did not predict the BJP victory; they predicted a Congress victory. However, they predicted that the BJP would do much better than it did. So, again, you have this sort of BJP being overestimated, compared to how it actually did.

So, that's one narrative. And I'd imagine it's a comforting narrative if you're one of the few lonely souls in this election who's batting for the Congress.

But there's another narrative on these polls, which is that Indian polls have become better and better at predicting vote share. Seat share is still a bit of a crapshoot. But you can also look at polls and say that what they're doing is, they're getting better at predicting vote share, and they're underestimating the final tally of the winner.

So, you see that in the 2009 election, people basically got it right. They got the fact that Congress would win right. They underestimated the margin of Congress's victory.

You saw that in Uttar Pradesh. People basically -- CSDS, in particular -- they got the fact that Akhilesh Yadav and the SP would be the single-largest party. They underestimated the degree to which he would beat everybody else.

Similarly, in the Rajasthan elections recently. They basically got the fact that Vasundhara Raje was winning. They didn't get that she was coming in with an 80 percent majority.

So, this is just to say that there are two narratives out there. We have the poll numbers. We know, pretty reliably, that the polls will be wrong. But we don't know which direction they're going to be wrong in. My sort of basic rule of thumb on predicting Indian elections is, I see what Surjit Bhalla has said, and then say, "Okay, that's wrong."

Now the second big question is the future of the two parties. Now for the first time in -- and Surjit Bhalla's a friend of mine, by the way, so this is not personal -- for the first time in Indian history, we're likely to see the BJP emerge as the single-largest party, in terms of vote share.

So, even in 1998 and 1999, when the BJP emerged as the single-largest party in terms of seats, as it did in 1996, it always got fewer votes than Congress. And so, this time, it looks like the BJP's going to get about 1/3 of the national vote. Previously, it has never reached the 26-percent ceiling. This is a huge tectonic shift.

And the question really is, are we seeing something that is going to be permanent or long-term in Indian politics, or are we seeing something that's a one-off, and special, and basically has to do with the UPA government having really disappointed voters for many reasons.

And the related question that's attached to this is; what does this mean for the two parties? What you can see is the BJP really completing this dramatic and -- in some ways -- bloody leadership transition. The last time the BJP had a leadership transition was in the early 1970s, when Balraj Madhok was kicked out, and this duumvirate of Advani and Vajpayee essentially took power.



Some of you remember the Janata government of the 1970s. The BJP -- the then-Jana Sangh -- they had two ministers, two cabinet ministers: Atal Bihari Vajpayee and L.K. Advani. In 2004, it was still Atal Bihari Vajpayee and L.K. Advani leading that party, but this is not a party that does leadership changes often.

A leadership change has occurred now. The BJP -- kind of like what the old Congress (I) -- is now turning into the BJP (M). Now the degree to which that takes place is a really, really interesting question.

And the related question with the Congress is, should the polls be correct, and Rahul Gandhi lead them to their most historic defeat ever, when do people begin to lose patience with his leadership within the party?

I think the Congressman is a very patient creature in these matters, but it remains to see how many defeats they're willing to bear before people start coming up with the idea that you need some kind of alternative, because it just isn't working with this guy.

And my final point before I end is, has the BJP basically pulled together a new social coalition? Have they done what they have long wanted to do, but have never really been able to do -- and only managed to do it in passing, in Uttar Pradesh, in the mid to late '90s -- which is to kind of create this consolidation of the so-called Hindu vote across castes?

I think it's way too early to tell. I personally think, if I had to guess, that this is a one-off election that's being driven by very special factors -- mostly, the performance of the UPA. I don't think the next election, you're going to be facing a similar set of factors, and I think what had long been well-known realities of Indian politics will reassert themselves.

But I think that in this particular election, we may, indeed, be seeing something new and rather dramatic.

Thank you.

MR. STOKES: Thank you. My name's Bruce Stokes, as I was

introduced by Tanvi. I'd like to thank her for inviting me.

The Pew Research Center does polls all around the world, and we do an annual survey in India. This survey happened to be done and was released last week, right before the election. So, we tried to focus the survey on the mood of the Indian electorate, as they headed for the polls.

What I'll be sharing with you is the mood on a series of economic and political issues. There's also, in the survey -- which is available on our website -- or we can talk about it in the question-and-answer session -- a whole series of questions about attitudes towards the United States, towards China, towards Pakistan. So, there's a sense of people's views on foreign policy, as well.

But since foreign policy's clearly not an issue in this election, we chose to focus this presentation on attitudes that might affect the outcome of the election.

Just to briefly give you a sense of the survey, it was done in December and January, with about 2,500 people in states in India that represent or contain about 91 percent of the population. And the margin of error is plus or minus 3.8 percent -- which is a standard survey description in India -- and other countries, including the United States - - or other countries around the world.

Our primary finding about the mood of Indians is that they are in a very sour mood -- which I think lends credence to the argument this may be a one-off election -- that we may not want to over-interpret whatever happens, because people seem to be in a particularly sour mood -- not only about the economy, but about the stewardship of the government by the Congress Party. And it would probably actually take a second election to know whether there's been some transformation of the Indian electorate or not.

As you can see, we asked people -- we ask this question all over the world -- are you satisfied or dissatisfied with the direction of the country? We have found in many countries, especially in the United States, this is probably one of the best indicators of political outcomes. I can't say that about India, but it is striking that 70

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percent of Indians say they are dissatisfied with the direction of the country. So, they are clearly frustrated.

We asked people about various economic issues. I might point out here; we give people a range of options. This is a very big problem, there's somewhat of a problem, et cetera -- four options. These are the percentage of people that say this is a very big problem. Everything to the Indians today is a very big problem.

Now, frankly, as an analyst, this is very frustrating, because you can't analyze those outcomes -- because everybody believes it. But what is interesting, I think, is that political and parliamentary deadlock, 2/3 of Indians say this is a very big problem, which would lend itself to the sense that we need change. And I think I'll show you later that that's exactly what people want.

We asked people about their faith in various institutions in Indian society. As you can see, the only institution that we ask about that people have really strong faith in is the military. Basically, less than 2/5 Indians have a lot of confidence in the Parliament, or in the national government; about the same have a lot of confidence in state governments.

Now a 38-percent confidence level in the Lok Sabha doesn't sound very big. It's probably about twice what Americans have, in terms of their confidence in the Congress. So, things are all relative here.

But, clearly, people are dissatisfied in India with the public institutions, except the military -- which, again, would lend itself to a desire for change.

The one outlier statistic, I would say, in this survey is, we asked people whether they thought the economy was doing good or bad. And 57 percent say the economy's doing good. That would seem to contradict the fact that they think there are so many economic problems -- and they think the direction of the country is the wrong direction.

But answers to other questions suggest that this may be a reflection of hope over experience, because, basically, 6/10 Indians believe the economy's going to

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get better over the next 12 months. And roughly a same proportion think their children will be better off than the current generation.

Now both of those are comparable numbers to what we see in other emerging markets. So, people in emerging markets still have a belief in the future, including people in India have a belief in the future, despite the fact that the growth rate is about half of what it was at its peak.

And so that may explain that people are not yet that frustrated with the current economy, but they do expect things to get better in the future. This creates a high bar, it seems, for whoever wins the election -- that they had better deliver on the economy -- and do that relatively soon.

So, the mood of the electorate, at least from our survey, is pretty grim. We then asked people about the election. I might point out that, unlike other surveys that have been done in India, our goal was not to predict how many seats the BJP or Congress might get in the Lok Sabha. Our goal was just to get a sense of whether people wanted change.

Because our goal was different, we asked different questions. There are plenty of surveys out there that try to predict how many BJP seats there's going to be in Tamil Nadu, et cetera. That was not our goal.

What we asked people was, who would you like to see lead the next coalition government? And, as you can see, by 3:1, the public said, "We would prefer a government led by the BJP." Now I will point out to you that that doesn't mean that people are going to vote for the BJP by 3:1. You could very well, in some state, vote for the party that your father voted for, vote for the party that got your sister a job. It's a local or a regional party; it's the party you've always voted for. It's just that you would prefer that they then coalesce with the BJP to run the next government.

Now that means that the BJP might still do well, if the regional and local parties are sensitive to the mood of the voters. But it also means that if you get a non-BJP government, there are going to be a lot of Indians who are going to be dissatisfied,

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because, despite whoever they voted for, they are desirous of a new direction for the country and a new coalition led by the BJP.

