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ASSESSING INDIA'S 2019 ELECTION RESULTS

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P R O C E E D I N G S

MS. MADAN: Good morning and welcome to all of you. I am Tanvi Madan, director of the India Project and fellow in the Foreign Policy program here at Brookings. We are here today to discuss the largest democratic exercise in the world and the results that came out just yesterday. Over 600 million Indian voters went to the polls, over the last few weeks, and a significant number of them chose to return Prime Minister Modi and his Bhartiya Janata Party to office for a second term with -- to use an Indianism, a thumping majority.

While the prime minister's re-election was expected, the scale of his victory has come as a surprise. And you have heard, probably, a lot analysis over the last 24 hours about that. The BJP increased its tally from 282 to 303. As you know, the required amount for a majority was 272. And with its coalition partners it will have close to, or perhaps just over 350 of the 542 seats that were contested. And we are here today to discuss, kind of, the results, the significance of them, the impact it will have in India's political landscape, its economic policy, its social policy, as well as its approach to the world.

And joining me today, we have an excellent panel of analysts who have been observing these elections from pretty different angles. Alyssa Ayres, Dr. Alyssa Ayres, senior fellow for India, Pakistan and South Asia at the Council on Foreign Relations. Dr. Eswar Prasad, who is a senior fin Global Economy and Development program here at Brookings. And Dr. Milan Vaishnav, director and senior fin the South Asia Program at the Carnegie Endowment for International Peace, next door.

Milan's going to get us started by walking us through the results. He is a domestic politics wonk and he has been talking us through these elections over the last few months. So, Milan, over to you.

MR. VAISHNAV: Thank you very much, Tanvi. It's great to be here. I think one has to be humble at moments like this when we have just witnessed such a, sort of, earthquake, political earthquake, in India that we are, you know, less than 24 hours out and

we don't have all of the data to really fully understand, you know, what took place. So, what I am going to show you are just some very provisional numbers and thoughts and analysis from the data that we do have.

Starting here with the fact that, as Tanvi mentioned, you know, the BJP's win in 2014 was big and the victory in 2019 was even bigger. If you look at the map, you know, from a distance probably those of you in the back of the room may not see that much difference, in terms of the areas of saffron, where the BJP did well. And the areas of blue, where the Congress did well. And the grey there, the other parties that are the regional parties, some of the whom are aligned with either the BJP or the Congress. But I would just mention, sort of, three things that I found quite interesting.

Number one is the ability of the BJP to once again dominate across the Hindi belt. You know, 75 percent of the BJP's Parliamentary tally last time came from just 8 states. And a lot of people said that that was a kind of black swan, right. The kind of lightning strike, it couldn't be replicated. Well, it's basically been replicated, you know, five years later. There was some attrition in the state of Uttar Pradesh, not much. Little more than ten seats. But again, going up against a combined opposition of the SP and the BSP, which on paper anyway, when you add up their vote shares, were thought to be giving the BJP a pretty tough fight, did not really materialize.

The second interesting aspect, I think, of the map, if you look in the eastern part are the significant gains that the BJP made in two eastern states, West Bengal and Odisha. These are two states that BJP Party President, Amit Shah had targeted for many years, saying that -- I think somewhat anticipating the fact that their numbers could go down in north and western parts of India, as places that were ripe for the BJP to, sort of, make inroads. They have now fully consolidated their position as the principal opposition force in both Bengal and Odisha.

And that's quite striking when you think about, you know, the knock on the BJP has always been that this is a party of Hindi-speaking northerners, who would always

struggle to break in in that eastern corridor, where politics is really much more dominated by linguistic, sub-national identity. And very strong regional parties.

The third interesting thing is that the BJP did quite well in Karnataka, which is their, kind of, lone southern foothold. But they also won some state -- seats in the state of Telangana. Now Telangana advanced its state assembly elections to last December, when the ruling TRS won a thumping majority in the assembly elections. They were thought to sweep once more in the national polls. And while they did quite well, the BJP did end up winning some seats in Telangana. So, that gives them now a second southern foothold, in addition to Karnataka, to start to expand the party even further.

If you look at the all-India vote share, of course, the striking thing is the rise in the BJP's vote share to about 38 percent. The combined NDA won about 50 percent of the all India vote, which for those of you who have been following Indian politics, is truly stunning. But two other interesting things jump out at me from this figure. One is that the Congress, kind of, leveled off, right. So, they seem to have a floor of about 19, 20 percent that is a, sort of, captive vote bank. So, I mean, you could look at that as maybe consolation prize that this -- you know, whatever their foibles that, you know, one out of five Indian is still voting for the Congress.

But the last six or so election cycles, we have seen this 50-50 split. 50 percent of the vote goes to one of the two national parties. The other 50 percent of the vote goes to regional parties. We have seen that regional party vote share come down significantly. Some of the biggest gains the BJP made this time were at the expense of many regional parties. If you look at the state level vote shares, there were over a dozen states, where the BJP got more than 50 percent of the vote share, right. 50 percent of the vote share. And you can see that many of these states, whether it's Gujarat, whether it's Rajasthan, Delhi, almost across the board, with the one exception here of Goa, they actually did one better on where how the party performed in 2014.

We had this debate as political scientists, back in 2014, about whether or

not this was the era of a new party system, right. So, India has had three party systems since independence. The first which was from about 1952 to 1967, was characterized by Congress dominance, both in terms of the national power in Delhi, as well as in the states. From '67 to '89, was a period where the Congress remained dominant nationally, but really started to see caste-based and regional parties eat into its support base at the state level. And then for the quarter century between 1989 and 2014, in what's known as the third-party system, there really wasn't a single gravitational force or central pull around which politics revolved, right.

We had a series of, often very messy coalitions, where neither the Congress nor the BJP was a reliable central force. Now in 2014, many of us talked about, you know, the dawn of a fourth party system, where essentially the BJP replaced the Congress as the dominant player. And I think 2019 further gives credence to this idea that we are in fact in a new era. You know, if lightning struck in 2014, it's not just that lightning has struck again, it's that, you know, climate change has occurred and the whole ground has really shifted. And I think we need to start reckoning with that.

And what are some of the attributes of that? Well, number one is, the electoral arena has actually become less competitive. So, this is a measure of effective number of parties. So, this is essentially weighing political parties by the number of seats that they earn, so that you don't treat, you know, parties that got one seat and parties that got 50 seats, the same. And there are effectively three parties now represented in Parliament, which as you can see here, is a real departure from what we have seen in the post-coalition era, the 1989 to 2009 era. It's become less competitive even from what we saw in 2014.

The margins of victory are getting even bigger, right. So, we had seen a pretty steady decline over the years and margin of victory is simply the distance in the vote share of the winner and the runner-up. And we have seen that increasing, meaning people are winning with bigger margins than that they have in the past. If you look at the number of

constituencies where the winning party won 50 plus percent of the vote, that has shot up over the last two election cycles, right. Many people used to say when you have three or four competitive parties in the Indian election, you can win in a first past-to-post system with 25 or 30 percent of the vote, right? Because the vote is essentially fragmented. We have seen a real consolidation in vote share rather than a continued fragmentation. All right.

So, if we are in this era of the fourth party system, you know, what is it that drove voters to vote the way that they did this time. I mean, obviously, it's very easy for me to, kind of, Monday morning quarterback and tell you the answer. I think we are going to need months, if not years, to pour over the data to, sort of, get a sufficient answer. But let me just show you a couple of data points that I thought were quite interesting.

One is, and this comes from the CSDS, which is the only social science research organization to do polling in India. And they have done a pre-poll and a post-poll. So, you can, kind of, compare and look at the time series. 32 percent of BJP voters would have not voted for the NDA, if Modi was not the Prime Ministerial candidate, right. Which tells you something about how important leadership was in terms of how people made their voting choices, right? This idea that Modi is a decisive leader, who is incorruptible, who operates with clean intent, who operates with the national interest at heart, is something that I think many voters, particularly, in northern India really latched on to.

Now, a lot of people, including myself, ahead of this election said, look, there are a lot of economic indicators that suggest this could be a rocky ride for Modi, right. We have an unemployment issue, we have a slowdown in growth. We have historically low farm prices. We have low wage stagnation, right. So, a number of things you could point to. Now, what's quite interesting about the campaign is that jobs actually became less salient as the campaign went along.

