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PRIME MINISTER MODI RETURNS TO THE U.S.

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P R O C E E D I N G S

MS. MADAN: Good, morning to all of you. Thank you for coming, and welcome to Brookings. As is usual in September, as most Septembers, the U.S. has got a lot of foreign visitors. This week in particular has been quite busy as all of you know, in Washington. We've had Pope Francis and Chinese President Xi Jinping, come to Washington. This time, Prime Minister Modi will not be coming to Washington, but he will meet with President Obama in New York on Monday, and it comes close on the heels of a busy week for U.S. in their relations, in general.

The first U.S-India, Strategic Commercial Dialogue was held in the U.S. this week, and we saw the U.S.-India CEO Forums meet as well. And now we'll see Prime Minister Modi, who is currently in New York, he has come about a year after his last visit to the U.S. when he did come to Washington, and he went to New York as well. His current trip will see him in New York, as he is currently, but also going out to the West Coast, not to Seattle as President Xi did, but to California where he will, in San Jose, meet a number of individuals from the tech sector, but also members of the Indian Diaspora.

Today we will be discussing that trip, as well as the state of the U.S.-India relations, and the state of politics and the economy in India, to look at where things stand about a year after Prime Minister Modi last came, and particularly in the last few months after his first -- the anniversary of his first year, and his government's first year in office.

We have a great panel today to talk about that. We have Bruce Stokes, on my left, who is Director of the Global Economic Attitudes Survey -- sorry -- Project at the Pew Research Center; Milan Vaishnav, who is Associate from the Carnegie South Asia Program, from the Carnegie Endowment next door; Sadanand Dhume, to my right, a Resident Fellow at the American Enterprise Institute; Samir Saran, to my left, a Senior Fellow and Vice President Observer Research Foundation in India.

Before I turn it over to Bruce to kick off the discussion, I'd just like to ask you to put your phones on silent. Also a reminder that this event is being webcast, and if you are tweeting, we are using the hash tag, ModiInUS.

With that, I'd like to get Bruce to start us off, Bruce and Pew conducted a survey in India

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recently, in spring, just after Prime Minister -- President Obama's visit to India, but before, and the lead up to Prime Minister Modi's first year in office. Bruce, tell us about what the mood in India is, and not just towards the government there, but also towards the U.S. and other countries.

MS. MADAN: Tanvi, thanks for inviting me, and thank you all for coming. I look forward to our conversation and discussion. Although I have to tell you, as I was turning off my phone, there was an alert, John Boehner is resigning; that's not how you do it India. I couldn't resist.

SPEAKER: Before you start, could you explain to some of us --

MR. STOKES: Yes/

SPEAKER: -- what is meant by economic attitudes?

MS. MADAN: Yes. If you could leave -- we could leave it for the question-and-answer session.

MR. STOKES: No. No, it is -- That's a good point, it is an ill-conceived title that I'm trying to get changed. Anyway, thank you all for coming. And as Tanvi said, this is some of the results of our annual survey in India, which we've been doing now for more than a decade.

Briefly, for those of you who don't know who the Pew Research Center is, we've been around for about three decades -- two decades, what am I saying. Funded by the Pew Charitable Trust, we do research on all sorts of issues. We are a non-partisan, non-advocacy, non-profit, what we call fact tank, not a think tank, but a lot of our work has to do with public opinion research, but also social and demographic research in this country and abroad.

All of this material I'm going to share with you is on the Web, it is free, but most importantly it is searchable. So that if you are ever interested, not only about what's going on in India, but in other countries; how do the French feel about adultery, we've asked them that question. So feel free to access our website and take a look.

This survey was conducted in April and May in India, and so that should put some of it in context, it's fairly recent. These were face-to-face interviews in India, and in some advanced economies we do telephone, but for the most part we do face-to-face in most countries. And the margin of error is about 3 percent. The demographic profile that we survey is both rural and urban, and it reflects the

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demography of the country.

So, depending on the country, if a third of the population has a college education, a third of the survey is going to have a college education, if 51 percent of the population is female, 51 percent of the survey respondents will be female. So, we think this is a representative sample of India.

There are some key takeaways, I think, to the survey, one is a dramatic increase, not only in approval of Modi compared to Manmohan Singh two years ago, but also in terms of people sense of this current state of the economy, and their satisfaction with the direction of the country. And I can tell you, in that question about Modi where 87 percent have a favorable view of Modi, what sticks out, if you dig into that number, is that 68 percent have a very favorable view of Modi.

I can tell you, when you ask people a four-part question, you have very favorable, somewhat favorable, some unfavorable, very unfavorable. People tend, their opinions tend to cluster in the middle, somewhat favorable, somewhat unfavorable, I can't remember when I've seen a survey that we've done where people were overwhelmingly favorable towards a leader. It stands out as very striking.

People are not only happy about the state of the economy today, but 74 percent expect the economy to improve over the next 12 months. So there are high expectations, for Modi to deliver on the economy, and you can draw your own conclusions about what will happen if they don't. But certainly people have very high expectations. There is an overwhelmingly favorable view of the BJP, Modi's Party.

It's not that people do not also have a favorable view of Congress, they do, it's just they have a much more favorable view of the BJP. What is interesting, to me at least, is that the BJP is strong in both rural and urban areas, and as many of you know Congress used to have a lot of its support in rural areas, and it's not that people in rural areas don't have a support for congress, it's just that the BJP trumps that in both urban and rural areas as does Modi trump Rahul Gandhi.

And again, it's not that people do not have a favorable view of Rahul Gandhi, they do, it is just that people in rural and urban areas have a much more favorable view of Narendra Modi. We asked people in India a number of names of prominent political figures, again, it's not that people don't have a positive view of Rahul Gandhi, who effectively ran against Modi in the last election. In fact, his favorability has gone up fairly strongly, 12 percentage points since before the election. So people came away from

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that election with a positive view of Rahul Gandhi, it's just that they have an overwhelmingly positive view of Narendra Modi.

We asked people about Modi's performance on international relations, obviously a very important issue as he visits the United States, among the options we gave the public, Indians believe that Modi is handling the relationship with the United States the best. 66 percent, about two-thirds of the public say that he is handling -- they approve of Modi's handling of relations with the U.S.

Now frankly, one of the limitations of survey, you don't know what people mean when they say that, is that he came to the United States and was well received. That Obama came to India, and that seemed to work out very well. Are there other issues that people are thinking about? But the reality is, for this trip today, this weekend people support the way Modi is handling the United States, much more so than they support the way he's handling China, Russia or Pakistan.

Now I would warn you, we are probably picking up a little bit here about the favorability of those individual countries. I mean, you never know what the respondent hears when you ask them a question, and we do know that there's a strong favorable view of the United States, and a far less favorable view of China. So, part of that maybe what we are picking up, but still, nevertheless it rebounds very positively for Modi.

We asked publics what they think about Modi's handling of various domestic issues, obviously the list was not exhaustive but we tried to touch on a variety of issues. What was striking is that for every issue we ask people, people approve Modi's handling of that issue very strongly. Notice though, what is first. His promise in his Inaugural Address to increase access to clean toilets, which many of you who follow Indian press remember there was some commentary, this was inappropriate to be raising in an Inaugural Address, but clearly the public understood how important this was, and he understood that the public wanted this. And they support what he's doing.

His handling of communal relations get the lowest mark, still over half the public support that. Bear in mind this was before the riots Gujarat, they were not communal riots per say, but this does - - that number does not reflect any judgment on the riots in Gujarat that took place just this summer.

We asked people, by the way, a separate question about what they consider to be India's

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problem, inflation, joblessness, climate change, pollution, what was interesting in that question, it's a battery of questions, was that in almost every case Indians said the problem is getting worse. The concern about air pollution is up 22 percentage points from last year, and three-quarters of Indians now believe that this is a very serious problem.

Concern about crime is up by 8 points, so it's not that Indians don't think there are challenges for Modi to face domestically, they do; they just approved of what he's doing so far. Again, his approval is across both parties, surprisingly except for communal relations were less than half of the Congress Members. Give him a thumbs-up.

There seems to be a Modi effect, in terms of belief in the institutions of Indian society. As you can see, there have been dramatic improvements in the public appreciation of various institutions in India, a 30 percentage point increase in the percent of people saying that the influence of the government is very good. Now, we have to assume that in the public's mind, they are identifying Modi with the government. So this is the Modi effect, but he's had a positive effect on the -- and of course the media, religious leaders, even the military. I can tell you, generally when the public is in a good mood, and feeling upbeat, they feel good and upbeat about everything.

And when they conversely are in a bad mood, they are unhappy about everything. I swear when we've done surveys in last few years in Greece, if you ask the Greeks about the sun coming up in the morning, they'd say it was a horrible thing. So, you know, you've got to put all this in context, that the Indians are really on a roll here, and part of it Modi, I think Modi inspired and -- but also the economy is improving, and that tends to also raise the mood.

How the Indians view their role in the world? They have a favorable view of the United States, 7 in 10 Indians say they have a positive view of the United States, that is up from a couple of years ago, which was less than 50 percent. We have less favorable views of other countries, but part of that's because we have high don't-knows in some of the answers to these questions.

As you can see they are still, by about 3 to 1, people have a positive view of Japan, people are more closely divided on China, very low recognition of South Korea, a lot of don't-knows there, so that's why the numbers are so low; and as you might expect Pakistan, very unfavorable, and that's

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been the case for many years.

