

## India's Foreign Policy under Modi Government\*

Rajan Kumar\*\*

### Abstract

Modi government is just over six month old but there are clear trends emerging in India's foreign policy. Three priorities of the new government are: a hardliner policy on external security, especially, in dealings with Pakistan; active economic engagements with potential investors, such as, Japan, China and the European Union, and; a closer strategic cooperation with the USA and Japan to balance China in this region. It also maintains a closer relation with Russia due to historic and geopolitical reasons. While actively engaging with the South East Asian states under its 'Act East' policy, it has yet to evolve a clear framework for engagement with the West Asia. The language and symbols of engagements, however, are always rooted in the frame of cultural nationalism which panders to the religious hardliners domestically. This paper is an attempt to unravel and describe these emerging trends by analyzing Modi's bilateral and multilateral engagements in the last six months.

**Keywords:** India's foreign policy, Narendra Modi, Act East, BJP, NDA, SAARC, BRICS, Modi in Japan, Modi in USA, Xi Jinping in India, WTO

## Modi Hükümeti Döneminde Hindistan Dış Politikası

### Özet

Modi Hükümeti kurulalı altı aydan biraz fazla olsa da Hindistan dış politikasındaki yönelimler belirginleşiyor. Yeni Hükümetin üç önceliği söz konusu: özellikle Pakistan'la ilişkisinde müfrit bir dış

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\*\* Assistant Professor, School of International Studies, Jawaharlal Nehru University, New Delhi, 110067, E-mail: rajan@mail.jnu.ac.in

güvenlik politikası, Japonya, Çin ve Avrupa Birliği gibi potansiyel yatırımcılarla etkin ekonomik taahhütler ve Çin'in bölgedeki gücünü dengelemek adına ABD ve Japonya'yla daha yakın bir stratejik işbirliği. Aynı zamanda tarihsel ve jeopolitik sebeplerden ötürü Rusya ile yakın ilişkilerini korumayı da içeriyor. Zira "Act East" politikası çerçevesinde Güney Doğu Asya devletlerine yönelik etkin bir politika izlemesi ancak Batı Asya'ya yönelik taahhütlerini açık bir çerçevede geliştirmesine bağlı. Oysa taahhütlerin dili ve sembolleri daima içerideki dini sertlik yanlılarını cezbeden bir kültürel milliyetçilik çerçevesinde oluşuyor. Bu makale Modi Hükümeti'nin son altı aylık ikili ve çok taraflı dış politika taahhütlerini tahlil ederek yeni ortaya çıkan yönelimleri betimlemeyi ve çözümlemeyi amaçlamaktadır.

**Anahtar Kelimeler:** Hindistan Dış Politikası, Narendra Modi, Act East, BJP, SAARC, BRICS, Modi Japonya'da, Modi ABD'de, Xi Jinping Hindistan'da, Dünya Ticaret Örgütü

## Introduction

Ever since the National Democratic Alliance (NDA)<sup>1</sup> formed the government in May 2014, speculations began on the trajectory of India's foreign policy. The overwhelming majority of a right-wing party, the Bhartiya Janta Party (BJP), under an ideologically committed leadership of Narendra Modi, fuelled the notion that there will be a new direction to the foreign policy of India. Three broad templates which characterize the foreign policy of the present government are: a hard-line position on the national security; accelerating the process of the second phase of neo-liberal economic reforms, and; championing the cause of cultural nationalism<sup>2</sup>. India's national security hinges on the stability at borders and its ability to curb terrorism from Pakistan and Afghanistan; economic reforms require investments and technology from powerful actors such as the US, Japan, China, European Union, and; cultural nationalism is inward-looking and ethnocentric.