If you break it down demographically -- and this is, I think, what other surveys have found, as well -- what you find is that, no matter how you slice the demographics, basically, people favor the BJP to run the next government. I think the most interesting numbers there are -- look at the very bottom -- urban/rural split. It has been a tenet of Indian politics for a long time that Congress had a lock on the village vote.

And I can tell you, we actually asked people their opinion of a number of signature Congress programs that were designed to appeal to rural voters. We asked people about the rural employment scheme. As you know, there's an employment scheme where you can get up to 100 days of work in rural areas. 80 percent of the public basically thinks that's a good idea; it's good for India.

There's a recently enacted and put in place -- a food distribution scheme. 2/3 of Indians believe that's a good idea. Nevertheless, basically, rural voters said they'd prefer a BJP government.

So, I must say, if I were leading the Congress Party, I'd be scratching my head, saying, "What are we supposed to do here? We do programs that people say they like, and they still aren't willing to vote for us." So, that would be, I think, one of the takeaways from these demographic numbers.

Also, look at the low-income numbers. Again, it would appear in history to have been a natural constituency for the Congress Party. It does not appear, in this election season, to be that one for Congress this time.

We tried to get at why people thought the BJP would be better to lead the next coalition. So, we went back, and we asked -- we had identified that, overwhelmingly, people thought every economic problem was a very important problem for India. We then asked those same people, "Okay, who do you think would do a better job -- BJP or Congress -- in actually addressing those issues?"

And, as you can see, by about 2 to 2.5:1, on each of those issues,

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people say, "We think that the BJP would do a better job handling inflation, or joblessness, or even helping the poor" -- which, again, is supposed to be a Congress selling point.

I would note the one at the bottom -- ending political gridlock. I think that people are looking to a Modi-led government to try to get things done.

A final point here: We also looked at the age differentials, because one of the, you know, telling aspects of this election is going to be the number of young people who'll be voting for the first time. And, as you can see, by at least 3:1, young people believe that the BJP would do a better job handling a variety of issues. We cannot predict how they'll vote, but at least when you ask them, they tell you they think that these issues which they think are problems for the society are best handled by the BJP.

So, I think one might look very closely at the vote among younger Indians. It looks like it's going to go overwhelmingly to the BJP.

We then did a question where we asked just a favorable or unfavorable of various people in the political scene in India. Bear in mind, we did not ask people to choose. In other words, if you liked Modi, you could also like Rahul Gandhi or Sonia Gandhi. You could like various other figures.

What was interesting was that the favorability of Modi was so overwhelming. It's not that Rahul Gandhi's favorability was that low; many politicians, including, by the way, Barack Obama, in United States, would love to have a roughly 50 percent favorability rating. But it's just that, at this moment, the favorability rating of Narendra Modi is much higher.

And, again, look at the favorability rating. The rural areas -- look at the favorability rating among poor people. These, again, would be groups that conceivably might have some questions about Modi -- and they do not.

All of this material is available on our website. It's free. More importantly, it's searchable. So, if you have a question about whether, now or in the past,

questions have been asked in India, it's very easy to find.

Thank you.

MR. VAISHNAV: Thank you very much. Thanks, everyone, for coming. Thanks to Tanvi. It's been a pleasure to be part of this series. I think she has already told us that a post-election meeting is in the works, so you all have to show up again, in another month or so.

I'm going to try to do two things in the time that I have. The first is to briefly lay out what I think are the three kind of big election scenarios that we're looking at, in terms of the coalition dynamics and the numbers.

And then I want to step back and reflect on what we've learned over the past year. As Sadanand mentioned, we first had this session at Brookings over a year ago, where we raised a number of questions. And I think that we have a little bit more information today that we can bring to bear, to actually answer some of those questions.

So, number one, you know, I think Sadanand painted out the most likely scenario -- which is that the BJP, on its own, would get around 200 seats -- that together with its NDA allies, both old and new, that tally would go up to 230 plus. There's a range between 230 and -- some say -- as high as 250.

Basically, the conventional wisdom is, given that clutch of seats going to the NDA, that they would not have much difficulty forming the next government -- which would require 272 seats out of 543. That's the halfway mark -- and forming that government with Narendra Modi as the next Prime Minister of India.

And that seems to be where the polls are converging, and, I think, probably now, the most likely scenario.

The scenario number two is that the BJP significantly underperforms -- and, basically, is only able to reach the heights that it scaled in the mid 1990s, late 1990s, when it got around 180 seats.

At that point, it may be difficult for the BJP to form the next government with Narendra Modi as its face, because in order to bridge that 100-seat, 90-seat gap,

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you would need a Prime Ministerial offering who would be seen as more palatable to a larger group of coalition allies -- who would deem, in some sense, Narendra Modi to be too radioactive.

And under that scenario, scenario number two, Modi would have to be pushed aside in favor of somebody who's seen as a more compromised candidate -- so someone like an Arun Jaitley, someone like a Rajnath Singh, the President of the BJP.

This is a difficult scenario to think through, because what this would also entail is some level of disquiet or outright mutiny on the part of the rank-and-file of the BJP -- who, if you remember, are really responsible for putting Narendra Modi at the top of the ticket. There were several senior leaders who had been angling for that spot, including L.K. Advani, who felt that it should be his -- being the grand old man of the Party -- who were passed over.

So, I think that that's a scenario which becomes very difficult to sort of understand, comprehend what the dynamics would be -- whether or not the Party leadership, and the RSS, and the Sangh Parivar would be able to push Modi to the side.

But I think that's sort of scenario number two, if they weren't able to get to the 200 figure.

Then I think the least likely scenario, scenario number three, is that the BJP massively underperforms, and that the polls have truly gotten it wrong, and that they were only able to get, you know, 160 or 170 seats -- in which case, by definition, the UPA coalition and the regional parties would have done much better than predicted, and those two, perhaps, could come together and form essentially what would be an anti-BJP coalition. It would be a front that would have very little in common, other than preventing the BJP from coming to power.

Now I think that's not likely for at least two reasons. One is, as I said, I don't think the BJP is probably going to underperform to that extent.

Number two, there have been several attempts in the past 12 months for regional parties to try to come together on a common platform, essentially to create a



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federal front, a third front, a united front -- these incarnations have different names. They have not succeeded. It turns out that these parties have very little they can agree on.

First and foremost, they have no agreement on who actually would be the face of this kind of ragtag group of parties. And one has to keep in mind that many of the parties that would have to come together, to form this kind of third-front coalition, are bitter rivals with one another in their own states. So, you would have to get parties who are out-and-out fighting one another, in the state of Uttar Pradesh or Andhra Pradesh, to put those grievances aside and come together.

So, I think that the focus probably is on scenario one. And what I'm going to do now is talk about -- if that's true, on May 16, when we all wake up here, and we see the results -- how did this come to pass? And what does it mean about Indian politics?

So, in looking over our discussion last -- I think it's February 2014 or March -- the one question we had at that time was, would the BJP be able to overcome its historic geographic and political boundaries? Would there be some kind of wave it could ride to transcend some of these limitations it's experienced in the past? Was this possible?

And I think there was a note of skepticism, because the consensus was that the ground was not particularly fertile for a Hindutva or a Hindu nationalist wave to occur -- that India, in some sense, had moved on beyond that period -- the very volatile period of the 1990s.

So, the big question was, could there be a wave that was based not on identity or communal considerations, but a wave that would be built around something else?

So, in comes Narendra Modi -- again, sort of catapulted to the front of the line. And so the hypothesis was that this man would lead a governance, economic development, economic growth wave across India.

Of course, it's fair to say there was a great deal of skepticism about this

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project, right? In a sense, it had never really been done quite in this way before. It appears as though the skeptics may have been wrong. The BJP -- forget about seat totals. I think Sadanand is right; the polls have gotten much better about predicting vote share.

The BJP is projected on its own to get at least 1/3 of the all-India vote. The best it's ever done is around 26 percent, in the late 1990s. Last time around, it was only able to marshal 19 percent of the vote. So, this is historic, in terms of the BJP's performance.