We did ask people do you want a stronger economic relationship with China or the United States, bearing in mind that the Indians don't have a very favorable view of China, and overwhelmingly Indians say they want a closer economic relationship with the United States.

Now for those of you who follow these issues know that we've been debating whether we even could do a Bilateral Investment Treaty, we are stuck on that, a Free Trade Agreement between India and the United States is way off in the distance, if ever. So how and why we are -- how we build this economic relationship, at least in a formal way is not at all clear, but it's clear that the public is supportive of improving economic ties with the U.S.

We asked Indians what they thought the biggest challenges India faced internationally, notice this, 73 percent of Indians say they are very concerned. They could have said somewhat, but they said very concerned about climate change. I can tell you that popped out at me. I would not have expected the concern about climate change to that high, not that there wouldn't be some, but the current concern, would be the highest, and compared to 70, 38 percent are worried about territorial challenges from China.

So it is, as we go into the climate change negotiations in Paris at the end of November, it will be interesting to see how the Indian Government responds given the fact that 73 percent of the public say they are very concerned about climate change. We ask the perennial questions about Pakistan, and other challenges facing India, the biggest threat to India is seen from Pakistan, 74 percent say it's a very serious threat. Naxalites actually scored higher than I would have expected. China actually still relatively low, 42 percent very concerned now. Obviously 42 and 25 make 67, so you still have two-thirds of the Indians concerned about China, but not intensely concerned.

All of this material, as I've said, is on the website, all of it is free, and most importantly it's searchable there, a number of reports we've done on India over the last couple of years, that if you are interested I would highly recommend you take a look at. Thank you.

MS. MADAN: Thanks, Bruce. Milan, the mood from the survey that Bruce took, coming in as it did in spring after one of the more productive sessions in the Indian Parliament, and it seems fairly

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optimistic, fairly positive, and yet we've seen at least in terms of how it's perceived, it's not so easy summer for the Modi Government. So, where do things stand, stand politically in terms of the political economy as well. And is there a sense that people would as optimistic as the survey seemed to indicate they were, at least a few months ago?

MR. VAISHNAV: Right. Thanks very much, and thanks to Brookings for inviting me, it's nice to have the band back together again. It's nice to have Samir here. It's his birthday; by the way, so all of you should wish him Happy Birthday, he just turned 25.

I want to talk about four things, I'll say a word about the BJP and where the BJP is, the Congress, a quick word about regional parties, and then talk a little bit about the upcoming elections in Bihar, I'm sure many of you in the audience so far, I think as you sit down and you will have some thoughts on that as well.

On the BJP, I mean, it's the first thing to know, and I think I might have said last time, we were up here, and it's fairly obvious, is that the BJP has now occupied this role as the principal pole around which politics revolves in India, and that's a pretty big shift. So that was the position that the Congress occupied from 1947 till about 1989, between '89 and 2014, you didn't really have a single party that could occupy that space. You had a very fragmented multi-polar system.

The BJP now has occupied that role that controls eight states on its own, which is its highest ever tally, if you add in its coalition partners, it controls 11 states, and it has become a central figure in almost every single Indian state to varying degrees. That doesn't mean that the BJP is going to come to power in all these states, but it means that politics is increasingly being polarized, as either you are with the BJP or you are against the BJP, and in fact that's what we are seeing in Bihar.

However, getting to Tanvi's question, it has been a very difficult for the BJP in many respects. I suspect that if you were to do the people again, you might see of these numbers come down a little bit. I think, generally speaking, Modi himself is quite popular, but it's difficult summer for a couple of reasons. The first is that the BJP weathered its first major scandal.

Both its foreign Minister and the Chief Minister of one of its states, Rajasthan, Vasundhara Raje were caught up in a scandal. They had allegedly given aid and (inaudible) so fugitive

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cricket magnate. Only in India do you have fugitive cricket magnates, Lalit Modi. Both leaders and I think the party took a reputational hit, but they were actually, sort of, able to weather the storm, neither of them gave into pressure to resign, but it did have an impact in terms of getting legislative business done.

It gave the opposition, namely, the Congress, coupled with other regional parties an excuse, essentially, to obstruct Parliament from functioning. So, there were several pieces of important economic legislation that the government was hoping to push in the recent months in the session of Parliament, one was a Land Acquisition Bill which would have amended the Bill that the Congress Government had put into place in 2013, which made it harder for industry to acquire land, the government wanted to remove some of those restrictions.

And the second was the Constitutional Amendment, known as the GST Bill to create an integrated common goods and services tax, which is something that many people have been talking about for many, many years, it looked like finally this could become a reality. That never happened. So, very little business got transacted in Parliament.

So what does this mean? I think the shine has certainly come off the government somewhat, following the spring defeat in the Delhi Elections, where the BJP lost, a pretty surprising defeat to the Modi party. It kind of has pierced, I think, this aura of invincibility around the party, that Narendra Modi could sort of so no wrong; because until that point he was kind of on this hot winning streak.

Like I said, I think Modi still retains a great degree of personal popularity; that certainly comes through in the Pew Survey. And notwithstanding some of the scandals, I think there's still a perception that grand corruption, the kinds of corruption involving, you know, giving away natural resource licenses, coal block spectrum, things of this nature, to political cronies, has come down. Now a lot of this evidence is anecdotal, but it's certainly something that you hear from, really, across the political spectrum in India.

Now, the second-major player of course is the Congress and, you know, you might be forgiven for kind of thinking differently, thanks to its ability to kind of stymie what the government is doing, but really very little has changed in the realities of the Congress Party following a sort of decimating election defeat in May 2014. So, compared to the BJP, it sort of risks, I think being turned into an

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electoral pigmy of sorts.

It has not picked any new states. It's had rather limited, very modest success in the local body elections, the party today just controls three big states in India, Assam, Karnataka and Kerala. In the upcoming elections in Bihar, it's really a peripheral player; it only occupies four seats in the Bihar Assembly. When you think about the big elections that are coming up in 2016 and 2017, West Bengal, Uttar Pradesh, Tamil Nadu, the Congress really doesn't figure prominently in most of the states.

It's been able to project a more dominant role, thanks to the fact that it has been able to mobilize the opposite around some very emotive issues. So, land, as all of you know, is highly emotional, very politically-charged issue, to be able to use that as a wedge to bring the opposition together to oppose the Congress -- oppose the BJP, but its agenda is largely negative. There is very little you can point to today to say, if the Congress were in power they would institute X, Y and Z, they are obstructing the BJP with very little in terms of a positive agenda, in my view.

They also have an internal problem, which is that there's a brewing internal civil war taking place between Rahul Gandhi and the so called New Guard of Party, and many people who are aligned with his mother, Sonia Gandhi, who is the current Party President. It was rumored that we would see in fall of this year, Rahul Gandhi ascend to the Presidency of the Congress Party, that has not happened, the Congress has announced that has been delayed until next year.

The Congress finds itself in a catch 22, either it can revolutionize itself from within, bring in young talent, in which case, many of the old leaders who controlled many of the state units in the Congress have threatened that they will create their own parties. They'll simply leave the Congress, and create the Punjab Congress Party, or the Daman and Diu Congress Party as a separate entity. On the other hand, they could stick with the old guard and try to muddle through, which may give them some short-term victory, but I think doesn't stand it in very good stead in the long term.

In terms of regional parties, their importance has actually grown as the Congress has been able to stymie legislation. I think we've seen a very late recognition of this fact by the ruling government, by the ruling party, who I think came into office, and with a bit of kind of post election, hubris or arrogance, thought that it would be able to, with the momentum they got from the election, to kind of

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ram things through the parliament. And of course thing haven't quite turned out that way.

As of late, I think you've seen the Prime Minister himself engage with regional parties whose support, if he can win, might be able to triumph over the Congress, at least in the Upper House where the BJP doesn't have the majority. So, three recent instances of this, one is personal outreach conducted by the Prime Minister with Mamata Banerjee, who is the Chief Minister of West Bengal, who has now publicly stated that her party will support the GST, this big tax reform that we've all been waiting for.

The second is the Chief Minister of Tamil Nadu, J. Jayalitha, who holds the third largest number of seats in Parliament, who many of you remember was convicted on corruption charges, was in jail, was on bail, her conviction was acquitted under somewhat mysterious circumstances. She's now back in power, one of her first visitors, was the Prime Minister who landed up in Chennai to pay his respects.

And the third interesting turnabout is with a very important leader, and Uttar Pradesh, Mulayam Singh Yadav, whose party controls India's most popular state. After obstructing Parliament, going along with the Congress, Mulayam Singh Yadav has changed his tune, and said that we should try to find ways to work with the government. So these are signs that slow with the BJP, I think, is maturing in power and understanding, it has to do outreach, coming face-to-face with its limits of political power in Delhi.

Let me just end by saying a word about the Bihar Elections. Now, it's been described by the country's own Chief Election Commissioner as the mother of all elections, because of its kind of importance, and the really sort of rough and tumble of Bihar politics, for those of you who know Bihar politics. Now, its effects on whether or not Modi and his government will be able to push more reform I think is ambiguous.

You hear two stories, one is, if they win it will give them new momentum to push economic legislation and be bold, but people also make the opposite prediction which is, if they lose Bihar, they have nothing left to lose, so they might as well push their reforms and take more risks. So, I think that prediction is somewhat ambiguous, but I think Bihar still matters for a couple of reasons. One is

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its size. I mean, you know, sometimes we forget, some Indians say it's so large, I mean, Bihar is home to 105 million people, right.