So, this year, as a percentage of respondents in the CSDS surveys, for whom unemployment is the biggest problem, and you can see here that it actually declined from March 2019, at the month before the campaign started, to the post-poll when this was carried

out. So, about 21 percent of respondents to this national survey said, unemployment was the single most important issue. That actually declined by about 10 percentage points by the end of the campaign. If you look at economic issues at large, about 35 percent said, the economy was the most important issue, this includes jobs, includes things like GST, it includes inflation, includes a whole number of things. That declined by about 12 percentage points over the course of the election.

And so, you know, one way of thinking about this, you know, I had a written a piece a while ago, saying that voters were looking for an excuse to vote for Narendra Modi. There were a lot of people took issue with this word, excuse, saying we don't need an excuse. We have plenty of affirmative reasons to vote for Mr. Modi. But the idea is that because people valued his leadership, even though there were economic woes in the country, they view him as the best person, the person best suited to deal with those or address those economic woes.

So, a friend and fellow political scientist, Nilanjan Sarkar had a very nice tweet yesterday, where he said, typically when we watch election campaigns, we say, okay, what are the issues? National security, unemployment, inflation. Okay. How does that map on to people's partisan preferences? In this case, you know, I would say maybe the opposite happened. People identify that they really wanted Modi and then found empirical ways of, kind of, supporting or making the case for who they wanted to vote for or why they wanted to vote for him.

This issue, I think, is going to be unresolved of what impact Indo-Pak tensions had on the vote. I think, one can say with some confidence that it likely provided the BJP with a bump. Some of the survey evidence we have suggests that people who are aware and who followed the news about the terror attacks in India and the subsequent response, de-valued the economy at the expense of other issues like national security, like leadership, like having a, sort of, decisive leader like Narendra Modi.

The pre-polls from CSDS suggested that the NDA was tipped to do quite well to form roughly a majority on its own. So, it could be that what happened in the course of the

campaign, is it really magnified that lead and made it even bigger and Balakot is potentially, you know, one aspect of that. Let me just end here so I don't take too much time.

Just talking about some of the other big winners other than the BJP. The first that I would point to is the YSR Congress Party of Jagan Reddy, which has now not just swept the Parliamentary polls in the state of Andhra Pradesh, has also swept the assembly elections, which were happening simultaneously. This is interesting because Jagan Reddy was the son of the former Congress Chief Minister YSR. He was essentially booted out of the Congress Party. He thought that he was the rightful inheritor to his father's legacy. Due to tussles with the Congress leadership, and the fact that he was indicted on Federal corruption charges, the Congress set him aside. It turns out that that may have been a mistake. Voters overlooked all of that and have given him a resounding mandate. So, he is now a pivotal leader.

Chandrababu Naidu, who maybe the darling of the donors of Silicon Valley, of multinational corporations, really was hurt very badly in these elections.

The second is the DMK, which is the party that did very well. Won about 23 seats -- 23 seats in the state of Tamil Nadu, had been in the wilderness for the past several of years. Both Tamil parties, the ADMK, which is the incumbent at the state level and the DMK have experienced leadership transitions. But the DMK seems to have come out of that quite well. In fact, if you look at how the UPA did, one reason that their seats went up is because the DMK has given them, you know, 22, 23 seats.

The last person I had mentioned here is Nitish Kumar. I mean, if there is man in Indian politics who has nine lives, it is Nitish Kumar. Here is a man who began his career as an explicitly anti-BJP figure, who then joined the NDA, who then left the NDA, who then was by his own. Won two seats last time and rejoined the NDA and has now won 16 seats. So, he becomes, once more, a pivotal player in north India.

Who are the big losers? Again, other than the Congress. I think, we will talk a lot about the Congress in the Q&A. One is Mandal politics. So, there were series of political parties in north India, caste-based parties, who rose on the backs of backward caste

empowerment and caste politics in the wake of the Mandal Commission, which gave reservations for backward castes in educational universities and public sector positions and civil service jobs. Whether it's the RJD of Lalu Prasad Yadav, the two big regional parties in Uttar Pradesh, the SP and the BSP. A lot of these parties did quite poorly.

Now Mayawati, the leader of the BSP did manage to win double digits in terms of seats. She won zero seats in 2014. So, in that way it's an improvement. But this combine of the SP, BSP, which had hoped to prevent the BJP from sweeping Uttar Pradesh, did not succeed in that objective.

The second loser is Arvind Kejriwal and the Aam Aadmi Party. I mean, if there was a party that people had tipped to potentially grow into a third national political alternative, it was the Aam Aadmi Party. They were humbled this election. They won just one seat in the state of Punjab. The seven seats of New Delhi which -- where the Aam Aadmi Party is the ruling party of the state, for the second election in a row, have all gone to the BJP.

And third, I will just mention here is the Left, right. We have seen a precipitous decline in the fortunes of Left parties in India. At this point they really, other than Kerala, have nary a foothold elsewhere. They have been badly hurt in West Bengal. We have seen a lot of folks who supported the Left in Bengal, move their support to the BJP as a way of combating Mamata Banerjee and the Trinamool Congress.

Let me just end here, if I might, with some questions about us as political analysts and how we need to, I think, introspect as we move forward. You know, many of us predicted a BJP victory. But very few predicted a victory of this magnitude, right. So, I think, we have to ask ourselves, you know, how did we miss something of this size. Now, fair enough, that many within the BJP, I think, didn't predict that the victory was going to be quite as large as it was.

But, I think, there are couple of questions that resonate for me. One is, you know, what role do different conceptions of nationalism play, right? So, we have talked about the idea that the secularism of the Congress is discredited. And are we in a new place where

essentially Hindu majoritarianism, nationalism of a right-wing variety is essentially the dominant ideology, you know, of the country? I thought Mihir Sharma had a very perceptive piece for NDTV, where he said, you know, we have a different idea of India now that's dominant. And I think those of us who disagree with it have to reckon with the fact that a large swathe of the country, which previously didn't identify with that kind of ideology, has now become converted to that way of thinking.

The second is this issue I mentioned earlier, which is, is it issues that are shaping partisan attachments or is it actually happening the, sort of, other way around, right. That people are, kind of, filtering everything through their affinity with the BJP or, more likely, their affinity with Modi. And the last thing I will just mention here are, you know, how big are campaign effects? This is something historically we have not been very good at quantifying in India. But clearly there are some things that happened in the campaign that could have contributed to this kind of historic verdict. And I think that we are still struggling with understanding, you know, whether it's money, whether it's organization, whether it's media, whether it's this idea of presidentializing a parliamentary system. These are all factors that, I think, we need to disentangle. So, let me stop there and turn it over to my colleagues.

MS. MADAN: There we go. When we get this in 2014, I kind of went to the panel and said, what did we get wrong? And I think Milan has, kind of, previewed some of that. But just to, kind of, reiterate the sense of, kind of, how historic this is in terms of India's independent history, we have not seen a party win back-to-back majorities on its own since 1984. And in that '84 election the BJP won two seats. And it's gone to, kind of, over 300. But also, in independent India's history, no party other than the Indian National Congress of Jawaharlal Nehru and Indira Gandhi had won this kind of majority.

So, just to put that a little bit in perspective, that this is quite significant. We use the term historic a lot. But this is, I think, this actually does meet that threshold. Eswar, I am going to start with you. As Milan mentioned, kind of, a lot of the rhetoric particularly, kind of, in the national press, in the election that the politicians were using, ended up focusing a lot on,

kind of, leadership, national security, in a way that we wouldn't have -- doesn't normally happen, wouldn't have expected. Usually a lot more rhetoric and narrative about the economy.

Having said that, that is still often the key issue for many voters. And it did take -- the election did take place in, kind of, a landscape where people were talking about rural distress, people were talking about, kind of, a somewhat, you know, slowing economic growth rate. And, kind of, this need to create jobs for the next -- in the next few years. And that not having been achieved the full potential. Or India's growth not meeting the full potential. What do you think this is in mandate form? Different parties made different promises. What do you think this mandate is for -- in terms of the economy, what can we expect the Prime Minister to have to tackle? What do you think he might do over the next few months and over the next few years?

MR. PRASAD: First of all, let me be clear. I did not see this coming but clearly I am in very distinguished company, so I feel quite comfortable about that. The superlatives about the outcomes of the election have all been used up by Tanvi and Milan. So, let me focus on something I am more used to focusing on, which is the nitty-gritty issue related to economics. And it's worth thinking a little bit about where the economy is right now, what needs to be done still, and most importantly, what might be done, now that Mr. Modi has this mandate.