We have seen large vote swings virtually in all four corners of the country -- both in its traditional strongholds of the west -- states like Gujarat, Madhya Pradesh, Rajasthan. In the north, in the Hindi heartland states of U.P. and Bihar, where the BJP is, allegedly seeing vote swings of up to 20, 25 percent. They're gaining ground in the eastern states of Bengal, Orissa -- as well as in the south, a place where the BJP has really struggled, outside of the state of Karnataka, to really connect with voters.

Now can we connect this wave to issues of governance of development? I think that we can. Both the Pew survey, as well as the survey that I was a part of, run by the Lok Foundation, found that the number one issue on Indian voters' minds, when you ask them, what are you thinking about as you cast your ballot this year -- is the economy -- its growth, its inflation, and its corruption.

Now corruption -- you can argue, is it an economic issue? Is it a governance issue? I think it's, frankly, both.

The second is very interesting. *Outlook Magazine* did an analysis of 68 speeches Narendra Modi has given on the campaign trail -- where they found that there were 500 mentions of the word "development" and zero mentions of the word "Hindu."

Now whether or not Modi, in his heart, has changed, whether or not he's moved away from his RSS/Hindu Right/Bonifi days is a separate matter. The fact is, the campaign and the national theater has been about governance and development.

The second question we had is, you know, the role of the regional party.

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In July 2013, the polls were suggesting a hung Parliament. It essentially would have 1/3 UPA, 1/3 NDA, 1/3 regional parties, and the continued rise and influence of regional parties would be one of the defining characteristics of this election -- because, remember, one of the cardinal facts about India's electoral system today is this growth, right, of regional parties.

Since 1989, there's been no single-party majority government. We have been in an era of coalition government in which regional parties play a very important role. But if you look more closely at the data, what you see is that the regional party rise has slowed. Over the past five election cycles, the non-Congress, non-BJP share of the vote has been around 50 percent, okay? So, it's increasing marginally, up to 53 percent in 2009.

Now, again, if the latest data from CSDS and a number of other polls are correct, that is actually set to decline significantly. The BJP and the Congress together could get almost 58 to 60 percent of the all-India vote, which means that the regional parties would go down almost 10 percent, from 50 percent to 40 percent -- which is quite a reversal.

Think about two parties in that context. One is the BSP of Mayawati, which had aspirations to be a national party, which had started in Uttar Pradesh, and it extended outwards, in that area around U.P. -- Haryana, Delhi, Punjab. We've seen a shrinking of Mayawati. Many of those votes have either gone to the Aam Aadmi Party, or they've gone to the BJP.

The left -- one of the very interesting stories in Indian politics, which doesn't get much attention, is the decline of the attractiveness of left parties. One would think in an era of crony capitalism, of inequality, of poverty -- which is going down, but still very high -- the left would have appeal. On a nationwide basis, that doesn't appear to be the case.

So, this linear narrative of the rise of regional parties, I think, needs to be revisited.

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The third is on alliances. Now Sadanand touched upon this, and I just want to emphasize it, because I think it's an interesting point -- one of the big questions we had a year ago was, what shape would alliances take? Traditionally, it has been the Congress, not the BJP, which has been much more successful, much more crafty, in terms of forming coalitions.

Although a lot of attention, a lot of ink has been spilled on this idea that it was the BJP's sort of tone-deaf campaign around India shining -- which is what was responsible for its devastating loss in 2004 -- I think we now pretty well can do away with that myth, because it's clear that it really was about coalition dynamics -- that the UPA was able to construct a coalition. They bet on the right horses, and the BJP lost partners, and they picked the wrong horses.

And so Congress has had this reputation of being better at alliance formation and having a larger pool with which it can construct alliances, because of its "secular credentials," right, because of its -- there's no one issue about the Congress that necessarily alienates regional parties. There was great doubt, therefore, about the ease with which the BJP -- especially a Modi-led BJP -- could construct an alliance -- yet it has been Modi and the BJP, if you look at the last several months, which have constructed some of the most intriguing and interesting alliances -- not the Congress.

The Congress has seen one party after another jump ship. The left jumped ship in 2008. Then the Trinamool Congress of (inaudible) jumped ship. Then the DMK of Tamil Nadu jumped ship. They have not been able to replace those allies.

The BJP, on the other hand, has formed an alliance in Bihar -- the Lok Janshakti Party of Ram Vilas Paswan. They formed a grand alliance of very small parties. But together, when you add that to the BJP vote, it's a substantial number of votes, if not seats. And just yesterday, day before, an alliance has been tied up with the TDP and (inaudible).

So, this is a reversal of the way things used to be -- which is that it was the Congress that was the one that was able to put these alliances together, not the BJP.

Fourth is this issue that, you know, national elections in India are not really national. They are essentially a sum or an aggregate of state election results.

And so one of the defining characteristics has not just been the rise of regional parties, but it's really the rise of states as the primary venues for political contestation -- even in national elections. And so national elections have been sort of a sum of disparate state electoral verdicts.

Now the latest election projections are, by any measure, a reversal of this trend. This is probably the most Presidential election India has seen in at least three decades. The pro-BJP vote swings that we see in Bihar, U.P., Andhra Pradesh, Tamil Nadu, Orissa -- these are not based on the sudden strength of the party apparatus in these areas. They are not necessarily based on the emergence of strong BJP leaders.

I think there is a strong case to be made that there's an interaction effect going on between the candidacy of Narendra Modi and the deep-seated disenchantment people feel over the economy. And those two things are coming together.

Now with anything having to do with Indian politics, one has to insert a number of caveats. This is not uniformly true, okay? So, if you look at the state of Karnataka, for instance, regional issues do seem to matter. The BJP had run a quite poorly-run government there, which was thrown out in May 2013. It is still struggling to catch up, although it seems to be pulling neck-and-neck with the Congress in the most recent polls.

Congress still remains strong in the state of Kerala and the northeastern state of Assam, which went to polls yesterday.

So, there are some outliers, but I think that the overall picture is one which complicates the narratives of the national and the state.

Let me just end here with a word about the urban voter. One of the big questions we had a year ago was, in the wake of the rise of the Aam Aadmi Party, you know, whither the urban voter? How would the two national parties start to cater to this urban voter? Because we have two very different Indias. We have rural India, which

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cares about handouts, cares about caste -- which cares about clientelism and patronage. We have an urban India, which cares about social mobility, economic growth, and so on, and so forth -- not these parochial concerns.

And I think there's been a blurring of those lines. I think that we've seen rural India, which increasingly has urban characteristics and urban sentiments.

If you look at preferences among voters for the BJP and Congress, they are identical in rural and urban -- very close. They prefer the BJP to the Congress, as Bruce has just shown. If you ask the issues that they care about, economy still predominates in both rural and urban, and it's really the variation across states -- it's the differences between Bihar and Kerala that seem to matter much more than the urban/rural dimensions or splits between the two.

I think this is because of hugely transformative changes going on that we're just beginning to understand -- the role of technology, the role of migration. And lastly, I think one of the most important developments in contemporary Indian politics, which is the transformative role that economic growth has had, and the way in which -- even for the rural poor -- this has led to a revolution of sort of rising expectations -- rising expectations which have not been seen to have been adequately met by the incumbent government.

And I'll stop there. Thanks.

MR. ROSSOW: Great. Thanks, also, to Tanvi, for inviting me to join the Three Amigos. Bruce and I are pleased to join the marathon in the very last leg. Most exciting for me is getting to follow a major television star. You may know that Milan was featured on a recent episode of (inaudible) on corruption and politics. So, I'm sure that there's a lot more people watching the show now, so I get the benefit from the glow.

So, I'm going to focus on the election, and what we may see, in terms of the economy and U.S./India relations.

So, as has been pointed out, there's really three possible scenarios for this election, three possible scenarios being that a Congress-led coalition manages to

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squeak out a victory, that a third-front government comes to power -- probably with a heavy backing from either Congress or BJP -- or that a BJP coalition manages to take the election.

Since we are talking about India, there's a million other scenarios. Aliens could come down. I mean, who knows what could actually happen? But three primary scenarios -- I'll touch briefly -- if a third-front government comes to power, I think we'll see something akin to anarchy.

I don't think I'll spend much time dwelling on what would happen in that scenario. It happened once in India's past, and it wasn't an effective government. And as soon as the Congress pulled the plug on their support, it fell -- which I don't think anything too different would happen this time, if that scenario comes to pass.