So this is a big chunk of political power if you can win control of the state. It has a very important role in the Federal power set up, so in addition to having 40 members of Parliament, it has 16 seats in the Upper House, the Upper House is what BJP doesn't control, between now and 2019 when this government's term is up, 11 of those seats will come vacant. And those seats are elected indirectly by the State Assembly, so you need to control states in order to change that composition. So it's important for that reason.

And it's important for a third reason as well, which is, it's a test of a proposition that if the majority of the parties opposed to the BJP can work together, they can actually stop the BJP from accumulating more states, and that's what we've seen in Bihar.

You have essentially two coalitions, you have a coalition of parties led by the BJP, and a number of distinct caste-base, very narrow, smaller parties. And then you have a coalition of three major opposition parties who have very little love lost between one another, but they are all connected by the fact that they hate the BJP even more. So that is the ruling, Janata Dal (United), of Incumbent Chief Minister Nitish Kumar. The RJD, led by Laloo Prasad Yadav, who is the Former Chief Minister in the Congress Party, and those three have banded together.

Now, my final point is that the pre-polls suggest those election surveys which have come out, that the BJP Alliance has the upper hand in this election. I think that's for a couple of reasons. In addition to these two alliances, you have a sliver, a third set of parties who are also opposed to the BJP, but they've decided to contest elections on their own, and many people actually see the hidden hand of the BJP President, Amit Shah, and actually convincing them to do this, because what they are doing effectively is splitting or dividing the anti-BJP vote. And so, therefore, the BJP may be able to come through because its opposition is fragmented in two pieces.

Many of these parties are quite small, but again, Indian elections which are very competitive, you know, marginal vote can have quite a disproportional impact on seats. Nitish Kumar who is the Chief Minister of Bihar, retains a lot of political popularity, that popularity is somewhat tarnished

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by the fact that he has joined forces with Laloo Prasad Yadav, who is another Chief Minister, convicted on corruption issues. He has not been acquitted. In fact, after this election he'll likely go back to jail and serve the rest of his sentence.

And so that has sort of tarnished Nitish Kumar's brand, which was about development, which was about social mobility. It's become a much more defensive election, which is less about an affirmative agenda and more about keeping the BJP out of power. And as one commentator noted, they have a pretty powerful caste arithmetic on their side, when you take all these parties together, but they had very little chemistry. Right, so they have very little love between each other except for wanting to see the BJP out of power. So, I think maybe I'll just end there.

MS. MADAN: Thanks, Milan, for quite an (inaudible) horizon on the political side. Some expectations are very high for the Modi Government, especially with the mandate that they got in the election expectation, very high on the economic side. And we've seen progress in some pockets, but also pleas for patience from the government that it's too soon to judge, or either write them off, or ask for too much, or expect too much in just over a year.

But you've seen a kind of disappointment on what many have seen as incrementalism, some amount of risk averseness. How do you see where we stand on the economy, and also how it's being perceived? In the last day or so, the Prime Minister has met a number of CEOs in New York, and the general sentiment coming out of the meeting seems to be, when asked; are they bullish in India? Yes, but. Where do things stand in the economy, and how is it being perceived especially from here in the U.S.?

MR. DHUME: Thanks, Tanvi. In fact, I'll divide my comments precisely into those two sections. How have they done on the economy, and how it's being perceived? But before I begin my comments, let's say that I'd like, you know, the biggest takeaway for me from Bruce's survey was quite depression, because it kind of -- it sort proves that nobody reads Op-Eds. With that in mind, going ahead; on the economy I'd say, you know, you are right, because there's no question that the Modi Government has been a disappointment.

A large part of this of course is about expectations, he was elected last year, as everyone

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knows, with the largest mandate any Indian Prime Minister had received in 30 years. This was the end of the coalition era, this is the first single-party government elected since 1984, and add to that the fact this is a person who ran on his economic record. He promised development, he went from town to town saying that he was going to do something very different.

He castigated the record, not just of the UPA, but he ran against India for the last 67 years. And he won, and he won big. So, obviously expectations of big, bold reforms were high, those expectations have not been met.

With that caveat in mind, I would say that the criticism so far, has not been unfair. It's okay -- You know, some people had begun criticizing him within the first three months, or after the first interim budget in July, and I think it was fair at that point to say that, hold your horses, this is too early. But 16 months in, it's not too early. It's possible that the government changes course, in which case we would revise assessment, but it's fair to make an assessment based on what they've done or not done so far.

And here I would say that I would divide my concerns into three broad areas. The first is that Modi has shown a tremendous amount of political caution when it comes to the economy. This is a person who essentially wants to make an omelet but doesn't want to break any eggs. In fact, it's interesting because it almost is the opposite of the persona he projects. This is not a 56 in just economic policy, it's more like 56 centimeters, and that's been the issue.

So when it comes to -- Let me just sort of, you know, make that more concrete. When it comes to doing the kinds of things that people have been expecting Indian governments to do for a long time, but that would create political opposition. We see these people missing in action, for instance privatization; you have these massive state-owned communities like Air India bleeding money. You would expect that here is, you have this great communicator who would be able to go out and make the case, not a particularly difficult case to make in my view. But instead they've decided to do nothing.

So, when it comes to anything that is going to engender opposition, the response has been to back away. The one exception to that was a Land Bill, and arguably that was the wrong fight to pick. So, that's where they did show some stomach and they said that they were going to try and put in

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place -- try to go forward with the policy, which makes economic sense, but may not be popular. That's the one thing that they've done. And, arguably it was the wrong thing, but either way, they have quickly been defeated on that, and they've retreated.

The second -- So, the first is political caution. The second concern is really about management style, and here as you recall, as Urit had done this whole series running up to the election, before the election they were broadly two views on how Modi would perform as a Prime Minister, just in terms of management, and the pessimistic view was that, well, here's a guy who has only ever run a state.

And he's run a state with complete control, he's run it through the bureaucracy, it's a highly centralized system, and of course that might work for a state like Gujarat, which is relatively small, with a relatively effective bureaucracy, but that system would not work for a country of 1.2 billion people.

The optimistic view, to which I subscribed, was that, well, politicians sometimes just have a gift for the administration, take somebody like Bill Clinton, he ran a small state, and then he came to Washington, and he ran the country pretty well too. And if you are a politician with a gift for administration you learn how to adapt and evolve. And that was the great hope for Modi when it came to administrative style.

Sixteen months in, it seems very much that he is running India particularly in terms of economic policy, as the Chief Minister of India, and not the Prime Minister of India. And that is a concern. Again, this is something that could change, but I'm giving you my assessment of where he is so far.

A third big economic concern is really a question of economic philosophy. To what degree does Modi believe in the market? Now, it's very clear that he wants things to be easier for business, for instance. I think he is serious about this -- you know, ease of doing business stuff, and he's put a very competent official in charge of it. It's very clear that he is serious about attracting investment, and it's not a coincidence that he comes and he meets with business leaders wherever he goes, and this is very high on his priority.

So, I don't fault him for intent, but the question is; does he believe that he can do these things through the IAS? Or, does he believe that the market must, in fact, play a large role in lifting the

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burden off his shoulders? And again, it comes back to the first point about political caution, but broadly speaking, so far he has concentrated much more on whipping bureaucrats into shape, than into allowing the market greater play. I'm all for whipping bureaucrats, but I'm not sure if that is enough.

Now, to come back to the second point -- or to come to the second point, perceptions, first, the good news; nobody is longing for Manmohan Singh to come back, memories of UPA-2 are still fresh, there is widespread consensus, I would say, that it was a disaster, particularly in economic terms, also in foreign policy terms, particularly over the last two or three years.

And so when, on the one hand, when you compare Modi against his own expectations, he falls short, but if your benchmark is what India has seen recently, he seems to do pretty well. The second piece of good news for Modi and the BJP, is that the Congress is discrediting itself through its strategy and its means of opposition.

So, this idea of castigating the government, or condemning it as a suit-boot ki sarkar people who are only caring about people who wear suits, it may get some sort of play in the press, and it might get some sort of -- you know, it makes for a good one-liner, but it also means that the Congress boxing itself further into a spot where it is not the party of aspiration. In fact, it is the party against aspiration, and I don't think this is a winning strategy. It has not worked for Rahul Gandhi for 10 years, I don't think it's going to suddenly start working. So that's again, another piece of good news for Modi and BJP.

And finally, I think that there's a broad consensus that no matter how disappointed some people may be, this is currently the best bet there is. So, that also is beneficial. The bad news from the government point of view is that the consensus among informed viewers, is that you can no longer categorize Narendra Modi as economic reformer without putting an asterisk next to it.

And that actually is a big deal, because his entire rise to political prominence was based on this idea that he is India's preeminent economic reformer. And the fact that this is now being questioned, not merely by people who have always questioned it, or people who were skeptical, but by people who were willing to give him that benefit of the doubt, or were willing to look at the many positive things he in fact did achieve in Gujarat, is something that ought to concern him.

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There's a question mark about how this translates into politics, it's quite possible going by the Pew Survey numbers that these little -- these conversations among people and think tanks, and on the Op-Ed pages of newspapers and end up on the television news shows, actually accounts for very little. And when you talk to BJP people, and you talk to senior ministers, very often that's the response you get. Which is that, well, who cares? We've got the voters.