While the economy has certainly done very well in recent years, there are questions about whether the performance really matches the glorious picture painted by the official statistics. Some of those points of skepticism, I think, are well warranted. But it's hard to deny, there has been a pretty good run for the India during the Modi first term. Growth overall has been pretty good. If you look at the variety of indicators of economic activity, they do point to the economy having made very significant progress.

But at the same time, there is a lot that's not been done. If one looks at employment growth, if one looks at the distributional consequences of the growth, the many vulnerabilities of the Indian economy has always had, if one looks at the current account deficit, the fiscal deficit. All of those have continued and what is remarkable is that the Indian economy

has continued to turn in very good growth performance, despite all of these chains still around its neck. So, the question is, whether we will see significant change coming in the next few years.

Now Tanvi, you mentioned that there is a mandate. So, one question is, what is the message that voters were sending? Was it that they endorsed the view that Milan espoused, that there are lots of economic challenges and while Mr. Modi may not have achieved a lot, he is the best person to push forward the economic agenda? Was it more a nationalistic approach to politics that dominated the outcomes? Was it not just nationalism, but also, sectarianism that fed into it?

What is equally important is not just what message was being sent but what message is going to be read by Mr. Modi and his party? Whether they will see it as a mandate to push forward the social and nationalistic agenda? Or a message to put forward the economic agenda? So, if we think about what could be done over the next few years, it's worth thinking about what has been accomplished over the last few years. And there it's a mixed picture.

In India, as we well know, getting anything done is a challenge. And there have been some things that have been done over the last few years. Some fairly important economic reforms. There is now an Insolvency and Bankruptcy code, which is very important, from the point of view of thinking about how enterprises and their dynamism can be supported by the economy, without restricting entry, because exit is so difficult. There has been the introduction of a Goods and Services Tax. Certainly lots of issues with the implementation. But, I think, overall in the long run, it's going to be a good thing for India. There has been a move away from some public support schemes towards direct cash benefits, which I think again, is going to pay some benefits in the long run.

In all of these areas a lot more needs to be done but there is progress. But then if one goes back and thinks about the long laundry list that we economists of Indian origin and those looking at India, always pull out, that list really hasn't changed very much over time.

There needs to be substantial improvement in terms of the labor laws that still act as a chokehold on the manufacturing sector in particular, but also some of the service sector enterprises. It really constrains industrial dynamism. There are problems with the growth model. Even though industry hasn't played a very big role, the environmental consequences of growth have been crippling, especially in the major metropolitan areas. The banking system certainly is not functioning very well right now.

And in all of these areas the Modi government has certainly shown that it recognizes the need for progress. Other areas include the desperate need for better infrastructure, both physical and soft. Energy needs to be dealt with. And here again, one can think about some progress that has been made. But is this really enough for India to be able to generate what it really needs. An economy that not only generates ostensibly high GDP growth, but also the right kind of growth. That is not environmentally destructive. That generates good employment outcomes. That generates broad benefits that can be translated into a big and dynamic middle class. Not quite.

So, if one thinks about what lies ahead in the future, the past is some guide. Mr. Modi did go in with a mandate, which even at that time, was considered thumping. Now, I guess, it's become super thumping. But it was quite a dramatic mandate that he got in his first term. And it's not just the mandate. What India had, many times over the last five years, is a very nice window of opportunity. Now, undertaking reforms in times of crisis, in very difficult times, is painful. But sometimes it has to be done. But it's certainly more propitious if you can undertake reforms when things are good.

And things at many stages were good for India, not only was domestic growth going along quite well, the external circumstances, which for a developing economy are very important, were also very favorable. India's current account deficit had been coming under control with low US interest rates, low oil prices. India did have a window of opportunity early in the Modi term, not much was done. Again, about two years ago, there was another window of opportunity. Some things were done, not much.

Right now we have a very similar set of circumstances. India seems to be growing quite well. If you look at the external circumstances, they are pretty good. The US Dollar is not too strong. US interest rates are at a relatively low level. The Rupee is at a reasonable spot at about 70 Rupees to the Dollar. India's current account deficit seems manageable. Oil prices at about 70 Dollars for Brent crude. All potent to a very good situation in terms of reduced external vulnerabilities.

So, the question is, what is Mr. Modi going to do? Now, the answer to that question, I think, is going to depend not only on how the mandate is interpreted, but it's going to depend whether he is willing to pay the political cost. Now, the reality is that in a country like India, or in any country, reforms have dislocating effects. Those for whom the system currently works well, some people who are not going to be pleased with any reforms. Plus invariably, those who are economically disadvantaged will feel the initial impact of any major dislocative reforms. So, that takes a political price, it takes political will.

In the first term we didn't see Mr. Modi putting that upfront. Will he do it now? That's the open question. The second open question is whether he has the right people around him to do this? As Milan correctly pointed out, this was a vote not so much for the BJP, as for Mr. Modi. Mr. Modi may have the right intentions at heart but there is only one Mr. Modi. The difficult question now is, whether he is going to put the right people in place? Technocrats were able to take on the very difficult task of designing reforms the right way, but also thinking about how to get those reforms through, which is any equally challenging and difficult task.

And again, the first term does not augur that well. The number of really capable technocrats at the senior levels, at the senior ministerial levels, was frankly quite limited and even some of those people did not last very long. So, the big question right now is whether Mr. Modi will, galvanized by the tremendous mandate he has gotten, surround himself with the right people and be willing to pay the political cost for what needs to be done? So, this is again, a great time for India, I think.

The world is going to be looking with much favor upon India because it looks

like the right configuration of circumstances. Domestic vulnerabilities are quite limited at the moment, at least in the short term. The external vulnerabilities are limited. If you think about political stability, certainly India has it for the foreseeable future. So, it aim going to better. And I hope that Mr. Modi will push forward but it's going to have to be something we wait and see.

MS. MADAN: Thanks, Eswar. Alyssa, usually in Indian elections, those of us who, kind of, work on India's external engagements, foreign security policy, trade, et cetera, we kind of get a little bit of a breather till the results actually come out. You know, Milan, Eswar and others are very busy. We, kind of, wait. When the election results come out, we say, what does this all mean for foreign security and trade policy?

MS. AYRES: Very busy week.

MS. MADAN: Exactly. This election, in not least because of what Milan talked about Balakot, which was an -- proceed or followed the terrorist attack in India, and then the Indian Air Force strike in Pakistan, and then the Pakistani response. All that, kind of, meant that a national security rhetoric was probably at its peak in terms of Indian elections. We talked a lot about this in the election itself. Give us your sense of whether you think that was, kind of, effective, played a role but more than that, kind of, what is this a mandate for? What are we going to see next in terms of this, kind of, foreign security, trade landscape? And what do you think, kind of, are the things that lie ahead that need to done?

MS. AYRES: Thank you. So, I want to echo my co-panelists here. I agree with the questions that Milan raised and that Eswar raised about the fact that we don't have a good sense of what this actually is a mandate for. The fact that national security was such a large component of the campaign process in this election, a, was quite unique. We haven't seen that in a few decades in India. B, it makes even harder to parse out what voters were voting for. So, questions like, were voters voting for someone that they felt, a party that they felt, would stand up to Pakistan.

Just to briefly refresh what happened, I am not going to assume that everybody in the room knows, but there was a terrorist attack that took place in Kashmir on

February 14th. Quite almost immediately claimed by a terrorist group that's based in Pakistan. Although the suicide attacker is from Kashmir in India. And the Indian government decided to respond by using air strikes. So, it sent -- missiles used, you know, airplanes to cross the border and launch airstrikes on a target in Pakistan that they said was the -- a location of where this terrorist group, the Jaish E Mohammed had a facility.

There are a whole lot of other questions that have emerged from that process. The following day Pakistan scrambled jets, mounted, kind of, retaliatory strikes in India. This resulted in an Indian airline -- an Indian Air Force Pilot being down. He was in Pakistani custody for three days and then returned back to India. There is a whole array of questions. Yeah. There is a whole lot of questions that emerged from the events of February for which there are not 100 percent clear and confirmed answers. And I am not going to address any of those because I don't think it's actually important to what happened in this election.