If Congress manages to squeak out a victory and remain in power, I think, with Rahul Gandhi as the Prime Minister, you're unlikely to see a dramatic variation on the foreign policy front that we've seen so far from Congress thus far. A focus on social programs -- it'll be further commitment by the electorate that, indeed, they are going to continue to vote for being given things, rather than focus on growth. I think they'll have an even more difficult time moving a Parliament-focused reform agenda.

So, I think, largely, you won't see any new initiatives on foreign policy, necessarily. And in terms of an economic legislative front, it'll be roughly equivalent to what we've seen in the past.

So, I'll spend most of my time on what I would think a BJP-led government would look like, in terms of economic development and U.S./India relations.

So, first of all, if the BJP were to win, and Narendra Modi were to be the Prime Minister -- and let me just touch briefly, too, on the scenario that no one said -- if BJP falls below 200, and they have to go with another candidate, I just -- the person I would like it to be least in the world is that person that has to go to Modi and say, "Sir, we just won the most seats, but we're going to ask you to take a backseat." That would be a punishing job to have in this world.

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If the BJP were to win, what kind of economic reform program would they have? There's been a lot of buzz so far out there that, in fact, it won't be an effective one -- that you'll have another coalition government, that coalition allies may be just as unlikely to work with BJP.

But, actually, if you look at Modi's track record -- and you look at, too, what the BJP did last time in power -- it was a lot less Parliamentary-focused. A reform program under Narendra Modi -- and this is the picture that I try to paint for folks: You have two ministers sitting across from Modi as Prime Minister. And one of them hands him the IT policy for 2025, with 80 pages long, 75 regulatory changes, a couple of legislative changes.

And the other minister hands him the IT policy for 2025 which says, "Let's pull the broadband connection between these two cities, a couple of townships, and a metro rail to connect them all."

You know, Modi, by predilection, will go with the latter. He likes to build stuff. And building stuff does not take Parliamentary approval. So, a reform program based on building infrastructure, on getting stuff out of the ground, on relentless follow-up -- as he's done in Gujarat -- which would be a little bit tougher to do at the center, but not impossible -- I think, actually, it's a reform program that you can carry out a lot easier than a legislative-focused reform program.

You know, that's what the Congress government is focused on. You talk about GST. You talk about direct tax code. You talk about insurance, about banking, about pension, about -- all these things focused on getting your coalition allies to support you when it comes to Parliament. And they've been unable to do that on most -- except for the least controversial of these bills.

So, a non-legislative-focused reform program actually is a little bit easier to carry out. And I think that's where his heart lies, as well.

You know, you look at what they talk about in their manifesto that was just released. They're talking about building 100 new cities, public transportation



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systems, freight corridors. You know, these things you can do without having a strong coalition. When the BJP will need to get tough votes in Parliament, I do think the BJP, also, is poised to actually have an easier time on doing that.

You know, there's one key thing that has been brought up -- subtly during the conversation so far -- which is that the BJP is not actually a national party. It's strong in a bunch of really big states, but there's a lot of states where it's not strong.

And so, actually, you know, I think, a little bit counter to what Milan just said -- you know, I think the BJP, all throughout, you know, the last 20 years, has had a better time, a much stronger ability to work with coalition allies during that entire period. They did bet wrong, you know, and so, in 2004, the coalition allies really suffered a bigger hit than they did -- particularly the Telugu Desam Party, which went from 29 seats down to five. That's almost equivalent to the seats that BJP lost in that election.

But, you know, the BJP -- you know, when they tried to get a vote in Parliament -- and you look at who a lot of the coalition support will come from -- if it's the Telugu Desam Party in Uttar Pradesh, if it's AIADMK, if it's Trinamool Congress, they don't view BJP as a threat in their home state.

Congress, when they try to get a vote -- and right now, you look at who makes up the UPA and the external support; you know, you've got BSP, SP -- a lot of these large parties where Congress is either the number one or number two threat in state elections there.

And what do these parties care about? What does the Samajwadi Party care about -- U.P. or Delhi? U.P. -- nobody would argue that. And if you spent six days of the week battling it out tooth and nail on small electoral issues in the state, and then you come to Delhi, and you say, "Hey, Myawaddy, let's forget what we did there. Let's get a vote on this builder we care about a lot," it's not that easy.

But the BJP is not encumbered by the fact that they spent six days of the week battling these regional parties. They can come there and have a relevant discussion about, let's pass this bill, and then these regional parties don't have to worry

about sharing whatever glow comes afterwards with the BJP.

In the instances where BJP does have coalition allies, in states where the BJP itself is relevant -- they actually have maintained stronger relations. I think you'd have to say that, you know, there's very few parties that Congress can count on its hand to be as tight with BJP. And there's, you know, fractures, there's fissures there -- not to say they don't exist at all. But the BJP and how it's been able to manage relations with the (inaudible) and others throughout this period has been pretty strong, compared to how Congress has done.

So, I mean, with Congress, who would you put in that category as a committed ally, through thick and thin? NCP -- probably nobody else. And even NCP -- you know, I mean, I think over the last few years, Ajit Pawar has been clearly trying to make some space. I mean, they've been flirting -- although I don't think it was terribly serious with, you know, looking at the NDA and things.

So, even their strongest ally occasionally makes noises that they're not happy, that they're willing to look elsewhere.

So, BJP -- less focused on Parliamentary, but even when they need Parliamentary, I think the makeup and how they're established with the coalition makes it a little bit easier for them to actually make Parliamentary changes if needed.

So, you've got a government that's going to focus on building stuff. Now -- and took a look at U.S./India relations -- you know, I'm personally a proponent that business has been the foundation of the relationship going back 20 years, and will continue to be so. We've had some terrific peaks, in terms of the nuclear deal, in terms of big defense deals, but, you know, trade and investment continue to go up to infinity. And, indeed, you know, it has continued to rise.

So, I look at this through the economic lens, first and foremost. There's a danger in what I see as a Narendra Modi economic plan. "Danger" is probably too strong of a word, but when you look at U.S./India economic relations under this program -- if Modi is going to spend time and energy exclusively on building stuff, American

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companies have not shown interest in taking the risks of building stuff in India.

When India first opened the economy in the '90s, the first sector that they really opened up and really embraced foreign investment was the power sector. And, you know, those of us that remember -- I mean, Enron clearly was the symbol of that, but, actually, there were more than a dozen power projects built throughout India by American companies.

And, you know, power is a state subject. So, each state -- I mean, there were projects built in Maharashtra, Tamil Nadu, Andhra Pradesh, Karnataka, the Andaman and Nicobar Islands. Yes, an American company built a power plant in Andaman/Nicobar Islands. Kerala, Odisha -- and no matter what state you built the project in, you had problems getting paid.

And Enron was the worst. They stopped getting payments all together. The other companies just mentioned on the list all got shortchanged.

So, American companies, 15 years ago, took the primary risks of building big infrastructure and couldn't get paid. And these projects -- I mean, they had all the payment security mechanisms you could want: a letter of credit, an escrow account, a state guarantee, and, in a few instances, a central government guarantee. And they still couldn't get it honored.

So, a BJP government's going to want to build stuff. American companies have shied away from building stuff. It's tough to imagine what kind of security can be given so that American companies will go back in and do that. But that's worth exploring. How can we get companies to do that? Because if we talk about U.S./India engagement and partnership in economic affairs, but we're not going to participate in this buildup that is expected to happen, then we're missing out on an opportunity for our companies to engage India in a much deeper level, going forward.

Some other focus areas, I think -- and I'll just pull these briefly from the BJP's election manifesto -- because, right now, on the U.S./India economic relations, I think we'd have to agree that, at least inside the Beltway -- and it's really not as true

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outside the Beltway -- but inside the Beltway, there's a real strong feeling of dissatisfaction.

So, moves that India's made over the last couple of years on patents, on tax, on local content rules for manufacturing, have really poisoned the environment. And you feel it most acutely here in Washington; get outside of Washington, and trade and investment actually is going up. But inside Washington, you'd think that trade last year probably dropped by 50 percent; actually, it was up by two percent. And India actually moved from our number 13 to our number 11 trading partner. It's growing. But, still, inside the Beltway, you've got a very different narrative.