I would be a little bit cautious about that assessment, and again if you go back UPA-2, you know, they really started getting bad press towards the end of 2010 with the Commonwealth Games Scandal, and it sort of took some time, and so my own theory, is that, yes, it's absolutely true that your average Indian isn't spending a lot of time worrying about what somewhat wrote in the Indian Express that morning, but it's also true that opinion-making percolates. And I think that over time when you lose opinion-makers, over time you might find that you lose other people as well.

The second reason I would be concerned about it is that even if something doesn't particularly matter to the people who are going to vote in a couple of months in Bihar, it might still matter enormously to investors and businessmen. And so losing elite opinion, or losing the idea of this being a reform, reformist government, among opinion-makers, it does matter to the extent that they will -- they disproportionately affect how India is viewed among business elites and among the investors.

Finally, I'll end with one sort of -- one last point, which is that, in terms of perceptions, I would say that there's a difference between how pundits and business are viewing this government, and how government is for other governments. So I would say that pundits and business, there is a sense of disappointment. There's certainly a sense that the government has not moved fast enough, and some people are beginning to question its commitment.

On the government side, it's different. It's much more positive. Again, partly, I think, this is the ghost of UPA-2; that helps, it's just a sense of motion, there's a sense of purpose, there's a sense of decisiveness that people see in bilateral relations, you hear that in different branches of the U.S. Government for sure. So, that's been very -- that's been helpful, and it's also partly because governments take a longer view, people are not sort of, you know -- they are not as caught up in the day-to-day.

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So, I'd say that in terms of his relationships with other governments, I think the people are still waiting, they still see it, mostly, as early days, it's still largely positive, but on the business punditry side, they certainly create a cause for concern. And that's it.

MS. MADAN: Thanks. That segues very well into Samir, the question to you. It's quite clear the Obama Administration is one of those governments that has made a bet on idea, made it before this Prime Minister, but it's taken on a very different level of momentum over the last year, it's quite striking. At the week we have both President Xi and Prime Minister Modi here, to look back at the last year and compare the years of the U.S.-India relations and the U.S.-China relations have had, and it's without doubt that the U.S.-India relations, the momentum has been moving forward quite speedily.

Having said that, Prime Minister Modi gets a lot of criticism from at least the punditry that he's spending too much abroad; as somebody who also spends a lot of time abroad, and not in Delhi. Why, at this time, where there's a lot going in India even though the Parliament Session is not on, but beyond kind of just for U.N. General Assembly Opening, why is Prime Minister Modi taking the time to spend an extended period of the time in the U.S., almost a week out the country?

He was in Ireland four days as well, why is he coming? What is he hoping to get out of this? And what is kind of the current state of thinking about U.S.-India relations and how far it can go?

MR. SARAN: Thank you, Tanvi. And I think it's a great idea to have this discussion with smart people, and me being the youngest on the panel. Let me first say, that not only did you not the people who polled -- you polled, not only do they not read Op-Eds, but you didn't even poll the Op-Ed writers. So the next time you should poll the Op-Ed writers and you may have a remarkably different outcome here.

But having said that, let me say, he's ostensibly coming for the UNGA, and I don't think that's a rare occurrence, the Indian leadership has engaged with the UNGA on a fairly regular basis over the last 70 years or so -- 68 years or so. But what he has done in the last two years, of his engagement with the UNGA, is that he has made the General Assembly, or the engagement of the General Assembly a subset of his U.S. relationship. Earlier leaders were very wary of making sure that this multilateral mandate -- the multilateral temple, what seems to be India's first go-to location, and every other bilateral

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was around it.

This clearly is a visit for the bilateral where it is convenient for them also to visit the U.N. And I think the seven days' or eight days' period that he's in the United States, in many ways his engagement exemplifies that. So, Modi, also by doing this in the last few years, has clearly signaled a departure from the previous regimes, which were moving towards a stronger U.S.-India relationship in any case, but he actually brought the relationship out of the closet, and I think he has signaled his intent to establish this as his main bilateral.

The U.S. as the key substantive partner for everything that India seeks to do over the next few decades, and there are elements to this which I'll just touch on, but basically I think it is now no longer in India deciding between U.S., the USSR of the -- you know, of the past century, or U.S. and China in this century; it's in India which has made up its mind that it is India and U.S., and clearly how will they work with this relationship in managing other relationships, including (inaudible).

So I think it's important -- one of the reasons why I was jokingly telling someone that he's here, is to protect Obama from Xi, and that is why he's staying in the Waldorf and Obama is not, because under the BRICS grouping we have -- we enjoy a certain privilege with the Chinese, they won't eavesdrop on what we have to speak.

Now, I think this particular week is also important because he is not coming to D.C., and I think the D.C. visit is scheduled for April next year, but this time he is doing what he clearly understands he needs to do that is to engage with a certain constituency which, actually is going to help him in his economic endeavors at home. So he is meeting CEOs, he is meeting innovators, and I wouldn't be surprised if next year or somewhere that after he was also to make a trip to Houston and some other cities in this country, where he will engage with different constituencies as well.

So I think that is a second reason he's -- do you know, his administration from day one has been persuading people to believe that India is open to business, and I think that still continues. I'm not sure -- I mean I agree with Sadanand, they have not really sold people onto that particular proposition, but they are trying hard.

Now, having said this, let me also tell you, the people who are deciding this in Delhi, and

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it was clearly Modi and the Mirror, and probably two or three other people, but I call them the three wise men and one very articulate woman. So if you take Sushma Swaraj, Aji Don, Secretary Jaishankar, and Navendra Modi himself, none of them are wooly-eyed economists who believe in the mercantile magic or the market. They are all realists, they are pragmatists, they are also in some -- in a couple of cases, quite hard-nosed in terms of security and strategic interest.

So, when they decide to position India so close to the U.S., it is a deeply political and strategic decision. It is not about markets and economy from their perspective, it is far more than that, and therefore they also understand that for a country which wants the economic element to be as strong as the political and strategic element, India needs to be able to deliver on that front, they are committed to do that. And I still believe they are committed to do that.

I think they are fighting inner demons within their own party. I don't think it's the opposition which is the problem; I think it is the party itself which is the problem. He sold -- he not only fought against India of the last six or seven years, I think he also fought against the BJP of the last -- you know, whatever number of years they've been in existence. So he was also fighting against his own party, the sobeshi element in his own party, the more conservative element in his own party. And I think that battle is still unresolved. You will progress on the economic front and in many other areas, when that particular issue is resolved.

But coming back to this particular U.S. visit, this is fascinating for me, because I think India has two large projects that it needs to complete. The first is the unfinished agenda of the 20th Century, which is the old-fashioned industry, road, ports, infrastructure, power plants, and certainly U.S. has counted itself out of this play.

This particular aspect of Indian -- the 20th Century business agenda, is probably going to be satisfied by East Asia, and they will need to engage with China, Korea, Japan, and the institutions that today some people the Beijing Consensus, where they will get many of their inputs for building the 20th Century India.

But the U.S. is part of India's 21st Century ambition, which is around solvency, which is around innovation, which is around high technology, which is around space, and cyber and digital

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economy. And in this particular aspect, this particular visit seeks to dismantle this aspect of the Indian need. The 21st Century Indian need, there he wants to go and assure them that intellectual property that certain taxation norms; that certain data localization debates are not going to interfere in American business and American investment vis-à-vis India.

Whether he's able to do this is something else, but clearly this is one of his agendas. The second issue is that both capitals today are more keen on working together on global issues. I think this has been emphasized repeatedly by both leaderships, that India, U.S., working on global issues like climate change, like cyber security and some other areas. And obviously Paris being a few weeks from now, it's something that is going to dominate the meeting in New York when the two leaders meet.

There have already been -- there has been a sign that India is seeking to have this conversation on climate, they have delayed the presentation of (inaudible) NBCs to October 1st. They are waiting for some assurance from the United States about some of their key concerns, it could be around financing for traditional infrastructure, and coal plants, it could be around not too inclusive a monitoring mechanism, or a verification mechanism. It could be around some other areas around financing and adaptation.

But certainly that conversation that Obama and Modi have on climate change is going to impact what India submits on October 1st as its -- on the road to Paris, and will certainly influence the outcome in Paris itself. Now, when it comes to these matters, the U.S. recognizes India as being someone which has a de facto veto. So you cannot have a global climate agreement without India being onboard. You cannot have a global cyber security agreement or a cyber security arrangement, or an Internet governance framework without India signing onto it.

So, despite being outside the traditional power framework in certain thematic issues India enjoys the better virtue of its size and its negative impact on many of these areas are veto, and the U.S. engages with it quite deeply, quite wholesomely. But there are certain other issues that India is still an insignificant partner although those issues impact India deeply, certain geographies, for example, the Middle East or even Afghanistan, Pakistan, some parts of the Asia-Pacific.

And there, India does believe that it is not being given enough space to express its

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concerns, and I think that's one area where you will see continued effort by New Delhi to make U.S. engage more deeply, the trade regimes are a big issue, be it the APAC community, be it the Indian vulnerabilities if the Atlantic communities were to create a trading regime, or the transpacific partnership. And I think that's one area where it is a work-in-progress, and they will need to probably -- the Indians will need to pitch in much harder to get the Americans to start responding.

Finally, I think the urban legend goes, that this Prime Minister has traveled through 40 states in the United States, but he has done many things else as well, that I'm addressing the urban legend in Delhi is, that he has traveled personally to 40 states in the United States. And he understands the U.S. in many ways, in a sense that he understands how complicated it is in a democracy, and very similar to India, and he -- because he says he believes this to be the most pivotal relationship for India, he is probably going to be engaging in those multiple geographies, constituencies and sectors of -- of the United States.