I think that what voters in India saw, heard and believed, is that they have a leader in the BJP government and in Prime Minister Modi, who will stand up in a strong way to terrorism emanating from Pakistan. I also believe that we have seen, over the course of decades, a pattern of India-Pakistan tensions where you have some sort of dialogue between India and Pakistan underway, only to be disrupted by a terrible terrorist attack that takes place in India. And that puts a stop to everything that's been happening.

I think in India parties across the board are tired of this dynamic. They are tired of the tensions and problems with Pakistan. They are tired of feeling like every effort to reach out the hand of friendship, Vajpayee reached out the hand of friendship, Manmohan Singh reached out the hand of friendship, Modi reached out the hand of friendship earlier in his first term. And you see that this doesn't meet with an equal hand of friendship that includes putting a stop to the terrorist groups that emanate from Pakistan.

So, I think people are very frustrated with that and the idea that the Modi Government has been willing to carry out a level of military escalation to provide, what is often referred to in India, as a befitting response, I think that's something that certainly would have

played a role. How much of a role in voters' minds? I think we don't have the answer to that. I look forward to what political scientists and journalists, who do a lot of grassroots work in interviewing, will elicit from this. I think it's very important.

I want say a few other things about the question of the mandate. Because this relates to expectations, certainly in the United States and in other countries outside of India for what this will mean economically. I think that there is a sense right now from some people in the United States that Mr. Modi is a reformer and that this is a mandate for reform and we are likely to see a, sort of, sweeping series of steps for economic reform. Like Eswar, I am just not sure that that is exactly what people thought they were voting for.

And I am also not sure that when I say reform or you say reform, and people in India say reform, I am not sure we are talking about all the same things. Mr. Modi has been, as Eswar said, he did implement quite early on in his first term, a series of important reforms. The actual, sort of, policy level reforms began to decline later in the term. But one of things that he is very good at and that his government is very good at, are development projects, which many people may interpret as reforms.

So, the Clean India campaign. Keeping the country clean, building toilets, making sure that nearly all of Indian villages have access to a toilet. Completing an electrification program. A program that assures that women have access to cooking gas cylinders. A housing program that supports housing development for lower incomes. The world's largest health insurance plan. I mean, you could, kind of, create a very long list of these very important programs that Mr. Modi has implemented.

I am not sure that they are exactly reforms. Let's take another example. The Make in India program. This exact same policy program was called the National Manufacturing Policy under the Congress led UPA Government. I know that the Make in India program, which is designed to help boost the component of India's GDP that the manufacturing sector contributes, it has not remotely met that target, because the percentage of GDP that manufacturing contributes, really hasn't budged in the last five years. On the other hand, there

is increased interest from some companies around the world in setting up some manufacturing in India. Has it produced the level of investment that people have hoped for? Not yet. So, the most important challenges in the context of trying to boost manufacturing as a way to further developing the India economy, creating jobs, boosting levels of prosperity, growing the middle class.

Some of the other things that haven't happened are these very important labor and land reforms, that Eswar spoke of. Because that's actually crucial to creating the economic context to get India to a better place where it can be a much more powerful manufacturing power. I would also add on the heels of what Eswar said, that the external scenario with China moving out of labor-intensive manufacturing, actually creates a real opportunity for India, if the context within India can meet that challenge.

I want to say a couple other things about this mandate because it will be very important. Oh, so just to complete that thought. When we are talking about reforms in the United States and with the US business community, I am just not sure that the US idea of what reform means, it is same thing that people in India are talking about. I think people may be focused on these development projects as important components of transforming the quality of life in India. But it is not the same thing as making the economy, making the market much more open to the world.

A couple of other things that I think are important in analyzing what this mandate means. We have spoken about the idea of whether Mr. Modi is a strong leader. I think that's probably a very important component of this. We have spoken about the idea of -- that he is incorruptible and hardworking. So, the persona of the leader as an important component of the mandate. We haven't fully spoken about, is the component of this that we can attribute to Hindu nationalism. The idea of Hindutva. The idea of Hindu pride. These are shades of a sense of nationalism. At the far end of this, you get something that begins to look like sectarianism and the demonizing of some of India's minorities.

And this is what, I think, some of the discussion that emerged in this campaign

having to do with the problem of terrorism emanating from Pakistan, began to touch some of these domestic questions as well. Because you had comments like, campaign comments from the Chief Minister of Uttar Pradesh, Yogi Adityanath, referring to the Congress Party as suffering from a green virus, you know, sort of, coded language. You had the idea -- you sometimes see campaign comments from people said, Muslims should go to Pakistan. Well, why should Indian Muslims go to Pakistan? It's evident by the fact that Indian Muslims are in India, that they didn't choose to go to Pakistan in 1947. So, you did see, I think, a bit of shading of this question and I think that the Hindutva piece in this campaign was much much stronger than it was in 2014. And that is something that, I think, people are going to have to reckon with going down the line.

I think there is one last piece I want to say about the mandate. And that is, to what extent was this a vote for best option, given the options before people? And I don't know the answer to that. And I hope that political scientists will start to elicit more of that because it's pretty hard to determine but probably quite important, particularly given the roster of big losers that you mentioned. I mean, this is -- what does this really mean? But what can we make of this from this election? So, I throw that out as a series of questions. Thanks.

MS. MADAN: Thanks Alyssa. And, kind of, add it to that list and Moon, I hope you are taking notes because this is all for, you know, those of you who do domestic political analysis, is, kind of, how do you disaggregate what nationalism means? I mean, because in this election, as you mentioned, there was a, kind of, a lot of not just dog whistling but whistling on the Hindu nationalism. But more so than that there was this thing of Indian nationalism. Kind of, an assertive India. And India that has that, kind of, large and respected role in the world stage, that was very much put out there and not just, kind of, with the incidents you mentioned. But also, kind of, of the anti-satellite test that was put out. And very much publicized as well. It was, kind of, talking about India in the big leagues, so to speak.

Milan, I want to come back to you to talk about, kind of, you know, as you said, you didn't -- you put it up there in, kind of, the title with the, kind of, who are losers in this

election? Who has had not just a bad day but perhaps a really set of -- bad set of weeks, the Congress Party. One of the things that is going to be also, kind of, historic, is for them which is that by 2024, the decade that they would have been out of power would be longest time that they have ever spent out of power at the Center. Where does this party go from here? What do you think the lessons -- what lessons will they learn? What lessons do they need to learn? And what's your sense of, will they learn them?

MR. VAISHNAV: I guess, I would preface my comments by saying, you know, the Congress Party is not a party given to true and deep self-reflection and introspection. And so, many of the existential questions that we are debating today about the future of the Congress, are frankly the same questions we were asking in 2014. And they relate principally to two things. Which is a deficit of leadership and a deficit of ideology and, sort of, what is their affirmative vision?

I will begin, maybe, by just saying why I am skeptical. I put the graph up there on the all-India vote share, right. And so, there is still a base across the country, although in more limited pockets now, around 19 or 20 percent of the population which still remains with the Congress. But even beyond that, if you look sub-nationally, there are enough states in India at present, which are two party states, which feature bipolar competition between the Congress and the BJP. So, these are states like Gujarat, like Rajasthan, like Madhya Pradesh, like Chhattisgarh.

Several of these states where the Congress actually did quite well in the recent assembly elections. And so, to the extent that there is a repository for anti-incumbency or anti-BJP votes, the Congress is the only one who can exploit that vulnerability. Until and unless we see a third party emerge in these two-party states, frankly, the Congress is the only other game in town. So, I think, that in some ways takes the edge off the existential crisis, right. Because they can revert, sort of, back to that.

Now, when it comes to these larger issues, I will just state the obvious, which is that there remains a very deep fear in the party that if you subtract the family from the party,

then you have no party anymore. That if you were to take the Gandhi family and replace them with somebody else, that the party would simply fragment into several regional franchises, right? So, the Tamil Nadu Congress would become a party. The Maharashtra Congress would become a party. We have seen some of that in years past. I mean, that's how Mamata Banerjee and Sharad Pawar and other Jagan Reddy, essentially got their start.

And so, this leadership deficit, you know, dynastic succession is great, in so far as it allows for easy transition planning from one leader to the next. It's not so great when you get down to the gene pool and you end up with someone who doesn't really have the stuff. And then you are -- you are at a roadblock. And, you know, I think, most people would say that Rahul Gandhi and the polls bear this out, has become has persistent, more effective, more diligent, but the gap still remains quite substantial between him and Mr. Modi.