So, just looking at a few of these things that -- one in particular that I think the BJP hit head-on in their manifesto was ending tax terrorism -- strong words, but I like where they were going on that. There's really kind of two different distinct areas, and tax is a pretty wonky area that not everybody wants to get into. But there's two very distinct areas where foreign companies have seen aggressive moves by India.

One is on trying to ignore the fact that we have tax treaties between the United States and India that allow for capital gains repatriation without taxation -- which is legal, but there's some question over whether or not it should still be allowed.

And the other is on an issue called transfer pricing, which is the sharing of costs between your India operation and the U.S. operation.

There's been aggressive attempts by the Indian government in recent years to take a fresh look at how companies handle those two types of transaction. And I'll tell you -- like the patent issue -- the Supreme rejected a patent -- and the issue of compulsory license. Like, an insurance company doesn't give a darn about what happened on a patent. But everybody cares what happens on tax, because everybody that's got cross-border operations -- you see what happened to the neighbor, and you know that could happen to you.

So, ending tax terrorism is one thing that I pulled out of there that was pretty interesting -- also, the fact that they're going to be very comfortable with lifting FDI

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caps in all sectors -- except multi-brand retail. And that gives me a little bit of heartburn, that they still have to hold that disclaimer -- "except multi-brand retail."

But there still are a lot of opportunities to move on, on FDI caps. You know, over the last couple of years, there's been some incremental moves on FDI caps. But, still, you know, by my count, there's still about 20 different sectors that have FDI caps below 100 percent. So, there's still lots of opportunity to move in some of these areas.

A couple of other things that I hear -- not so much from the manifesto, but I hear in my conversations with some of the folks that are within the senior camp of the BJP -- is, they want to cut down the number of ministries. You know, you've got a half-dozen ministries that cover the electricity sector in some extent. And cutting down the number of ministries, I think, would help these groups to work a little bit more collaboratively.

And, you know, here, the BJP's got a little bit of a track record. Last time they were in power, they combined the Ministry of Information Technology -- which they had actually created -- and the Ministry of Communications. They also combined the Ministry of Commerce and Industry, which used to be two separate.

So, I don't think you're going to have the merging of the ministries, but at least if you can have a minister that's in charge of multiple portfolios, you can still have your bureaucracy and all those things that are going to be, you know, the tougher reforms to do. But you can have some kind of coordination at the top, which would be very welcome.

One of the things -- just looking back at the BJP's track record last time in power -- that I hope that we see again: When they took on a reform that was too tough to do on day one.

One thing that the BJP government did -- which UPA has not done -- is draw a line in the sand and say, "By year X, we're going to do Y." So, if a reform is too hard to do today, they would say, "By year X, we're going to get this done," and move in

that direction.

And there's two things I can point to in particular the BJP government did that we all thought, you know, it's great to have a timing cycle. First is, (inaudible) on one of his first budgets said that we're going to bring customs duties -- which, at the time, was about 50 percent -- down to East Asian levels -- which, to him, meant 50 percent for finished goods and 10 percent for intermediate goods.

And every single year in the budget thereafter, they dropped it by 10 percent, by 10 percent, by 10 percent, and they met the goal. So, if you can't bring it down from 50 to 10 in one year, give us a timeline; live by it. Business loves that.

Second thing they did -- which, you know, my opinion -- and probably many have heard me say this before -- the most important reform that India has ever done on the economy was the new telecom policy in 1999. They blew the caps on the failed reform in the mid '90s, of opening up for cellular and basic services. And they also said that by 2004, we will open up international long distance and break the government monopoly -- which, for outsourcing, was the biggest constriction at that time.

You know, you can get an IT engineer in India more cheaply than you could in the United States, but when you're paying \$10 a minute for phone calls, it kind of ruined the economics of doing so.

So, they said, by 2004, we're going to open up international long distance. And they did it by 2002. So, they set a line in the sand, and they actually beat the expectation -- did it sooner than expected.

So, you know, last thing on the economy -- and then I'll wrap up and take questions with the rest of the panel -- but there's a few things, too, that I think this government did -- that the UPA government did that, may, in a sense, be actually better carried out under a BJP government.

So, while we say this government did nothing of note on the economy, actually, there's a few things. And two in particular I'll point out: the Delhi-Mumbai industrial corridor -- launched by UPA, but, certainly, Modi, by predilection, by what we've

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seen in Gujarat, that might be the kind of project that he might be a better guy to actually carry that out.

The second one is the direct benefits transfer. And BJP obviously had been very noisy, opposed to Aadhaar and direct benefits transfer. But it appears -- you know, the numbers show the dramatic economic benefits, if this is carried out correctly. And maybe a government that's focused more on process and transparency might be in a better position to do that.

So, apart from new things they may launch, there's actually a couple of kernels, too, that may have been planted by the UPA government -- that if the NDA comes to power, may be more poised to carry out in a better fashion.

So, I'll leave it at that, and look forward to joining my panelists.

MS. MADAN: So, in the interests of getting to audience questions as soon as possible, I'm going to throw out one question each to each of the speakers -- and if we could still go around with the (inaudible) -- and so, as before, we turn to the audience.

Bruce, why is polling in India so hard? You know, people got this -- as a number of people mentioned, we've got this wrong a couple of times in the past. Why is it hard? What are we likely to look back in a month and say we got wrong this time?

MR. STOKES: Well, I think, you know, it's not just India where polling is difficult and has made huge mistakes in the past. We do remember some of those mistakes in the United States, as well.

I do think that, you know, events close to the election can change people's mood, and change their direction. There is the pool of tradition that can move people -- even though, in their hearts, they would like a change -- but, at the end of the day, they go into the voting booth, and, you know, it's my family tradition to vote for this other party, so I do that.

And, you know, frankly, polling is limited by, you know, what people tell you. And so you ask them a question, and they give you an answer. And it's not the

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pollster's choice to say, "Well, gee, that answer you just gave me contradicts what you just told me two seconds ago on something else."

And we have to understand that people are infinitely capable of holding mutually contradictory opinions or emotions at the same time. And we don't really know which of those emotions might guide their vote in the moment they actually have to cast the ballot.

You know, that said and done, you know, my sense is -- at least from our survey and the other Indian surveys I've seen -- it would appear that Indians want a change. And a return of the Congress Party is not a change. So, I think it would be even more shocking than the last time when the polls suggested that the BJP would get reelected and they didn't -- that it would be even more shocking if Congress were somehow able to pull this out of the hat at this point.

MS. MADAN: Not quite shocking, but surprising that some of the people in parties that we talked about -- say, a year ago, but even six months ago -- or a few months ago -- are no longer talked about in the same terms.

So, a couple of questions -- what happened to personalities, politicians like Nitish Kumar and a party like the (inaudible)? Are we likely to see it make a difference at all?

And the second question is, average voter turnout was about 58 percent last time. Yesterday, in the phased polling, we saw an average of about 75 percent. Is this basically suggesting what Bruce's polls were showing -- that this is a vote for change; people are coming out because this is an anything-but-Congress vote?

MR. VAISHNAV: Great questions, all. Let me start with the last one.

I mean, I do think that we're likely to see turnout increase for a couple of reasons. One is, I think that the electoral machinery, frankly, has just gotten better. The Election Commission of India, the awareness (inaudible) it's launched, has done a much better job of bringing people into the net and getting on the rolls. So, that's a mechanical/logistical issue.



Number two, I think Indians just like those of us sitting in this room recognize that the stakes are very high in this election, and that it's a vote for change, and that there is a need for a course correction in India at the time, and that they want to go out and express themselves.

And I think the third is, you know, the Aam Aadmi Party, for all of its many flaws -- which we can get into -- or perceived flaws -- has done one thing -- beginning with the Anna Hazare anticorruption movement -- which is bringing people back into the political realm who had essentially exited the system, who weren't interested in doing much in terms of participation, and rallies, or in voting, or so on, and so forth.

And so I think, whether or not they end up voting for the AAP -- and it seems like the AAP's electoral fortunes are actually on the decline, at least for these elections -- I think those people -- that base has been newly energized.

On the other regional players that we thought might matter -- I mean, I think some of them still are very relevant. So, if you think about, you know, the optimistic BJP projection of getting 230 or 240, you would still likely need one of the major players to still flip your way.

So, the short hand is, you know, you need one of the three ladies in Indian politics -- Mayawati, Jayalalithaa -- to come your way.