This is also an exciting time for him, for the United States, because this will be a moment for them to start -- to get a pulse of the changes that might take place one-and-a-half years down the road with the new administration, and I think that is also an important part of this particular visit, in a sense you get a sense of where we are headed to in terms of the U.S. politics. So I leave it there.

MS. MADAN: Thanks, Samir. First we've had both Sadanand and Samir talk about the importance that this government has placed in terms of shaping sentiment, and how important sentiment creating, changing the narrative about India has been, your institution also has polled, I mean beyond the India polling as I said, you've conducted polls about other countries, especially in Asia, about perceptions of India. What can you tell us about how, not just because India has seen the world but the world is seeing India particularly in relation on comparison to, say, China?

MR. STOKES: We did just come to the survey, where we asked, and unfortunately it was really the first survey we've done in Asia that look at a number of countries and asked a dozen or so countries, the publics of those countries, how they felt about other Asian countries. Japan came in first, China came in second, India came in third, but again, in one of the limitations on India was the I-don't-knows in some places but, you know, it seems to me that India performed fairly well, given the fact that it

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is obviously not as well known as China, not as well known as Japan.

And as I mentioned, India's reputation in the U.S. has gone up dramatically just in the last couple of years, so that's, I think, very positive for U.S.-Indian relations. And I can't help but make a comment about, I mean, what we've heard here are elites including myself, but certainly Indian elites, comment on the Modi Government's record to date, and this is something I picked up in trips to India where as recently as our -- as long ago as last December, in talking to friends of mine in Delhi about how Modi was seen.

They would say, well, he's already lost to chattering classes, and I do think that we have to understand that as was said that people follow these things closely, people who had high expectations and follow the ins and outs of workings of government, are probably naturally going to be more critical and possibly more disappointed than the public at large. And while on one hand, I mean, I'm sure if the Modi -- a representative of the Modi government here, they will say we are the voters behind this, and that's all we really care about, not the Op-Ed writers, I do think that, I think history teaches us that if you lose the support of the elites or of the opinion molders, over time, it is harder to keep the support of the public.

And while right now I think Modi is still riding the crest of a wave, what we've just heard about this failure, or that failure, or that inability to do things, you could, in theory, well if you've seen it in other countries in the past, see the erosion of public faith over time, because we are talking about a public, an Indian public that has very high expectations of what can be delivered. And if it's not delivered, publics tend to notice that eventually, and get frustrated, and possibly even resentful that they were somehow led astray, they were led down the primrose path and the government didn't deliver.

So, I do think that the snapshot -- remember public opinion polls are always a snapshot and you need to see the trends over time, the trend over time, and in this particular poll it's all in one direction because we are kind of pre Modi, immediately after Modi's election. It will be interesting to see where, say, two or three years from now where the Indian public comes down on this administration.

MS. MADAN: Sadanand and Milan, we are talking about sentiment, one of the issues and perception, not just abroad, but at home, one of the sets of issues that has got some attention in

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some cases raise concern has been for want of a better term some of what we would call here, culture war issues. And we've seen the Financial Times recently comment that India's text savvy Modi embraces modernity but just not at home.

Talk to us about these kind of issues that have sparked some of these questions about where the Modi Government, particularly the Prime Minister, but the government in generalized and some of the social cultural issues. And how might this affect perceptions abroad, particularly in the U.S.?

MR. VAISHNAV: So, I mean the first thing to point out is that it's a permanent condition of the BJP Government, that these social issues that we associate with, the Hindu right, are going to crop up, right, because as Samir said, this is a big-10 party. I think last time we were here, I made the analogy that a friend made, that the BJP, you know, if it was in America it would have Elizabeth Warren and Ted Cruz inside of it right, because you have economic libertarians who don't want much involvement, and then you have the complete opposite, and they both reside within the BJP.

We've thought that Modi represents more the three marketers, but there is an equilibrium that he has to maintain, and that tricky balance between pushing his ideas and the RSS and the Sangh, or the Hindu-right agenda, that balance is always a tricky one that's going to have to be struck. And so I don't think that some of these comments we hear that are majoritarian in nature, that are about revising Indian history, that are about banning, all manner of things including me, are going to go away.

I think Modi's calibration is, one, to stay above the fray and not engage; two, to make sure the discussions stays on what they view as minor issues that are more local in nature. Already the BJP President Amit Shah has said, if you want us to take action on the core issues of the Hindu majoritarian agenda, which are, you know, Rahman India, and changing Article 370 with respect to Jammu and Kashmir, a uniformed civil code, give us 370 seats in Parliament, and then we can take some of those things on.

So I think we are stuck with this balance for the next five years, and then the Prime Minister is going to have to work this divide, and I think that if it does get out of control and leads to some kind of communal conflagration or really gets taken up to the next level, it will start costing him, and I think you can argue it's already started to cost him among some elements of the middle class, it's not a big

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issue yet in Bihar, but Bihar is a very particular case, right, in cases like Delhi and Mumbai, and other urban centers, I think we are more likely to see some of this negative pushback.

MR. DHUME: So I will just make two very quick points. The first is that, you know, I agree that this is partly a structural issue, I mean, the BJP has to sort of undergo two broad modernizations, the first is its, how it thinks about economics, and the second is how it thinks of pluralism, and so these are ongoing processes, I would say that we certainly have a lot of this chatter. On the positive side, the Prime Minister himself and the senior members of his government have been extremely responsible.

On the negative side, I mean, frankly they have a lot of these strange Yahoos running around saying, where are things. In terms of the perception overseas, I'd say that in some ways the Modi Government has been quite foolish, in the sense that they've allowed themselves to look worse than they are, and two examples come to mind. The Greenpeace activist who was supposed to go to London to make this presentation, and was pulled off a plane, and the second is going after the Ford Foundation.

And here really what you see according to me, is not any kind of, you know, sinister design against democracy, I mean, I think half or more of these critics also are deranged. It's not that, these people are deeply democratic, they came to power in the largest democratic exercise in human history, they were very -- were happy to lose elections, I mean weren't happy to, but they lost a terrible election in Delhi. They are hammered in the press every single day, so I think some of the concerns are frankly vastly overblown, but they have not exactly handled some of these things with sophistication.

I mean, the line I use is that, you know, the whole ministry sometimes seems to be, you know, informed of the sensibility of sub-inspector in Bareilly, rather than the kind of sophistication you would expect from the world's largest democracy, and you saw that in the kind of heavy-handed approach, you saw that with Greenpeace and with Ford Foundation, and it really is something that has for them, given them the worst of both worlds, because on the one hand they are very, very far from being anything close to an authoritarian system.

In fact, they are not India's traditional ruling elites, and very much so, even now if you look at opinion makers and so on, these guys are outsiders and they are under siege. But because

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they've handled these things in not a very sophisticated manner, they have allowed a narrative to develop outside India, that these people are somehow and somewhat authoritarian.

MS. MADAN: Samir, in terms of, you know, the relationship of this government with the media and the press, one of the -- a couple of questions on that, one on the U.S.-India side, and one just in terms of fair communication strategy and dealing with the media. This was a candidate in an election that arguably partly came to power on the basis of a very effective communication strategy, much likely so with President Obama, or Candidate Obama in 2008, including setting, kind of, high expectations.

But in the governing, we've actually, with the complaint or at least the analysis has been that somehow that communication strategy has gone missing, others say, well, it's the press that's out to get them, and so they said, they are outsiders, and this is not a part of the establishment. Is there a disconnect on this communication strategy?

Then the second question related to the media, you mentioned that kind of the government as a whole, you mentioned kind of the four, five people, the three or four people who are kind of pushing the relationship with the U.S., is there a disconnect between the press, the Indian press and the U.S., and the Indian public? And perhaps these few kind of drivers of the relationship within the government, is there, because you will see a certain skepticism, and even suspicion of the U.S. in kind of Op-Ed pages, let's say, since we are all beating up on Op-Ed?

MR. SARAN: No, you know -- So to agree, my perspective is that actually the press is quite favorable to the India-U.S. relationship. And I -- you know, I was talking to you earlier, I think this is creeping normalcy, because it is happening so slowly, this huge momentous change in how we view the U.S., has an advantage. The fact is that if you were to take it, you know, if you were to view this over a 15-year period, and see the favorable ratings for the U.S. in Op-Ed 17 years ago, it was a -- it's a dramatic change.

In fact, forget about the U.S., even Israel is a winner today. And that is a, you know, a more contentious relationship, and you will see in the last three to four years, the Indian PACS had started voting far more favorably. It's a 50/50 or 60/40 play towards Israel, and people have done this analysis.

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The U.S. enjoys a good place in Indian media. I don't think we need to be concerned about that, if people are skeptical, if some are, that is a good thing, people should be. I think that should exist in a country with such diverse interests and needs. And I don't think there's anything wrong in the India-U.S. relationship versus the media.

Now, the first part is more interesting that why I think that Candidate Obama does very well in his campaign, and isn't so smart when it comes to his administration in terms of communication, the answer is very simple, there, you are fighting against someone, you are seeking space, you are selling a story, and here you are trying to now live that story, and they are two very different issues.

You know, it's like Sadanand's point, or Milan's point the 370 seats, we need 370 seats to be effective. Now, when you come into office you realize that the politics of management are very different to the politics of campaign. Now have they removed their operators, I'm glad they have because the same people who ran the campaign should not be communicating policies and government decisions.