And, I think, one of the big mistakes of the Congress tactically, was I think to train of all their guns on Modi. This whole line of chowkidar chor hai, you know, the watchman is a thief, I think has blown up in their face. Because it requires -- that the premise of that line requires that people to actually believe that it's possible that Narendra Modi is himself on the take, right. And that's why, I think, all of the allegations with the Rafale scam and others, really never went anywhere.

So, I think, I don't anticipate leadership changes. The best thing the Congress could do, if it's not willing to change things at the top, is to adopt a more collegium style approach, where they really empower state level political leaders. I mean, we forget that, you know, one of the real strengths of the BJP, when it was in the wilderness, is that it really facilitated the rise of powerful state leaders like Modi in Gujarat, like Shivraj Singh in Madhya Pradesh. So, it was less a national party than a collection of powerful regional parties. Now, the BJP has changed it's make-up.

But I think that's one way the Congress could go. But they had their chance to do that in Madhya Pradesh and Rajasthan, to empower a new group of officials and they chose really not to do that. So, I don't have great hopes. In terms of the vision thing that we talk

about, I think, here they are really in a dangerous position because what Modi has done so well is to really saturate the space, both on the Right and on the Left, in a way.

So, his notion of the public provision of private goods, are really things that all as -- as Eswar mentioned, the Congress, sort of, began, right. And all the Congress can do is say, well, if we were in power, we would do it maybe better or bigger. But they can't really criticize the underlying premise of any of those schemes because they were all UPA schemes. And it's unlikely, I think, for the Congress to tact further to the Right and to really adopt the, kind of, mantle of pro-market reforms. And so, they are stuck.

And they are stuck in a second way, which is the whole construct of Nehruvian secularism has been completely discredited. And it has become co-terminus with --

MS. MADAN: Some of the audience that doesn't know what is Nehruvian?

MR. VAISHNAV: I mean, it's basically this idea that, you know, India is a complicated place and it is the most diverse country in the -- on the planet. And so, you have to find unity in its unparalleled diversity. But the particular way in which it was enshrined in the Constitution was to say, we are not going to enact a strict church-state separation, as we have in the United States. We are going to have a policy whereby, the state maintains an equal embrace of religion and an equal distance from religion.

So, we will do things like administer religious education that can receive state funding. We will subsidize religious pilgrimages. We will enact legislation to reform illiberal social practices associated with religion. But we will try to do so in an even-handed way. No one believes it can be done in an even-handed way anymore. And so, until and unless they can reinvent that idea and contrast it with the kind of majoritarian nationalism we see on the other side, I think, it's a one-sided debate.

MS. MADAN: So, one of things, I mean, it's interesting when you say, you know, the kind of training all guns on Modi and not coming out with a message, you have learnt something from Rahul Gandhi's grandmother, Indira Gandhi, who -- a bunch of kind of opposition parties formed, kind of, a coalition message at least that had the term Indira Hatao,

remove Indira, that was their message. And she turned that around to Garibi Hatao, remove poverty. And what -- and one big, Eswar on that front, I mean, we talked about the economy.

The BJP doesn't use the, kind of, term that was often used, poverty alleviation. But they do talk about, kind of, this inclusive growth that the UPA also talked about. It's, you know, I think, one of the things you pointed out is, it's not just what we think the mandate is, it is what the parties think the mandate was for. And there was a sense that when the BJP-led coalition lost re-election in 2004, one of the lessons they took was that there was too much focus on this India Shining, on the liberalization and reforms and not on this, kind of, inclusive growth in terms of bringing, taking everybody along.

We saw in this election, not just the Congress Party, which promised -- made a lot of promises that would require state expenditure. But the BJP do so as well. Infrastructure spending but also welfare programs, funds for farmers. Where is all the money for this is going to come from? And, on a related point, I mean, if you were -- we have heard reports that there are, kind of, these 100-day plans that the Prime Minister has asked for. What would be in your, kind of, 100-day list on the economic front, to not just, kind of, get this, India to its growth potential, but also make sure that its, kind of inclusive in its nature?

MR. PRASAD: Actually on that there is a clear answer. There is a group of 13 of us economists, led by Raghuram Rajan, Gita Gopinath and Abhijit Banerjee. We actually came up with an economic strategy for India, a non-partisan strategy. So, the plan is there, if somebody is willing to take it on. But in response to your first question, I think, both Milan and Alyssa have characterized it very nicely. What Modi in particular, but the Modi Government, more broadly did very effectively was to take up both sides of the aisle in a way that resonated with the population on the one hand. They did talk about themselves as reformers.

And this, going back to the election strategy and the idea of trying to attack Modi, that did not work well because, as Milan mentioned, Modi is seen as incorruptible and even when he had these missteps, such as the demonetization episode, the notion that it was finally a leader on the national stage who was willing to do something about this endemic

problem, I think, resonated very well. We saw the UP elections that came soon after the demonetization and he did, again, much better than most of us who had anticipated that there would be some pushback.

So, I think the notion of striving towards making people's lives better, that rhetoric he has certainly framed it very well, in addition to the rhetoric of trying to improve the functioning of the economy. Now, the gap between the rhetoric and the actual delivery has been very substantial in many ways and there are many constraints that are still out there. But the sense of there is nobody else who is willing to take on these problems without being in it for personal benefit or gain, I think is a very powerful message that Modi has managed to carry through his first term and into the second term.

What he plans to do, what he has advertised he will do, is going to be challenging. One of the key problems in India is that you have a good pool domestic savings but you don't have a good financial system that can channel those savings into the most productive uses. So, there are these constraints we have talked about already, in terms of infrastructure, the labor laws and so on. And, of course, I am partial given my own research area to the financial system. But, I think, unless India gets finance right, it's going to be very difficult to generate good growth. Because without financial resources, it's difficult to get much economic dynamism in an economy.

And here again, there are some positive portents, with some movement in terms of banking reform. But also, some worrying portents. Because the really difficult banking sector reforms, which would also require some pain for certain very politically well-connected enterprises, that Mr. Modi has not been willing to undertake because that requires a significant political cost. It is going to have a dislocating effect. On the financing side as well, the Central Government budget deficit certainly look likes it's coming under control, although there was a bit of slippage in the latest deficit. But again, if you put together the overall consolidated deficit of the Center and State governments, then things don't look quite as good. If you look at the overall trajectory of the debt-to-GDP ratio, that doesn't look quite as good.

But all of these are sins that can easily be forgiven, both by domestic investors, foreign investors, if there is a sense that there is a real commitment to economic reforms. And while Mr. Modi has, sort of, articulated this notion of trying to make sure that the poor have access to sanitary facilities, that women in particular are going to be empowered in various ways. In terms of laying out a broad vision, it's not quite there yet. And he argued at the beginning of the first term actually that he was just going to get things done without laying out a big vision that what was important, was what he did on the ground, not what he said.

But we haven't really seen either a vision or a clear delivery of many of those things that need to be done. So, I think, at this stage there is still a need for a broader vision that people can coalesce around, rather than, again, just being the best of the available options. And I hope that again he can recharge and reinvigorate the reform effort by laying out a clear sense of where he wants to take India on the economic front and then rally around him the right, sort of, people who can get him there.

MS. MADAN: You know, you mentioned -- you mentioned women. One of the statistics, and Indian elections are always great for the statistics. One of my favorite, kind of, campaign statistics is always how much liquor has been confiscated by the Election Commission. Worryingly, this year there was a huge number of drugs confiscated as well.

But more seriously, you know, one of the things that was really striking for me and quite a sign of where things are and where things will go, is that, while, you know, we heard a number of that, kind of, record breaking turnout, over 67 percent, up from even the last time, which itself was record breaking in 2014. To me, and really, kind of, key figure was that the voter turnout rate, the women's turnout rate and the men's turnout rate, that gap in 2009 was 9 percent. It's down to 0.4 percent. And I think that's a great sign and it will, I suspect, mean that political parties have to think a lot about female voters. What they want? Do they want something different? Do they want similar things and how to, kind of, actually respond to them?

Alyssa, just following up on, kind of, this -- getting back to this conversation about the economy. If you are a foreign investor, what would you be seeing looking for signals

that would make you feel positive over the next few months? And what would worry you over the next few months? And similarly, if you were a trade negotiator, what would you -- well, maybe not a negotiator because that's always tough. But what would you be looking for, for India to do on the trade front?