I think, of those three, the latter, Jayalalithaa, is probably the most likely to come -- and, I think, maybe the least complicated arrangement with Modi, given that they have a personal equation.

I'm sorry. Your first question was on the Congress.

MS. MADAN: It was on Nitish Kumar, kind of what happened to his party --

MR. VAISHNAV: Yeah, Nitish Kumar was quite interesting, because he was -- in many ways, I think people were projecting to be a major player. And he's turned out to be not much of one this time around. The polls show that the breakup of the NDA

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alliance in the state of Bihar has been politically very damaging for Nitish Kumar -- that the BJP has really seen a surge.

Having said that, the voters of Bihar still seem to be suggesting that if state elections were held today, they would still prefer Nitish Kumar to be the Chief Minister -- although the margins that he's been experiencing are coming down.

So, one of the big questions on the table is, if the BJP does as well as they're expected due to the Lok Sabha elections, will that cut into Nitish Kumar's electoral fortunes?

And one of the knocks on him -- and I'll end here -- is that many of the ministers of his government -- which came from the BJP -- were the ones who, rightly or wrongly, had the best reputations for being good people who could govern -- people who knew their brief, people who knew their portfolios -- and those people are now gone.

And so, in some ways, he's had to, you know, reinvent the wheel.

MS. MADAN: Rick, over -- a couple of questions for you. The plan you made out that the U.S. would like to see -- well, Indians would like to see the BJP move forward on the economic side. What could prevent them from actually succeeding in that plan, and getting that plan done?

And second, are there things that the current government has done, is doing, that you would like a different government to continue to do?

MR. ROSSOW: Well, on the second point, I do think that some of the projects -- I mean, there are some project-specific things that the UAP's launched -- the Delhi/Mumbai industrial corridors, dedicated freight corridors -- that I think would actually maybe even be more effectively carried out by an NDA government.

I mean, you talk about the Delhi/Mumbai industrial corridor. I saw a presentation on this a little while ago, with one of the developers. And the plan was, of course, he built the corridor. And then states along one side of that tried to develop townships.

And from what the early readings were, Gujarat approached that most

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aggressively, to actually build these townships alongside -- because building railroad and freight isn't so helpful unless you have factories and industrial states nearby to actually use these new facilities.

So, I do think some of the infrastructure projects -- being able to carry those out to fruition, as well as, you know, the one that I mentioned on stage, as well -- the direct benefits transfer -- which, you know, the economic data shows that it could yield a tremendous benefit to India, but the implementation's going to be very difficult.

So, Modi's reputation as being a hard-charger on that front, as somebody that presses people to get stuff done, and pass files, and things like that, could actually make sure that this is carried out very effectively.

The one that I didn't mention, that I think UPA did some great work on, too, was trying to reduce fuel subsidies. This is something that, you know, during the BJP's last innings in office, they'd also attempted to do, and dismantling the administrative price mechanism. But they hadn't really made too much headway on it during that period.

Now that the seal's been broken by a government that you think would ordinarily be a little bit less interested in reducing subsidies, that may give them some momentum to do so.

So, those are some of the -- on the downside, you know, anything that this government attempts to do, you know, will be carried out at the end of the day, at the state level. Infrastructure development -- you know, it's not writing your name on a reform that opens up a new sector of the economy, and companies can just go. This plan of action that I think he's going to be gravitating towards on building stuff is going to be hinging upon, you know, actually happening at the state level.

And one problem you're going to have with that is, you know, if Modi comes to power, the BJP's going to be in charge of five states, versus -- you know, during the UPA regime, they've been in charge of anywhere up to 16 states during their tenure in office. So, their writ is not going to extend as far as what the UPA's has. So, that's

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probably the biggest obstacle.

MS. MADAN: Just to follow up on that -- if, by some charge, the third scenario that Milan lays out -- which is a non-BJP government, a coalition that is essentially an anti-BJP coalition -- how do you expect the markets to react and the U.S. to react?

MR. ROSSOW: It's not going to be pretty. I don't think anybody looks at that as the scenario that we all will see high growth in. You'll probably see, you know, a lot of attempts to devolve power back to the states, devolve funding back to the states, and there's -- you know, Sadanand and I had a conversation about this over Twitter the other day.

There's some good and bad on devolution of power to the states, but if you've got nobody at the center that's interested in actually running the ship of India as a nation in a single direction, then that could be quite harmful. Certainly, you'll have no major foreign policy initiatives coming out of that, because everybody was so focused on domestic and internal issues.

So, I think the markets would react pretty badly.

MS. MADAN: Sadanand, on the foreign policy questions -- Rick talked a little bit about the U.S./India economic relationship. If there's a Modi-led BJP government, given the history of, let's say, the lack of engagement that Modi's had with the U.S., what will the U.S. need to do in the next few months to build a working relationship with him, if that's the goal?

And how would you see relations with India's bigger neighbors, China and Pakistan, play out under a Modi-led BJP government?

And, Bruce, I'd like you to jump in on that, because I know you've done some polling on how Indians view some of these foreign policy issues -- so to jump in on that, as well -- how are Indians viewing this, even though they might or might not vote on foreign policy issues?

MR. DHUME: What was the first part, again?

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MS. MADAN: U.S./India relations -- what will the U.S. need to do --

MR. DHUME: You know, so, I mean, I'd say that, you know, describing it in terms of Modi not having engaged with the U.S. is a very polite way of framing the state of U.S. relations with Modi.

This is a problem, and it's a big problem that people are going to have to address. The fact is that Modi was denied a visa in 2005. If you talk to his people, there is a universal feeling that it was denied to him unfairly. It was a law that was used only once, and it was used for Modi.

And no matter what you think of the 2002 riots -- which, I think, were universally condemned as horrific -- I think it's very hard to make the case that there is less religious liberty in Gujarat -- or, in fact, in any part of India -- than in many, many other countries, where we don't see these kind of visa bans.

So, there's a palpable sense of resentment among his people about this. That resentment has been deepened by the fact that Modi's political opponents -- no fault of the United States here -- but Modi's political opponents over the years have used this visa denial to humiliate him, insult him -- use it as a cudgel and beating him on the head: "Look, he can't even get a visa to go to the U.S. How can this person be Prime Minister to India?"

So, there is baggage. There's very deep psychological wounds here. To Modi's credit, he has not allowed it to interfere with the business relationship. Rick would agree that U.S. companies in Gujarat have had a good experience. They have not been discriminated against. They seem quite happy -- just as both Indian and other foreign companies are.

So, I don't see that. If you were to sort of extrapolate, I don't see it interfering with using the economic relationship, for the simple reason that putting the economy right is Modi's own central agenda. And he is not going to be distracted by this and allow that to interfere. But I think it has larger ramifications.

We may not end up doing this, but I would argue that the single most

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important thing that the U.S. should do -- if it decides that this is important -- is to basically give him something that gives him back face. The symbolism, I believe, especially in the beginning, is going to be more important than the substance. It's, "We recognize you. You've been elected by the people of India to be the Prime Minister. We honor and welcome that decision," and to signal that in an overt way will be very important.

On China and Pakistan, I tend to agree with the conventional wisdom on China, which is that he's going to aggressively pursue closer economic ties. He's visited China. He's spoken about having a close economic relationship with the Chinese -- but, at the same time, be quite tough on border issues. And that just, you know, comes down to his speeches, his personality, the kind of people he's surrounded himself with.

And I think that you're going to see an India that continues -- I mean, I don't see that policy changing dramatically, but I do think that you're going to see a tougher posture on stuff like border inclusions.

Pakistan is really the big question mark. That's what we don't know. And, you know, there are two views, and I think they're both equally convincing to me.

One, of course, is the whole, you know, Nixon to China cliché -- which is that, well, look, here's the guy. He's the hardliner. He's the person who has all the hawks behind him. If anyone can reach out to Pakistan, it's Modi. And then the precedent over there, of course, is that (inaudible) several initiatives with the Pakistanis.

The other side of it is that -- if you're a little bit more pessimistic -- is that, you know, many people in India have, over the years, begun to view Modi essentially as development man. Actually, if you look at all the polls -- or if you look at even anecdotal evidence -- people are voting for him because they think their kids are going to have a better life. Inflation is not going to rise as rapidly. He's going to build infrastructure. He's going to get young people jobs. It's these kinds of things.