Has he been paying the same operators for political campaigning? He has. But I'm not sure there have invented the narrative, so you have won a campaign on a particular story, now you are sitting on the top table, the narrative has to be different. And I think that is where, I agree with Sadanand, they've not been that smart. They are not selling the work that they are doing that well.

And two, they are not counting what they can easily counter to dispel some of the negative perceptions. You know, I just want to jump into a couple of issues that they had raised, I think very interesting. So, one was around cautious, you mentioned the word (inaudible) including cautious. I think, Modi, like all good Hindu mythological tales has three avatars of the trinity. I call them the trinity.

So, you know, he has this flamboyance and charismatic leadership which is he, himself, in person. He has this smart political mind, how to play the games, arithmetics, you mentioned arithmetics about the other side, but I think he is very good at arithmetics, he plays that arithmetic far, far better than anyone else in the last few years. So he has that game, and that is personified by Mischa, and then he has this very conservative, reticent cautious self, which is personified by Arun Jaitley. I think this is the trinity that today managing the --

MS. MADAN: The Finance Minister?

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MR. SARAN: The Finance Minister of India. He is the cautious side of Narendra Modi. Now I think what Narendra Modi is lacking today, is his Manmohan Singh. Narendra Modi is missing the Manmohan Singh of 1992, someone who would take political risks, and he will give economic risks, and he will give political cover. Narendra Modi does not have his Manmohan Singh, I think that is one thing that he's missing.

The second thing that, you had mentioned about Bihar, Milan, and since I have made six visits to India this year, I can tell you from on the ground the situation, is that there is also a third narrative, they say that if they win, they will say, you know, the Hindu right wing, and the caste and class, arithmetics is working well, why should be upset the apple cart? There is the Uttar Pradesh battle to fight as well, and there is -- you know, there is expansion in the south that needs to be had.

And the other narrative is, that then it might be difficult for the reformist to work. I think that is third story, which I think we should also understand, that winning does not necessarily translate into economic reforms, but it will make the political constituencies more rigid.

And to do so, I think your point on climate change was fantastic. You know, that 75 percent of Indians believe that climate change is a big threat, and probably if you polled them the next question and ask, should India invest in the rubles, 75 percent would have said India should invest in the rubles, if you had asked them the third question, should India invest in coal, 75 percent would have said India should invest in coal. So, you know, I'm just telling you that --

SPEAKER: Yeah. Yeah. Yeah.

MR. SARAN: -- if you take this -- there's a certain nuance, because I did a survey and I asked them, who should India partner with on cyber security, and we had an elite service, so this was not -- these were the operators they surveyed? So, I asked 250 of them. Who should India partner with on cyber security? Russia zero, China zero, America 24, Europe 22, BRICS 67, because China no share no part of BRICS (laughter); so what I'm trying to say is that when you do these surveys you come up with some very interesting -- I'll leave it there, sorry.

MS. MADAN: No. No, so I see --

MR. STOKES: If I could jump in here. We will be releasing November 5th, a survey on

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climate change of 40 countries, including India, where we did ask people about the energy mix, to try to test how committed publics in China and India in particular were to coal. And you can await the results.

MS. MADAN: Those would be interesting to see whether people conflate climate change and air pollution, because you can see why and especially in cities that would be -- that that would be --

MR. STOKES: We did ask people how they felt they were experiencing climate change, was it drought, was it heat, was it a falling water table, was it rising oceans, you know, not so much because there is a direct correlation necessarily between all of these phenomenon, but if people say they are concerned about climate change it would be nice -- we thought it would be nice to know, you know, what is it they think is climate change, I mean, in their lives? And it may not comport with what's actually going on in their lives, but the reality is people have opinions about these things, and if it's hot out in the summer, maybe they think it's climate change. We would be interested to know that.

MS. MADAN: Before we turn to our audience questions, I just want to ask all of you to give us one of the things that we should -- and not the Bihar Elections -- we can talk about that. The one or two things we should look to over the next six months to a year, to see where this government might be trending, whether it's politically, economically, or in terms of U.S.-India relations? Sadanand, do you want to?

MR. DHUME: I'll come back to my sort of first point, which is, I'd like to see signs that they have some kind of political fight in them for the Economic Reform Program. I think many of the things they've done, is that they've done good things, like the bank accounts for the poor, excellent, who can argue with that; they have cut down on the LPG subsidy, the cooking gas subsidy.

So they are -- the technique they've been using is administrative efficiency and trying to reach a broad section of the population, and that makes perfect political sense. But what I'd be looking for is some sign that Modi and Jaitley are willing to use this vast amount of political capital to do some of the things that previous governments may have wanted to do but were not able to do. And that political pain factor is what I would use to gage the seriousness of their intent on economic reform.

MS. MADAN: Milan?

MR. VAISHNAV: Yes. I mean, just to say on the economy. I mean I think one of the

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things which is not yet on the horizon, but which will come into sharper focus at the beginning of 2016, is there is what economists are calling sort of impossible trilemma coming up in India which is a continued commitment to fiscal consolidation, so shrinking the deficit and spending less. Ramping up public investment on infrastructure, namely roads, rails, and so on, and there is also something called the Seventh Pay Commission, the Pay Commission's entry that sets salaries for government employees.

It is impossible to sort of have all of these three things at once, consolidate the fiscal deficit, ramp up public expenditure on infrastructure and pay governments -- more government salaries. They are going to have to make a choice unless they want to really walk back on one of these big issues, right? Which I think is going to speak to, are they going to take some political risks to, for instance, take down their share in public sector banks, right? To actually take onboard what they've been saying they were going to do all along, which is disinvest in public sector undertakings.

Are they going to make some kind of dramatic shift on subsidies? They've taken some incremental shifts and positive shifts, but are they going to actually look for a quantum leap, and I think they are going to be forced to take a choice on this, or revert back to business as usual.

MS. MADAN: Although I was hoping the oil prices stay if any -- on the low side.

MR. VAISHNAV: Right.

MS. MADAN: Samir.

MR. SARAN: Just taking it from where you left, and where we think this is that moment when they have low fossil fuel prices, that they should move towards a far greater market play. At least the time to open up the resources sector, it is a time to reform some of the fertilizer and agricultural subsidies issues. I think we have a commitment that we need to move towards cash transfers rather than price intervention, at the WTO, we need to do that in the next couple of years, and rather than cut a sort of a lonely figure again two years later by walking out of that agreement, we should use this moment to do it.

I think that's something that we should be looking out for. We should be looking out for change of leadership within the party. I think they need a dramatic change in the Cabinet. I think there are couple of poor performers who are sitting on some of the most important portfolios. I think we have

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not delivered on some of our key promises to our partners, not only the U.S., be it China, be it Japan, be it some other countries. I think those ministries need change, I'm not going to name them because I still live in India.

SPEAKER: You are already dead.

MR. SARAN: And one thing that certainly needs to be done is that the Finance Minister needs to lose the IMD portfolio. I don't think our Finance Minister who should structurally be empowered to take risks should be communicating government policy. I think that's a contradiction, he should not be in charge of creating the brand for the government, then he is the man who should be disrupting governments. So I think that portfolio should be certainly given to someone else, they'll have to start finding it.

On your point, Milan, corruption has certainly gone down since this government has come into power, so has competence. And I think that is something that this government is lacking, it's now -- it's so palpable. I think that is a capacity issue with that. The leadership intent is there, the political statements are there, I don't think that second tier of political leadership of the party, has the competence to implement it. I think they need to start rethinking their own theme, and I think that's something we should watch out for.

MS. MADAN: Bruce, what do you expect to see, or what would you like to see over the next six months to a year?

MR. STOKES: What is interesting, our survey shows that people's perception as a country has gone up, not down. Now that doesn't mean --

MR. SARAN: Now why not the word competence?

MR. STOKES: Yes. Yes. I mean it doesn't -- the reality is, people's perception of something and what's actually going on, yes --

MR. SARAN: No. No. I agree, corruption has gone down, but so is competence, that's what I'm saying.

MR. STOKES: No. No. I'm saying that people's perception is that corruption has gone up, not down.

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MR. SARAN: Oh!

MR. STOKES: Now, again, I mean that doesn't necessarily, those two things could be true, perception go up and reality has gone down, I mean, it could be that people just have higher expectations, because of promises that have been made. And we do see, and we see this all over the world, people are far more critical of government officials than private business types. They say, the corruption is really about the government officials, but not the private -- And you are going to say, but it's an equation, I mean, on one side is a government official, on the other side is a business guy, why don't you judge them equally, and that doesn't seem to be the case.

But in terms of what one might expect going forward is, again, I just think it's one of those things that when does the public begin to become disenchanted as it would appear, and this is all anecdotal, because we haven't done surveys of elites, that there is a growing frustration among elites, and both had high expectations, elites have apparently just anecdotally, become disabused of those expectations, because the public, what's the lag time here?

But I think just in many polling exercises all over the world, eventually public opinion begins to shift, and frankly, as I have said to some Indian Government officials, you know, that the bad news in this survey we did is that it's only one way to go with these numbers, and that's down, because that means that they are so high that this is where we are at, or near a peak here, it would seem to me just based on any rational expectation. So that one would anticipate that over -- at some point these numbers begin to come down, just because in all countries, there is an ebb and a flow of these things. So, that's a real challenge it seems to me that the Modi Government is --

MR. SARAN: But you didn't account for Rahul Gandhi's public speeches, they drive the Modi numbers up. As the ratings go up, I think that Rahul Gandhi does make -- Anyway, sorry.