MS. AYRES: From the investor perspective, keeping in mind that I am not an investor, I know that it is important that this issue of ease of doing business. And that's where you have seen great progress in India during the Modi first government. They actually focused on the idea of creating a context where people would feel their investments are welcome. They used the World Bank's Ease of Doing Business Index as a, kind of, lodestar, a way that they -- a metric for what India needed to improve.

And they have moved up on that list quite substantially. So, that -- they are not cracking the top 50 yet, which is the original goal. But they moved up from being, you know, in the lower third of the Ease of Doing Business Index. So, that's been positive. I think, investors appreciate that. But it doesn't mean that everything is easy. So, you know, you continue to hear stories from people about, you know, difficulties investing or large investments that find that all of a sudden somebody has got a new regulatory review, like, on the issue of e-commerce.

Or people who are now in the quite important, let's call it, the data heavy space. I mean, India has become the world's largest open internet economy, if you think about it, just in terms of sheer number of users, platforms that are involved in Indians. Because China is closed. So, you start to hear a lot of questions from people about what will happen in India with data localization? These are questions that remain unanswered right now. Data nationalism is something that you are hearing a lot about.

So, from an investor's perspective, I think, it probably depends on what space you are in. But also, what the kind of future questions about sector regulation look like. And so, I think, that -- India is not necessarily the easiest place in every sector to do business. And as I mentioned earlier, I think, we have seen it during the first Modi government, he is pro-business.

He is willing to be seen, encouraging and courting business to come to India. He is pro-Indian business. It doesn't mean he is necessarily pro-open markets, pro-business all over the world. So, I think, that's an important distinction.

On the trade negotiator side, I really worry that the trade frictions between India and the United States, which I could go on at length and it will bore all of you because some of these issues are extremely arcane. But I worry that these frictions maybe affect some of the other areas of very very positive and deepening cooperation between India and United States.

And so, here, let me just say that the defense and strategic areas of cooperation have continued to advance quite substantially. We have seen under the Modi Government, and we have seen this continue with Trump administration in the United States, a deepening on inter-operability, deepening on continued exercise, the resurrection of the quadrilateral dialogue which is of -- want to differentiate, this is a Foreign Ministries led consultation that takes place between India, Japan, United States, Australia. Everybody should read Tanvi's writing on the quad.

So, this has all been really positive, I think. The trade side is really hitting rocky shores. And it has been for some time. A part of this has been because of the way the Trump administration approaches trade. The Trump administration is extremely focused on an idea of reciprocity. When I was in the Obama administration, we used to speak about our two-way trade relationship with India as relatively balanced. The Trump administration sees India as among the large economies with which we have the largest trade deficit. So, that is on, you know, one of the agenda items, when trade negotiators meet, is to talk about ways that India will take steps to reduce this trade deficit. Indeed it has come down by about 7 percent, between 2017 and 2018. It's around a 22 billion dollar deficit.

But there are a lot of other items on this list. So, for example -- and some of the items on this list, the very long laundry list that Eswar referred to, some of these items now are getting piled on with new items that the Trump administration is creating. So, in 2017, the

Trump administration decided to do a review of the national security implications of steel and aluminum imports to the United States. Well, it turns out that we have steel imports from India. And when they determined that there is a national security impact of steel and aluminum imports to the United States, they decided to apply tariffs. 25 percent tariff on steel imports, 10 percent tariff on aluminum imports. It turns out that we have applied this to Indian steel import.

So, this is now an issue. The Indian government has developed a list of reciprocal tariffs on US products which they would apply again reciprocally. They had held that in abeyance while trade negotiations have been ongoing between India and the United States. But I can't help but fear that at some point the Indian government that decides to say, well, sorry folks. It's time we are going to apply these tariffs now on a number of US goods that we import. And one of which would likely be almonds. It's an important import. It's an important product to California.

So, you have all these, kind of, you know, the high-profile story on trade wars is the story of the US and China. But I do worry that we could find ourselves in a, kind of, series of escalating trade steps and reciprocal steps that start to make this trading relationship much more difficult than it already is and it isn't easy at the best of times.

MR. PRASAD: So, Alyssa did allude to the fact that we have one more expert on international relations of India on our panel. So, dear moderator, could we get your views actually? And I am very interested actually to hear your thoughts, Tanvi, on what implications the elections might have for India's relationship, not just with the US but as a regional power? Do you see Modi, sort of, growing confidently on to the international stage and trying to broker relationships with countries from the region? Or do you see the party, sort of, constraining him into a more nationalistic mode?

MS. MADAN: We have to go back in some -- thanks, Eswar for putting me in a spot. I am going to go back to, kind of, the Indira Gandhi comparison for a slightly different reason. When she won in the early, kind of, 70s, but also after, kind of, she defeated and that's what how we perceive, that she defeated Pakistan during, what was then called the East

Pakistan crisis, what we now think of as the Bangladesh War of 1971. Even her opposition leaders, you know, kind of, the urban legend is that the then Member of Parliament, Vajpayee, future Prime Minister called her Maa Durga, kind of, talking about this warrior queen, so to speak.

But it had an impression on the neighborhood as well, which is that it gave her a certain -- the fact that she had that kind of mandate, she won a series of elections. And I can't help but think that for leaders, not just in the neighborhood watching this election and the scale of the mandate, but also Xi Jinping in China, as well as President Donald Trump, who incidentally, before he was President was in the -- was in India in 2014, just after the election and had called Prime Minister Modi a winner then. And, so it can't help but make an impression on these leaders. And I think, what we are going to see now over the next few months and weeks is, and these next few years, is whether that actually translates to, kind of, relationships.

It's interesting in Sri Lanka, for example, the parties that are out of power haven't been, kind of, very India friendly, so to speak. We have seen both, kind of, major leaders come out effusively praised Prime Minister Modi. They are also trying to make their way back into office. But I think for Xi Jinping, for example, on the China front. He had an opportunity in 2014 to, kind of, really -- Prime Minister Modi then wanted to do business with China. He admires what they have achieved economically.

But then, you know, in the first few months of the Modi administration then, we saw, kind of, a lot of China-India activity. But then that, kind of, dissipated after the September visit of Xi Jinping, which was supposed to be this, kind of, major move, but got overshadowed by a boundary incident. And then a few tense few years. The question I have on the China front is, do we see China say, listen, we have to focus on this US-China competition. We want to take India, if not out of the game but, you know, maybe build up the uncertainty they have about the US and decrease their threat perception of us for a little while. Do we actually really move to accommodate some of the sensitivities substantively?

I personally think, we will see a little more rhetoric. It's substantively tough for

them to do that. Because it will mean them giving up, for example, certain things with their Pakistan relationship, making some tough decisions on the economic side. Will they do it? I don't know. If I was thinking strategically, as we are led to believe by people, like Secretary Kissinger, that they do, then I would. Because I do think that would change and they could say to Modi, listen, we know you want to, kind of, transform and focus on the Indian economy, focus on that.

I mean, I can't say more on the US side than Alyssa has. I do think there are some, kind of, big decisions that will need to be made, including on the defense side, particularly defense procurement. There have been deals that have been waiting to be signed till after the election. On the trade front, some talks have been postponed. But I do think this will make -- this scale of this victory will make an impression on President Trump. And it's interesting to me that, kind of, thinking about the quad but also the three, kind of, big elections we have had in the Indo-Pacific; Australia, India, Indonesia, all have returned incumbents. So, one of things, you know, is -- that will bring certain amount of stability, but what will it mean for some of, kind of, these larger issues?

So, with that and with apologies from the moderator taking over as a discussant for a little bit, we are going to turn over to audience questions. And we have got a good amount of time for that. We will take them in clusters. I appeal to you, please keep them short. Please identify yourself. Please keep them short so that we can get as many questions as possible. We will take these two and the third one there first. Thanks Flora. And if there is a particular person you want to direct your question to, let us know that as well.

MR. GARG: Hi. My name is Sachin Garg. I am Visiting Assistant Professor at the ISB in Mohali. So, I just came to India and I have been following these elections. So, I would like to take up a couple of things about what Eswar talked about. The whole idea of reforms, the big ones. And Alyssa talked briefly on the land reforms thing. We remember that the Modi Government had tried to pass the Land Acquisition Bill, which did not pass because of a lot of intransigence by the -- in the Rajya Sabha. And then we also heard about the suit-boot

ki Sarkar jibe that -- and I think that actually, sort of, changed Modi from trying to be the outward facing person, towards doing the more the social aspects. As you have rightly mentioned, the whole electricity thing to everybody.