But my sense from both Pakistan and Bangladesh is that, as it is among Indian Muslims, frankly, if you look at it, is that he is overwhelmingly viewed through the

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prism of 2002. It's not a value judgment, whether this is right or wrong, but it's just a fact that what they will be seeing, in their mind, is, the butcher of 2002 is coming to power in India.

How will radical groups respond to this? What is this going to do to the LET? What is this going to do with elements within the ISI who have a history of fomenting these kinds of troubles?

We don't know the answer to that. And we also don't know, how would Modi let government respond? If there is another severe provocation of the sort we saw in Mumbai -- and I imagine that it'd be very difficult -- actually, I think it'd be difficult for any Indian government of any party to take that kind of provocation, but I think it'll be particularly difficult for someone whose entire political personality is built on being strong and decisive to take that kind of provocation.

MS. MADAN: Bruce?

MR. STOKES: On that latter point, before we get into the attitudes towards the U.S. and China -- I mean, I think that is probably one of the major strategic challenges, going forward, for the United States.

The message had already been, from Indian elites to American elites -- at least my experience has been -- "We did it once. We forewent the opportunity to retaliate. Don't expect us to do that twice." And I think that may be an issue that we all would have to deal with if there's a provocation.

In terms of attitudes towards the U.S., our survey shows that, even though we were in the field as the Khobragade affair played out, still, over half the Indian population, 56 percent, have a favorable view of the U.S. There would not appear to have been any measurable impact of the Khobragade affair on the view of the average Indian -- not the elite Indian, not the officials, or the pundits, or whatever.

So, in terms of U.S./Indian relationship, I think that the public is still very favorably disposed towards the U.S. Overwhelmingly, they would like to improve relations with the U.S. This is in contrast to their attitudes towards China, and it does

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seem to be -- the narrative now coming out of India -- was just there last week -- is that, yes, Modi would try to improve relations with China. He can, obviously, if he's the Prime Minister, do whatever he wants to the public. He's more interested in other issues.

But the public, when you ask them, is very clear. They want to improve relations with the United States, not improve relations with China. They don't trust China. They fear the Chinese military buildup. They fear Chinese territorial ambitions.

Now on Pakistan, they would like to improve relations with Pakistan. They'd like to improve trade relations. They'd like to have talks with Pakistan -- like to resolve the Kashmir issue.

That said and done, they don't like Pakistan. We asked a range of countries -- how people felt, favorably or unfavorably, towards them. Pakistan is at the bottom of the list in terms of very low favorability towards Pakistan. And they do see Pakistan as the principle external challenge to India.

So, people are a bit of two minds about Pakistan. It's kind of, "We don't like them, but we know we have to get on with them." They are not of two minds about China. They don't like China. And they do like the United States.

That said and done, just to go back to Rick's point -- I think an interesting thing to watch will be, if Modi attempts to involve foreign money and foreign companies in the infrastructure projects that it would appear that he would want to champion, I think the country to watch is Japan, because we bring baggage with us when we come to these issues. One is the baggage of not having good experiences in the past; the other is, we tend to bring with us a whole range of issues that we want to address at the same time, as we're doing with you on this issue. So, we want to deal on pharmaceuticals, we want to deal on this, we want to deal on that.

The Japanese approach to a number of countries -- not just India -- has been, let's just do business. You know, we'll provide you the financing. We have the expertise.

And I do think that it'll be interesting to see whether the U.S. gets its nose



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out of joint because there is a lot of foreign involvement in the infrastructure buildup in India over the next four or five years, and the U.S. does not get what it would consider to be its fair share of that business.

And whether the Japanese are the ones who end up coming in by the side door and doing a lot of that -- because they're willing to do business in a more accommodating way than maybe the United States is -- I think that'll bear watching.

MS. MADAN: We're going to do a quick round of audience Q&A. If you could raise your hands if you have a question -- and please identify yourself -- if you could wait for the mic. Identify yourself and your affiliation. Could you keep it short, if possible? And if there's a particular person you're directing your question to, please identify that, as well.

MR. CAMP: Hi, I'm Donald Camp.

We've heard a lot, understandably, about Narendra Modi this morning, and some talk about this being a one-off election.

My question, then, is about the other standard-bearer. And what does that mean, if anyone on the panel wants to comment? Think about the future of Rahul and perhaps his sister in future elections -- or are we seeing the sputtering end of the Nehru-Gandhi dynasty?

MS. MADAN: Let's take a question of the back -- actually -- fair enough.

QUESTIONER: Hi. My name is Shaheen. I'm a student at Mount Holy Oak -- quick question.

What do you think explains the rise of Narendra Modi? And I think this question especially pertinent after the assumptions laid out by Sadanand. So, Narendra Modi's obviously not a very likely candidate, given 2002's not very far back in history. It wasn't, I guess, utterly possible that he would rise as the Prime Ministerial candidate.

I'm just wondering, what do you think accounts for his sudden -- what I would call -- rise?

Thank you.

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MS. MADAN: There's a question over there, as well, at the back.

QUESTIONER: Hi. I'm Sandeep. I have a question about development in Gujarat.

And my concern about development in India is, as I've gone there the last 10 years, it's just like there's no trees around. And it's maybe getting richer, but it doesn't feel very comfortable to even breathe in some of the cities.

And I was curious how environmentally friendly Gujarat's development has been -- or not been -- and, generally, if Modi was to take charge, what his -- if he does have any stands on kind of environmental issues.

MS. MADAN: A question over there, and right at the back, and then we'll go to panel.

QUESTIONER: Sangupta.

Our relationship between U.S. and India is largely talked about in terms of economics. When do you think America will begin to look at India with respect, and what should India do to see the coverage of India in academia and the think tanks with some level of equality and not the colonial mindset?

MS. MADAN: A final question over here.

QUESTIONER: Hi. My name is Barrett.

I want to hear the panelists' take on the BJP manifesto. If you can touch on two points -- A, the timing, and does it show the disregard for northeast and lack of preparation? And B, the implicit southern agenda when they talk about offering refuge to Hindus outside of India.

MS. MADAN: Sadanand, we'll start with you, and go down the panel. If you could answer what's been directed to you, or anything else you'd like to jump in on.

MR. DHUME: So, I'm going to leave the question about the trees and the mindset to other people, and take a quick stab at Rahul Gandhi and Modi.

You know, Rahul Gandhi -- the question, really, is, you basically have two contrasting forces. You have the idea that the Congress Party has only one way of

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dealing with succession: It stays in the family. And you have what looks like spectacular incompetence. And so these two forces have come together. Which one wins?

I would argue that, no matter how badly he does in this election, he gets at least one more chance. And the reason for that is simple -- is that if you've been a Congress Party loyalist, hanging with them in bad times has paid off -- 1977, in the late '90s. There have been other times in Indian history where it looked like these guys can't recover; they've lost it -- they've come back.

So, the short answer is that he will get another chance. I don't think he'll get too many more chances. The next option will obviously be his sister. She's supposed to be the more natural politician, and you already see some of these Congress Party leaders whispering about how, you know, "In fact, Rajiv Gandhi had once told me that his daughter had great political talent," and someone even sort of brought up Indira Gandhi had apparently spotted this in young Priyanka.

And you're going to see a lot more of this kind of thing. But he'll get another chance. A lot of it depends on whether he wants to stay there. His mother seems to back him firmly. And I think, outside of the family, they don't have options. I think that Congress, really, is going to need a revival that is sparked by the family.

On Modi, to answer your question, you know, it's not really a sudden thing. I mean, it may be sudden because the international press is covering it now. It's been a transformation, I would argue, over the last -- since 2007, but, more rapidly, over the last three years. And the way most people see him -- it's quite striking in the polls -- you know, just after 2002, his favorability rating was something like two percent, and now it's really high, right? It's 78 percent, according to the two numbers.

People don't like him because of the riots; that's what that shows. They like him despite the riots. And the things that they like about him are really in his own biography and his story. This is a person who's risen from very humble origins. He used to sell tea on a railway platform. And that's what sort of -- to rise from that, to almost become Prime Minister is a very dramatic and very empowering story for many people.

He's widely seen as clean or incorruptible. He's seen as extremely hardworking. He doesn't have a family. And in India, unfortunately, people associate families with nepotism and corruption. So, the fact that he doesn't have a family -- he doesn't have a wife, he doesn't have children -- all that has contributed to his aura. And he's a very good speaker.