MS. MADAN: On that note. We'll turn to questions. Please wait for the mic so that -- because this is being, as I said, webcast and recorded. Please identify yourselves and your affiliation. If you could keep your questions short, and there's a particular person you want to direct the question to, or just to the panel, just mention that. We'll start with the gentleman over there.

SPEAKER: Thanks very much; very, very useful observations. This is actually a

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question for the panel as a whole. On the core issue is, you know, the structural reforms which haven't been implemented, and where there's sort of disappointment. Nonetheless, if one looks at projections for GDP growth, looks at, you know, FDI flows, and you know, various other indicators, of confidence and so on, they are all up.

In that we know that, you know, having the land acquisition issue resolved, the GST and so on, will make a substantial difference, but does it really matter in the short run that, you know, that these things are not implemented? And, you know, the reason, I think have been discussed very nicely, you know, caution on the part of Modi, you know, various other sort of political constraints and so on.

The low-hanging fruits have been plucked, and maybe there are still some more which can be plucked. So, you know, if the Panel could sort of give their comment on that, and related to that actually, just towards the end you mentioned this issue that, you know, well the chattering classes and the elites are against because, you know, these guys are outsiders. I mean, to me that's a critical aspect of it, actually.

You know, if it is just because they are outsiders, and they are getting all this criticism and so on, that's one thing. If on the other hand, there's a genuine belief that, you know, these guys are not really going to be pushing the reform agenda in the medium to long run, that's another aspect. You know, Modi's perspective is 10 years, right.

MS. MADAN: Also, for all Op-Ed writers, good news is no news.

SPEAKER: That's right.

MS. MADAN: So that would make everybody unemployed, especially some of us on this. We'll take a second question before going to the Panel. Let's go to the gentleman over there?

SPEAKER: I'm (Inaudible) Kumar, I'm retired, but my family, and my family is in business in India, and the ground realities are the expectations are really high. There are strong BJP supporters, but things on the ground have not changed, the same hands are outstretched. I talk to a lot of vendors on the street, and they all say they pay -- you know, they pay police quite a bit of money to be in business.

However, the vendors are saying that they are making more money because India is much of a cash economy, and maybe the economy is growing, so they are, at present, quite happy with

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the BJP. I had a question for Bruce; have you, in your survey, measured Modi's popularity among the minority population? And two, could you comment on -- to the Panel itself, could you comment on job growth in India because ultimately, Modi's favorability rating, or his tenure will depend on how many jobs he creates, because there are 1 million people coming to the workforce every year?

MS. MADAN: So, Samir, I'm going to get you to start, both the questions of kind of the structural reform necessary, or low-hanging fruit enough. Also, if one of you could talk about and cover in that, the idea of kind of the competitive federalism that we see in the government kind of push some of these reforms for instance --

MR. SARAN: Cooperative, it should become competitive, but it is cooperative.

MS. MADAN: Cooperative. Well, we'll see. But is this going to be something that is not just followed, but is going to be effective? So, Samir, we'll start with you.

MR. SARAN: I agree with you. I think the news from the street in Bombay is that irrespective of what New Delhi does or doesn't, the trajectory is upwards, cyclically certain sectors are going to start picking up; 8 percent is not difficult, maybe 8.5 percent in a good year. But unless you can create some of those changes that Sadanand and Milan alluded to, you are not going to -- that's going to be the limit.

Now why is it important, why are those structural changes important there, because in Delhi you are witnessing anger on the streets. You have a Hardik Patel Movement, you have (Inaudible) Dual Movement, you have multiple mutinies, and now they are becoming loud because of technology access to communication means, and it's becoming -- they are becoming disruptive. So, I think India will be in trouble, unless their growth is accompanied by jobs.

Let me mention some. I think India needs to find ways of employing 12 million new entrants to the job market each year, which is twice the size of Israel, so we have to give jobs to two Israels every year, and this is going to be the scenario for the next 15 years, until our population stabilize in its tracks, and everything, hopefully.

The second issue I think on the chattering class having a bias, I don't think that's what was alluded to here. I think it would be -- let me tell you this, until 2009, '10, and I'm telling you, we were

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very careful even, you now, we wouldn't, you know, careless people like me, were extremely careful about touching the Gandhi family, in print, by name, by reference. It is only post 2010-'11 that we started to openly voice dissatisfaction against individuals by name in the family.

We used to call it the ruling elite, the high command, you never touch the Gandhi name, it was a holy cow. Today they are being bashed. So, in the last five or six years, the same chattering class that bashes Modi, is also bashing the Gandhi family. And in fact -- sorry --

SPEAKER: No. Go ahead.

MR. SARAN: And in fact, I would suggest that this media is evenly split, if not, it's more than the favor of the Prime Minister than it ever was. And you are only taking a small subset of English television and English print medium, which is a very tiny component of the larger media discourse. I think the regional channels really like him, and I think your numbers reflect that.

The discourse in the vernacular press, the discourse in regional channels is actually about what your survey captures. Now, when he loses that particular discourse, then it becomes a problem. Otherwise, like what Sadanand mentioned, our impact on change sitting in New Delhi, writing for English media is -- are decadal in making. It takes a decade for people to start listening to us. So at 25 I have a chance, you guys will be dead.

MR. DHUME: I agree with most of what Samir is saying, except that I hope it doesn't take a decade, I hope it's something slightly -- a slightly faster for us than that, but I think the essential point that there is a sharp difference between elite media, or elite opinion makers, and opinion makers whom had reached larger sections of the population is certainly true.

I also think that, it would be harmful for the government to dismiss criticism, merely as motivated, that because they are outsiders to a certain degree, or outsiders to a certain group of people, they are being not given a fair shake, I think that even people who are willing to give them a fair shake, are disappointed. And it would be self serving, and it would in fact be quite dangerous if criticism is simply swatted away as being motivated, I think they should take the criticism onboard, they should reflect, obviously it depends on where the criticism is coming from.

You know, on the question about the corruption, and things haven't changed -- not having

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changed in the ground, I think that's a really good point, and it in fact goes to a larger dilemma for the Modi Government, because what he has promised across fronts is very grand, right? Clean India, like who doesn't want a clean India? Smart cities; like, who wants to live in a dumb city?

And anti-corruption, and obviously we know that even the most competent, best-intentioned leader in the world cannot really change these things dramatically at the speed at which people expect. So, the question really is, at what point do these expectations begin to clash with reality, and how is that going to affect how he's viewed by voters. So far, it doesn't seem to have really affected him, if you go by these numbers, right. People are still judging him by the promise, which all people agree is a great promise. They are not yet judging him by delivery on that promise.

MS. MADAN: Bruce, have you done polling on how minorities see him?

MR. STOKES: I mean one of the limitations of our poll is that the number surveyed is not big enough to actually drill down too deeply demographically, how do the Christians feel about him, and how do the inaudible) feel about him? And we were reluctant to do the Muslim population because we can't get into Cashmere for safety reasons, we haven't been able to get to Kerala for reasons, frankly, I don't understand. And as a result we are afraid that we don't have a geographically representative of the Muslim population, we are trying to fix that next year.

I would say in looking at the Muslim numbers which, again, we are not, you know, totally confident in, he doesn't do as poorly among Muslims as, you know, one might have expected given his reputation in Gujarat. And when you are as popular as he is across the country, you have to assume he is doing well with all minority groups, because when you have those kinds of numbers you have to be doing well among all minority groups.

One other issue that I would raise with you about expectations, which will, it will be interesting to see how it plays over time. And the made in India is a big theme for this government, and implicit in that is, we want people to come here and make stuff in India for the global market, not just for the Indian domestic market. And I can tell you, based on my own experience, in going into some globally competitive auto parts companies in India, and so forth, one of the unspoken challenges that is posed by that, is to be globally competitive in this world today, you have to make stuff with machines and not

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people.

And if you go into some of these auto parts factories, there are no human beings there. I mean there are robots, and there are a couple of guys watching computer screens. So, the idea that somehow implicit in the idea of made in India, is it's going to generate all sorts of jobs in India. Yes, it's going to generate jobs, it's better than, maybe, today, but it's not going to generate the jobs that I think people in the back in their minds think it's going to generate.

And that's just because globalization demands a level of quality that are only going to be delivered by robots and not by human beings. So you go into the -- there's a General Motors factory I visited in -- parts factory I visited in Chennai, that makes all of the -- not even the complicated pieces, but all of the caps for radiators in the world, for General Motors, and it employs 15 people.

So I mean, we have to understand that to be globally competitive in this day and age, thanks to the precision of the Japanese manufacturers, none of these plants generate many jobs, they generate a lot of money, but they don't generate jobs.

MS. MADAN: Which is why now, you are seeing, and I presume in small and medium enterprise as well. We'll take the final three questions, and then we are kind of already over time, but we'll take these three questions together, and then turn to the Panel for remarks. We'll start at the back there.

SPEAKER: Thank you. So, given that Silicon Valley and the technology industry and Modi's agenda overall, I was wondering if someone on this panel could speak to U.S. policy in these areas, specifically on a possible Totalization Agreement, and increasing the gaps on the H-1B visa. And this is Ivan Malra, from Wexler & Walker.

SPEAKER: Guy (Inaudible), Reporter with (Inaudible). So, U.S. and China announced a pretty ambitious plan yesterday to tackle climate change. Does this put more international pressure on Modi to submit an ambitious INDC? And do you have any thoughts on what will be in the delayed INDC?