And I think my perspective would be that what Milan say the options part, largely that people want continuity and everybody believes that given this whole stuff, something will actually come out of --

MS. MADAN: Your question please.

MR. GARG: My question would largely be that, what would this, as you said, the mandate, what would your perceptions be about how this mandate is going to be interpreted? Is it going to be more, like, what Eswar is talking about, more outward trade focused or the more what Alyssa is talking about, as like, make in India and bolster the Indian economy? What would be your perspectives be?

MR. PRASAD: Hello. Thank you. I am Neeraj Prasad. I am a recent Ph.D. from The Fletcher School at Tufts University. My question is to Milan. You talked about this puzzle about whether the issue shapes partisan affiliation or whether partisan affiliation shapes issues that you choose. If we were to assume the second, that is partisan affiliation shaping the issues that you choose, in that case what shapes partisan affiliation? As in, why do people choose Modi over other people?

MR. THAKKER: My name is Aman Thakker and I work with the Wadhvani Chair in US-India Policy Studies at CSIS. My question, primarily directed to Milan but I would invite everyone else to join in, is about India's youth and the way that they voted. So, 84 million new voters voted and both in 2014 and 2019, disproportionately voted for the BJP and Prime Minister Modi. So, why do you think that is? What are the driving factors? Is it the economic development angle? Or are they disproportionately nationalists? And what implications does that have on politics and policy moving forward?

MR. BUKHARI: Hi. Chris Bukhari. So, I was at the Asian Infrastructure Investment Bank Summit in South Korea in 2017. And a point I would like to make is that, very

near the top of Asia Infrastructure Investment Bank are two of Britain's most knowledgeable people about India. So, there is actually a lot of attempts inside China to look at positive relationships with India when that is possible. But also to blend that with both, sort of, digital infrastructure, as well as real infrastructure. So, you do have to look, I think, at all of those things which are probably now all up for grabs, depending on really, you know, who approaches Modi with what. And I think there is just so much going forward, I would like to hear a bit more about that rather than, you know, the historical policy reform issues.

MS. MADAN: So, we will start with Milan. Do you want to start us off in answering those? Pick anyone you want or if they were directed to you, please --

MR. VAISHNAV: Yeah. Let me try to take Neeraj's question. I mean, you know, we are all, kind of, I think trying to piece together the puzzle. But, you know, I think, as I mentioned earlier, I mean, there are certain characteristics about Narendra Modi that really seem to resonate with the broad swathe of voters. You know, this idea that he is somebody who is a decisive leader, who understands that in a fragmented country like India, you have to centralize a certain amount of political authority and take tough decisions. Again, these are perceptions. We can debate how the perceptions translate into reality.

The second is, you know, I think, this idea that he is somebody who operates with, sort of, you know, clean intent, who puts the national interest above all else -- I mean, just to go back to the demonetization example, right. I mean, one thing that you constantly heard despite people who may have been adversely affected is, well, okay, it didn't really pan out but at least he tried something, right. And, I think, the third aspect, I think, is a certain kind of muscularity. And Tanvi mentioned the different kinds of nationalisms that we have seen. And, I think, we heard on this campaign trail that we have not heard, is look at India's image in the world, right. I mean, look at how people now respect us and treat us.

And if I had to boil all of these things down, you know, one of the things that we are not very good at quantifying because it's kind of squishy concept, is this idea of status and recognition. So, if you look for instance at some of the social service delivery schemes, it's

quite interesting, right. So, Swachh Bharat, to give people toilets to get rid of open defecation. A lot of people say, yes, we have received the toilet but it's not tied up to any water source. Rural electrification. Yes, the village has been given electricity connection but our household still hasn't gotten one. Cooking gas. Yes, we have gotten a cooking gas connection but we can't afford a replacement cylinder.

But they have the hope that it's going to happen and I think above all, they feel that the state, which has always been so distant, and so amorphous and so uncaring, has actually, kind of, recognized them, right. And so, I think that's a, kind of, psychological, kind of, shock that -- I think it's something that's -- again, it's hard to, kind of, talk about tangibly, but I think it's very much present.

In terms of the question about youth voters. I mean, we don't know yet because we haven't gotten the disaggregated data. I mean, my suspicion would be, you know, historically two things have been true about the youth voter. Number one is that they have not come out to vote in as large numbers as people above them. So, I am talking here about the people between the ages of 18 and 25. So, largely first-time voters. And the second is that they haven't shown a very distinct partisan preference in the way that they have voted. In 2014, both of those presumptions were overturned. In other words, the voting turnout rate of young voters was larger than the all India average. And that they swung decisively for Modi.

In fact, if you had to plot the age distribution against your propensity to vote for the BJP, the BJP does well on all age cohorts but their advantage gets smaller, the older folks are, right. And so, we don't know yet what the data shows. I would suspect that we would see a continuing sharpening of that trend that was on 2014 again in 2019.

MS. MADAN: Alyssa, are you sure? Do you want to address any of those?

MS. AYRES: I didn't hear the question that was specifically for me.

MS. MADAN: No.

MR. PRASAD: I will just make one broader point related to some of the questions that came up. It's difficult at this stage to see direct political resistance to anything

that Mr. Modi wants. And as Milan correctly pointed out, when Mr. Modi is convinced that something is really important, it will happen. It may happen in a, sort of, half-baked way. Maybe not get implemented but it will happen. So, the question now is whether he will have the people around him who will convince him that many of things on our laundry list are the really important things or whether the party will essentially end up constricting him, arguing that this is a mandate for the social and nationalistic agenda rather than the economic reform agenda. So, there is much to hope for but also something to worry about.

MS. MADAN: Well, I think that's --

MR. VAISHNAV: Sorry. Go ahead.

MS. MADAN: -- I was just going to say. I think that's related to the point about why are we talking about this, other than the fact that this is a discussion about the results. Is -- those questions of what does with China economically. Whether, you know, this infrastructure, kind of, these infrastructure promises can be fulfilled, et cetera. It is related to the political aspect, to what the mandate is, to what political capital is used for. And the fact that Prime Minister Modi now has it, the question is will he use it? People were disappointed, kind of, the -- in 2014, that he didn't make more of the political capital he had then and the mandate he had then.

But I think this question is going to come up again. And I think that's related to the point about image. Because I don't think if we do not see the, kind of, promises being, kind of, implemented or delivered on, both, kind of, these foreign and domestic ones, I do think you will start to see disillusionment again because we go in these cycle of euphoria and disillusionment about India. And what we need is really, kind of, a steady state of that. And I think so, it will depend very much what India does at home. Will, kind of, a drive it's importance abroad and its ability to do things abroad as well. Milan.

MR. VAISHNAV: Sure. Just on the -- I think, I realized the question we hadn't really answered on the mandate question. I think, you know, the difficulty here is that for those who are hoping for more sweeping liberal economic reforms, there are a number of veto points

and veto players within the system that one has to consider. So, the first is the BJP's own base, right, where they have tried to marry social conservatives with economic conservatives. Which leaves them with a very big tent party, right.

So, these axis' have often been talked about is cow on one dimension and reforms on the other, right. And so, you see people, kind of, in all four quadrants. And so, that's a potential veto player. The veto player which was very acute in the first term is the Upper House or the Rajya Sabha. Where again, the BJP and the NDA lacks a majority. And most projections suggest that a majority is unlikely until the very end of the second term. So, I think that's something that continues.

But the third one, I think, and this is just a build on Eswar's point, I think, is I think the biggest downside risk with respect to the economic agenda, is that there is really nobody of Cabinet stature, Cabinet rank, who represents or who has a very distinct compass around the issue of economic reform. And this is something that we have seen in all previous governments.

So, whether it was Mr. Chidambaram in the Congress Government, whether it was Manmohan Singh before him. Whether it's in the NDA government, guys like Arun Shourie, Yashwant Sinha, Rangarajan and others. They didn't always win on every policy battle that they waged. But they provided this, kind of, stature and core of conviction. And I think that's something that we don't see. So, one of the questions is, will we see it the second time?

And, I think, what gives people pause is that this is not a Prime Minister who is known to look favorably upon the creation of alternative power centers other than his own, within the government. And so, I would remain somewhat skeptical that we would likely see this.

MS. MADAN: So, we will take the next round of questions. We have got -- you know, we have got -- so, let's do this this way. We will do two more rounds. If you could keep it short, we will do the four in this side and then we will turn back to the other side.