So, all these things together have helped him. But the thing that has probably helped him the most is that his strengths -- which is that he's seen as decisive, and he's seen as clean -- are precisely the biggest weaknesses of the UPA government.

So, as you see (inaudible) decline, you'll see the rise of Modi.

MR. VAISHNAV: On the BJP manifesto, you know -- which has just come out yesterday -- basically as the first photos (inaudible) going to the polls in the northeast -- I'm not sure that I would read anything specifically with regard to northeastern voters. I think that there was a larger dynamic at work, which is, you know, the way I think about manifestos is, you know, in and of themselves, I'm not sure how useful they are, because they're not binding in any way. The average person probably doesn't take a look at them.

But they're useful in trying to suss out the balance of power within political parties, and what the status of those powers are.

And I think that there was an internal tussle going on between the old guard and between the people who are close to Modi about what would be in it.

And I think what we've seen is that Modi has essentially come out on top, if you look at the broad scope. And one way of thinking about this is, yes, the Saffron Agenda of the OSS and the BJP is in there in various parts. You can find it on Ram Temple. You can find it on uniform civil code. You can find it on cow slaughter. You can find it on Article 370 on (inaudible) and various things.

However, what we forget is, you know, all of that used to be the entirety of the manifesto for the BJP. Now Ram Temple is on the next-to-the-last page of the last page.

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And so what we don't know, but we are trying to read the tea leaves, is that the relative emphasis on those issues is likely to be lower this time around, because the mandate will be an economic one if Modi comes to power.

But how Modi or people around him are going to placate these constituencies remains to be seen. And, clearly, it's not going to be easy, because coming out with this manifesto and coming up with the resolution wasn't that easy.

On respect -- okay, I'll take that one. I mean, one can't speak about, obviously, the United States in a monolithic fashion, anymore than we can speak about India in a monolithic fashion. I think all of us here who are on this dais come with different issues, different priorities, different points of view.

And I'd like to think all of us treat India with a fair amount of respect and admiration, frankly, for the country -- which all of us have some links, one way or another, to.

So, I think if you look at the way in which the U.S./India relationship has changed -- yes, economics has been leading it, but it has become far more than that. It has become about higher education. It's become about science and technology. It's become about strategic issues, diplomatic issues, nuclear issues, military-to-military issues, a whole range of things.

I think perhaps what you're getting at is a tendency of Americans to look at this relationship in a very transactional way -- which is, what have you done for me lately? A sort of tit-for-tat -- which I do think is something that is worth guarding against. I wouldn't say that the Indians themselves are completely, you know, not transactional in any way; it's not just a one-sided issue.

I do wish that, sometimes, people who speak on the U.S./India relationship would have a longer-term view, would have a broader view. But I do think that there's a multiplicity of voices and not any single narrative on this issue.

MR. STOKES: On the respect issue -- clearly, the question was, your feeling is that Americans in particular don't give India the kind of respect it deserves. I

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can tell you our survey asked that question, and 63 percent of Indians think that the world at large doesn't give India the respect it deserves.

Now we haven't asked that question in every country, but where we have asked it -- like China -- people also think they don't get as much respect as they deserve. It may be a more widely shared perspective, especially by emerging countries, who want to be seen more strongly than maybe they are right now.

Our survey shows this year that only 47 percent of Americans have a favorable view of India. So, that's not very good. It's certainly lower than Japan. It's lower than European countries. It's higher than China, which, relatively speaking, is probably good.

I would agree with Milan. You know, I think, at least among elites, there's a transactional sense of the relationship with India in the last few years. And, frankly, from an American elite perspective, those transactions have not turned out the way we wanted them to -- even in foreign policy or in economics. And people can cite you the cases in point, and why Indians, they perceive, have let down the United States.

My sense is, in general, the American public -- the public that we surveyed, and only 47 percent of them, favorably with India -- are more concerned about the competition from India. They may be more concerned about the fact that India's far away, and they don't understand it, and so they don't feel that kind of cultural affinity to it.

But I would remind people -- and something that I think we all need to remind ourselves -- our most recent survey of Asian-Americans in the United States show that Indian-Americans are the richest and best-educated immigrants we have ever had in our history. In fact, they have been a boon to the American society -- and that we currently have, in the United States, two governors of Indian extraction, both of them Republicans, and both of them from the South.

And I can tell you, as a child of the '60s, if you had said to me that we would, in my lifetime, have two Indian-American governors, and they'd be Republicans from the South, I would have told you, "This is never going to happen."

So, I do think that, actually, the way we have interacted with India may belie both the concern about not getting respect -- and even the favorability of India, if you ask people directly about India.

MR. ROSSOW: Instead of respect, I'll change the word to "attention." And, you know, a quick rule of thumb is, we give the most attention to countries that we may go to war with -- or that may go to war with us. And India fits somewhere between that wide range. So, what role is there for countries that are in that?

For me, I think it grows as the trade relationship grows, as economic relations grow, including defense trade, possibly nuclear trade. Once that hits an unavoidable, you know, number, then, you know, things will kind of fall in the wayside -- some of these small problems and everything.

Briefly, on environmental issues, too, I mean, you did notice a few references in the BJP's manifesto that they wanted to do things like encourage public transportation and such. Narendra Modi, in Gujarat, has spent some time and energy in developing some shiny new projects, particularly along the lines of solar energy usage in the state.

It's still a small part of the mix. India is a small economy, you know, in comparison to its population. It's going to grow, and it's going to get dirtier as it grows. That's unavoidable, but the question is, can they do some small things along the edges that make that growth, the incremental growth, a little bit cleaner than it otherwise would have been?

So, if you're able to put in a mixture of hydropower, of solar power, and things like that -- public transportation, greener buildings -- then that'll help.

So, it's going to get dirtier. It's not going to get cleaner, but it's going to grow, and, hopefully, that additional economic output will be done in a bit cleaner fashion.

I'll also note -- just as my final point on these questions -- that sometime during the government's five-year term, American natural gas will hit Indian shores. And that's a game-changer. I mean, we're talking about multiple percentage points of India's

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energy needs in that period, that American natural gas will need, just based on the couple of U.S. natural gas terminals that have been licensed for export to India.

And that -- you know, you expect more terminals are going to be licensed. India probably will not be an FTA partner in the next five years, but at least as individual terminals are licensed for export -- and those terminals are outfitted for export, rather than import -- more of that will land on India.

So, there is an opportunity for America to actually play a big role -- not incrementally on a couple of solar projects here and there, but natural gas, which is cleaner than most of India's current fuel sources.

MR. STOKES: And I might add that 63 percent of the Indian public, in our survey, say they're worried about global climate change. That's higher than the concern in China. It's higher than the concern in the United States -- both of whom are ahead of India, in terms of emitters of carbon.

So, an interesting test for the next government would be, can it take that obvious concern of the public about climate change, and translate it into leadership in 2015, when the U.N. has its next major conference on climate change -- so that the perception of India as a foot-dragger is not sustained, but, in fact, India's seen as a leader on the issue of climate change -- which its own people say they see as a problem.

MS. MADAN: I'd just like to kind of end this by pointing out a few things, just to put this moment in perspective, with answering your question about India and the U.S.

We are very used to living in the moment, and this last year has been very much dominated by a negative narrative of the relationship. There's a lot that's positive that's happened that you don't hear, and there's not enough attention on both sides being paid to the relationship, for different reasons.

But I would like to point out that just about a decade and a half, there were U.S. sanctions on India. Today, we are way beyond that. And I suspect that people in the room who were working the relationship at that point could not have predicted that



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the relationship would have come this far, this fast.

You've had two administrations, one Republican, one Democrat, not just say that they think India's rise is a good thing for U.S. interests, but said they will support India's rise. The India desk at the State Department 10 years ago was maybe three people. Now it's over a dozen, and it keeps growing.

As far as think tanks -- I think this is a good representation. Each of us are from different think tanks. A number of think tanks beyond ours work in India. Brookings has set up a center in India. Others are considering setting up centers in India.

I would call that not just a level of attention, but, certainly, respect -- on both the government's and think tanks' part.

With that, I'd like to thank you all for staying late. We will be back together again on May 19, after the results come out. And we will go through what we got right and wrong over the last year.

So, hope to see you there again -- and thank you to our audience, as well, that's joining us live.

Thank you all.

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## CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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