MR. JOSHIPURA: Thanks, Tanvi. Sanjeev Joshipura, U.S.-India Business & Public Policy Consultant. Panelists here today, as well as at other places have alluded to a dichotomy in the

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U.S.-India relationship as being, on the one hand, the economic track, and on the other hand, the strategic, you know, geo-strategic political military track. If one looks back to the previous government, the UPA Government, I think people will agree mostly that in the first part of the U.S. --

MS. MADAN: We are out of time, so get to your question very quickly?

MR. JOSHIPURA: Okay. Yeah, all right. So I guess the very brief question is; I'm going to request the Panel to prognosticate on the U.S.-India relationship in the near term, not in the long term, in the near term, three to four year, both on the geo-strategic side and the economic side.

MS. MADAN: Milan, do you want to star us off?

MR. VAISHNAV: Yes. I mean I think, let me start very quickly by responding, you said that Modi needed his Manmohan Singh, the man who asked the question Manmohan Singh, who is a brilliant economist here in Washington today, need him. But to get to your question, the BJP insiders say, precisely this on the economy, that all of us have it wrong. Come 2018, growth will be peaking at 8.5 to 9 percent, and that's what voters are going to remember before the election.

And that's premised on a lot of things going in its favor, it's premised on other emerging markets continue to maybe not do so well, and India kind of stand out, right, premised on low commodity prices. But that's certainly, what the government is saying that we are all focused on the side show that happens in Delhi, but in fact the economy is kind of coming along.

On your question, Sanjeev, I mean, I think that the prognosis is probably much brighter on the geo-strategic front, right. I mean, I think one of the things which is notable about this government is that as Samir, I think, alluded to is that there's a much greater strategic conversions between how the U.S. and India see China, for instance, with this government, and with previous governments.

And I think that's been clear, and so the types of activities we are seeing on the defense side, and the types that we might see in terms of co-production and co-development, of defense technology, and next-generation aircraft carrier and all that, is I think where the upside is, on the economic front, I think that private sector investment will continue depending on the investments on the ground.

And in terms from a government-to-government standpoint, I don't actually -- I'm not

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particularly optimistic that the next few years we are going to see a Bilateral Investment Treaty, that we are going to see much progress on trade, even on some of these doing the intellectual property rights, I think the key is on the private sector side, is this issue of competitive federalism.

I think it's one of the things this government is shifting towards, that when the private sector investors invest in India, they are not investing in India. They are investing in Tamil Nadu, they are investing in Maharashtra, they are investing in Gujarat, to the extent that their separation occurs between the places where -- or attractive investment, including some other states, perhaps Rajasthan, perhaps Madhya Pradesh, which have not got much attention, which are making domestic legal changes, I think that is, you know, where the balance is going to come from.

MR. DHUME: I'll be very brief. I agree with Milan on the strategic side, things look very positive. The question that is intriguing to me is to see if there's any kind of new equilibrium that's going to arise in terms of U.S., India and Pakistan, because this government comes from a different place compared to the previous government when it comes to Pakistan, issues of terrorism, and certainly much greater reluctance among its core supporters to turn the other cheek.

And how that plays out in terms the India-U.S. relationship, and therefore the U.S.-Pakistan relationship is something interesting and worth watching. But by and large I would agree that things are extremely positive for the various reasons that both Milan and Samir alluded to.

On the economic side, I think the main issue really is on whether the government gets its act together on reform. Now, the GDP numbers indeed have looked quite good, but there's also a certain amount of skepticism about these numbers that a lot of it is about, you know, a matter of calculation rather than any real boost, and if you look at the supporting evidence, for 7 or 7.5 percent, that seems a little bit (inaudible).

So what we'd like to see is if the consensus view is that the Indian economy really has kicked in to that higher gear that was promised, then I think a lot of the bilateral economic problems tend to fade. We saw this with the last government too.

If, on the other hand, the economy does not pick up, and if on the other hand, we don't see economic reform, you are going to find many voices in Washington that have been muted mostly by

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the size of the mandate and the promise of reform. Those muted voices are going to even find that they hit the mute button again, and then suddenly you will start hearing them?

MS. MADAN: Samir, if you could just definitely also look at the -- talk about the climate change question.

MR. SARAN: Yes. So, I think on the H-1B design, the Totalization Agreement, and the large ambit of the BPO and the IT sector, my problem with the position is that, I don't believe India is bringing enough to the table. I think there are fair valid claims. India has fair and valid claims on relaxation, but I don't think they are putting enough on the table, on what, for example, Milan mentioned, on intellectual property, on data privacy, on data security.

And I think if India as to present this as a comprehensive package, then we will be able to move the pendulum in a certain direction, if you were to see the request in these too, it could become a package agreement. And I think that the cyber track that's recently been announced which looks at digital economy as well, is a place where you can come up with a comprehensive package where the two countries can agree to address each other's concerns.

On the climate, I don't think it is about the pressure on India. So let's be very clear, you know, every American burns five times more coal than every Indian. Every Chinese burns three-and-a-half times or four times more coal than every Indian. European burns three times more coal than an Indian, so I don't think it's a pressure, I think it's the leadership moment.

I don't it's getting the pressure, I don't think Americans expect us to stop burning coal because of the Paris outcome document. I don't the Europeans, but that cannot -- that must not be the fulcrum of conversations on climate change. I think what India needs to be selling to the world, is the fact that every Indian spends three times more than every American, and pertaining renewable energy.

I think that's the narrative India needs to change. So it's not about pressure, it's about leadership, it's about telling the rich countries that you need to do as much as we do on renewable energy. Our lifeline energy which is like 2 kilowatts per person, sees us already commit a significant amount from renewable hydro and nonpolluting sources. No other country in the world gives lifeline energy from renewable energy.

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Everyone has more than 2,000 watts per person, from coal or gas, and I think that's the message India needs. So I think that that Paris presents a moment for Modi, not to stop burning coal, but to stop talking about it. I think that's the important thing. We have to change the narrative. And I think he understands this. We don't have to keep insisting on equity and CBDR. He has used a new term, climate justice a few times.

You know, it's time to -- So that's on climate change. On the point that I think Sadanand mentioned on the economy, in my view, that until India gets from \$2,000 per capita to 8 or \$9,000 per capita, the largest part of Indian economy is going to be unavailable to the American businesses to played in it. If the price points don't exist for the American businesses to play with, we will have to be looking for cheaper options from the East Asians, and from domestic sources.

But there are two or three sectors, there we are raising great and interesting developments. The first is on renewable energy. People don't realize this, but in the last three to four years, we are the largest destination for American green investments. People don't realize this, it's not talked about, but it has happened. Billions of dollars both from the public sector, and from private sector have flow into -- have come to India in renewable energy, that's one.

The second is health care and pharmaceuticals. Now, for example, there is a conversation around the Peace Treaty between Indian pharmaceuticals and the medical pharmaceutical firms, there the agreement reads like this, that you sell to the poor 134 countries at your price points, don't enter the European and North America markets, let us manage those.

So, the open licensing model which some of the American firms are now proposing that we will give the Indian companies licenses, and they can sell at \$10 the drug we sell at \$900. So for example, health care sector, because India has the capacity to pull its punches there, is one area where we can seek innovative partnerships. All the American pharmaceutical companies who cry in D.C. about Indian intellectual property have shown between 600 to 700-person growth in the last 10 years, in India.

MS. MADAN: Or they might think that because they have been crying about it, that --

MR. DHUME: The ones that cry are the ones that are not in India.

MS. MADAN: Bruce, any final comments?

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MR. STOKES: Just that there is clearly, from our survey, support in India for doing something about climate change now, not to continue to talk about it, or debate about it, but to do something. And it seems to me in terms of the broader relationship, this is a good time for people to be bold in dealing with the relationship, the image of the United States has risen dramatically in India, the Indian public is very favorably disposed towards Barack Obama.

The image of India in the United States has gone up, we know, historically, this doesn't last forever, and yet there is a long history of frustration on bilateral initiatives, especially in the business community, which tends to make people pessimistic and cautious, but it does seem to me that the public opinion environment is pretty good. We know it's much better than it's been for years, and you never know how long this is going to last.

All the reports, the anecdotal reports you hear about from the press, is there's no big bold initiatives that are going to be announced between Modi and Obama when they see each other, but the public opinion environment would suggest there might be an appetite out there for doing more but, you know, we'll see.

MS. MADAN: And one thing, I mean, just on the H-1B side, keep in mind this will require legislative changes and the idea that there's going to be a big Immigration Reform Bill, you will see it come up, though, in the election campaign which you already have on both side. What you have started hearing is Members of Congress and some of the administration pointing out how few Americans work and study in India as well, and talking about increasing that. Just on the U.S. strategic side, watch for the joint strategic visions and start getting operationalized more and more.

And finally, I mean on the side of, can public opinion being behind this and creating a moment in the last few year of the Obama Administration, if you look at the joint statements and to those of you who don't read them, you should, because if nothing else, shows you how much this relationship is getting institutionalized, so it will last beyond this government and you can read between the lines, and sometimes, quite directly, how this is getting institutionalized over time.

We will no doubt meet again in a few months to have -- we are going to do another ripple around of the report card, we hope you come back then, and in the meantime we will be hosting on

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October 7th, some Indian Members of Parliament who will be visiting. Hope to see some of you then, either here in person, or through our webcast. And thank you for those who are watching both live and recorded.

Thank you all, and thank you to our panelists. Please join me in thanking them for a very great discussion. (Applause)

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