QUESTIONER: Thank you for talking to us. So, there is a certain view of Indian politics that -- of Indian voters that they vote primarily, either for political patronage or basically considering not what a candidate, a local candidate can do for their specific constituency. Yet, you know, as was mentioned, nearly one third of voters might not have voted for NDA, if Modi was not the candidate being put forth. So, would you say that, given this, there is a certain change in the way that voters are voting for their candidates? Or would this be part of the third, sort of, change that -- sorry, the fourth, sort of, change that you mentioned in Indian politics. Thank you.

MS. HOAGLAND: Hi. Isabelle Hoagland with Inside US Trade. I am hoping you can elaborate on how this election will impact bilateral trade tensions. And whether previous tensions will spillover and potentially escalate. What will be different and what needs to change?

MR. KANSARA: Hi. Thank you. This is Jay Kansara from the Hindu American Foundation. My question is primarily for Alyssa and Milan. How or how much analysis has gone in thus far? How much will go into decoding the vast Muslim vote? Because Islam in India is not a monolith. India has the largest Shia population, outside of Iran. And they have actually more so leaned towards the BJP. And if you could just extrapolate on that. Because I think the media and the perception is that they just simply vote in a block and I think that's incorrect.

QUESTIONER: Thank you. (inaudible), the Georgetown India Initiative. My question is about domestic constituencies on foreign policy, right. So, historically we have seen on issues on Israel, Palestine, Iran. We have seen the DMK in Sri Lanka. We have seen the Left Front on Indo-US relations. They have had an impact, right. Do you think this election will change things? And although we are trying to interpret this mandate, do you think things might change in terms of how India engages economically or through its foreign policy with other countries?

MS. MADAN: Okay. Let's start with Milan, Alyssa and then we will go to

Eswar.

MR. VAISHNAV: Let me take the question about Islam. So, what we know from the past is that, obviously and unsurprisingly, the BJP derives very small percentage of its overall vote share from the Muslim community. Although between 2009 and 2014, the percentage of Muslims -- this is data from CSDS again, that voted for Narendra Modi doubled. Now it doubled from about 3.5 to 4 percent to about 8, 8.5 percent. So, you could still say that's, you know, pretty small. But it was an increase.

This whole idea of Muslim block voting is a myth. And it's been empirically disproved time and time again. If you just take the state of Uttar Pradesh, for instance, we have often talked about how Muslim voters might coalesce, say to keep the BJP out and so, they would vote strategically. That actually has not happened. The Muslim vote is as fragmented as the Hindu vote. And part of the reason is that, it's actually very hard to achieve that kind of coordination.

And so, you will see votes going -- small minority of votes going to the BJP. But then between the SP, BSP and Congress, you will see a fraction. Because it will -- or fragmentation. So, it really depends. And that's, I think, one reason why the many people worried on the opposition side that the Congress not being part this opposition alliance, would hurt their chances because it would create a three-cornered contest between the BJP, the SP, the BSP and the Congress. So, I certainly endorse this idea that there is not that block voting and probably never has been, when it comes to the Muslim community. And I am happy to, offline, send you papers to that effect.

On this question on voter behavior. It's a really good question. I don't have a pat answer to. But, I think, certainly in this election we can say with some degree of confidence that voting really was about the person at the top of the ticket, as it were, as opposed to individual candidates. And this is something that was encouraged by the Prime Minister himself, who was very clear in 2019 saying, a vote for the BJP is a vote for me, right. And that's the most important thing. It's not the person who is on the ballot. And he was quite explicit

about this.

And this is actually something that he said back in Gujarat. I remember being in Gujarat in 2012, which is his last re-election, where he said the person on the ballot is irrelevant. It's really about who you get to lead the government. And so, I think, that certainly is a feature. And anyway, what we know historically is that candidate level factors tend to matter somewhat less in national elections because the MP is so distant from the average voter. Where candidates tend to matter more is at the, kind of, state election.

On this issue of, kind of, patronage. You know, I think, we are in this messy area where caste certainly matters and parochialism certainly matters. But I think it's simply not enough to rely on that. You know, if that were true, the SP, BSP would have done quite well, right. Because you just take the vote banks and you say, okay, we appeal to these backwards, these Dalits, these Muslims and that adds to up to 45 percent, and that's what we are going to get and we know that doesn't translate.

MS. MADAN: So, Alyssa and Eswar, we have got a couple of questions. One on bilateral trade tensions, what can be done, what might we see? And then is this election, kind of, does it create domestic constituencies for particular kinds of foreign policy or relationships?

MS. AYRES: Let me take the bilateral trade question. First, I think, the top part of that question was, what does this election change? And I think that, in my view, is that this election doesn't change that bilateral trade dynamics. So, I think, we are likely to see more of what we have been seeing in the last year and a half. And that's one of the reasons why I am concerned about this potential problem of a very important component of the overall bilateral relationship experiencing so much stress and friction, it could potentially bleed into these other areas, where we actually have quite positive and deepening cooperation that would be in the strategic and defense space.

So, I do, you know, as I mentioned in some earlier comments, I think we do need to be aware that there are some conversations in India that may lead to a tightening focus

on the idea of data localization and data privacy. This is important for people in India who view data -- now you hear this quite regularly, who view data as a, you know, an important national element. So, that would be something that I would watch.

In the last year and half the Modi Government has raised some tariffs on some spaces, which I think has been a surprise for a lot of us who had believed that India tends to work incrementally but still in the direction of ongoing liberalization. So, seeing some tariff increases was, again, a surprise. Something I didn't mention for time reasons, but I will mention it now, is that a couple of months ago, the Trump administration issued a notification of intent to remove India from the GSP Program, the Program of Generalized System of Preferences, which allows India to opt -- export items into the United States duty free.

They need to take one additional step for that to become the final status. The notification, a 60-day advance notification is required. But to actually effect removing India from GSP, requires another step, another issuance of a notification. That hasn't happened yet. But we may likely see that happen in the next week. Now that would be something that is a process initiated by the Trump administration. But the Modi administration, the Modi Government would likely react to it. I mentioned that they have this list of reciprocal tariffs that they drew up last summer that they have continually held in abeyance. I wouldn't be surprised to see that enacted at some point, just given all these other frictions underway.

So, I would like to see the economic relationship continue to grow. Against this backdrop of frictions, I should say that two-way trade has continued to boom over the last 10, 15 years. It's now approaching close to, I think, a 145 billion in two-way trade in goods and services. That's all very positive. But the G2G, the government-to-government piece of this, there is a whole lot of tough issues that have been very very difficult to resolve.

MS. MADAN: Eswar.

MR. PRASAD: There is a real opportunity here to improve the relationship and for India to do something, sort of, good for itself. There are many markets that need to be opened in India. And this is a time when India, at least for a little while, is going to be the darling

of foreign businesses, foreign investors because the economic landscape looks good. The potential is very strong and there is political stability. So, if India were to move forward with opening up its markets, financial markets and certain parts of the economy that are restricted to foreign businesses operating there, or to invest in there, one could see American businesses rallying around to the side of India and trying to maintain a better relationship with India.

But that proposition would have held through once upon a time, long long ago, when US trade policy was driven by logic and strategy. Now it is driven by whim, so who knows?

MS. MADAN: I was just going to say to the point. You know, it's not quite clear what the mandate in terms of foreign policy was for? There are particular issues that did come up that could have implications, for example, do they follow through on some of these policies that they were talking about in eastern -- when they were campaigning in eastern India and, kind of, you know, register of citizens, et cetera. It could potentially create some problems with Bangladesh.

But on, kind of, the China, Pakistan issues, the Prime Minister is very careful about what he said on China, moderated his tone from the previous election, when he obviously an opposition candidate. And on Pakistan, yes he was very aggressive. But would it surprise anybody if, like, all Indian leaders who come back to power or come to power, that he will try once again to try to, at the very least, get that situation stabilized somewhat, so you could focus, kind of, on bigger things.

I think on the foreign and security policy side, the big question is going to be, can India really, kind of, increase and improve and upgrade its capabilities? Because all this is very well, in terms of specific relationships, but that's what it will come down to. Do you have the defense capabilities? Do you have the economic capabilities? Because that's what other people will react to as well.

Sadly, we have run short of time. So, we can't get to the other questions. I am sorry for that. But please do join me in thanking our excellent panel and thank you all for

coming as well.

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