The NDA government is just over six months old and it would be premature to pass the final verdict on Modi's achievements or to map out the exact course of India's foreign policy. But the last 180 days have been quite intense in terms of India's engagement with the outside world. It is remarkable that Prime Minister Modi has already met and interacted with the heads of all the states to which India accords primacy, viz., China, US, Pakistan, Russia, Japan and neighbouring states. Begun with a meeting with the heads of the neighbouring states at the swearing-in ceremony in May 2014, Modi has interacted with the leaders of the BRICS (Brazil, Russia, India, China and South Africa), the United Nations, the G-20, the ASEAN (Association of South East Asian Nations) and the SAARC (South Asian Association for Regional Cooperation). He has visited Bhutan, Brazil, Nepal, Japan, the US, Myanmar, Australia, Fiji and has hosted Tony

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<sup>1</sup> National Democratic Alliance (NDA) consists of the Bhartiya Janta Party (BJP) and other regional parties, such as, the Shiv Sena in Maharashtra, Akali Dal in Punjab and several other regional parties. The BJP alone has received a majority of seats in the Lok Sabha (2014). This is the first time in the history of India which was dominated earlier by the grand old centrist party- the Congress Party. It assumed office on May 24, 2014.

<sup>2</sup> This cultural nationalism can be understood as a hybrid of revivalism and hyper-realism.

Abbott, the Prime Minister of Australia, Xi Jinping, the President of China and Nguyen Tan Dung, the Prime Minister of Vietnam. Modi has spent more than a month outside India in the last six months, inviting sarcastic jokes from the opposition leaders on his frequent travels.<sup>3</sup>

A close introspection of these intensive engagements throws useful insights into India's priorities and manoeuvres under the new government. First, India, under Modi, gives primacy to the neighbouring states in South Asia, especially, those with whom it has no security conflicts. Second, India's regionalism has moved beyond South Asia and it is seeking closer cooperation with the states in the South East Asia. The 'Look East' policy of the previous government has become the 'Act East' policy of the Modi government<sup>4</sup>. Third, while 'acting east', it appears to be looking away from the West Asia. It has no clear policy either on Palestine or Iran or the Islamic State of Iraq and Syria (ISIS). This might prove disastrous because the West Asia is the source of oil and gas and maximum remittances to India. Fourth, in the game of geo-balancing between the US and China, India is seeking greater strategic cooperation with the US, Japan and Australia. Russia remains crucial to India's interests as Russia-China alliance has the potential to alter the balance of power in this region. Fifth, with an aim to develop India into a manufacturing hub, it is alluring investments from China and Japan. Japan committed \$35 billion while China promised \$20 billion investment in India. The US remains an important economic player but India is aware of the fact that the surplus fund for investment is in China and Japan rather than in the European states or the US. Finally, India is uncomfortable with either the unipolar world dominated by the US or a G-2 scenario where the US and China dominate the financial or the military system. It would prefer a multipolar world in principle but more than multipolarity, it aspires for a greater role in the international system. There is a perception that its population, economy and democratic value do not commensurately reflect in the international institutions, viz., the United Nations Security Council, the IMF and the World Bank and so on. Hence, the government under Modi would synchronize the foreign policy towards achieving these goals.

The government in power believes that the national interests of India were subdued to the values of liberal internationalism by the previous Congress governments which, barring brief interregnums, ruled for the last 60 years. The Congress government was not assertive enough in dealing with Pakistan and China which have grabbed India's territory. Hence, it would like to rectify that by pursuing an aggressive policy of strategic partnerships and modernization of military. Internally, cultural nationalism would help mobilize the people towards achieving these realist goals.

<sup>3</sup> On his frequent travel outside, Lalu Prasad Yadav, the leader of a regional party, Rashtriya Janta Dal commented sarcastically that Prime Minister Modi has become a Non-Resident Indian (NRI) Prime Minister (<http://www.ndtv.com/article/india/modi-now-an-nri-says-lalu-yadav-in-dig-at-pm-s-foreign-trips-622400>). Accessed on Nov. 25, 2014). Rahul Gandhi, the leader of the main opposition party, the Congress Party, also commented that Modi asked people to clean the neighbourhood but is himself traveling in Australia.

<sup>4</sup> On 'Act East' policy see C. Raja Mohan, 'Not so easy to Act East', *The Indian Express*, November 22, 2014. Available on the website- <http://indianexpress.com/article/opinion/columns/not-so-easy-to-act-east/>. Accessed on 24 November, 2014.

With these introductory remarks, the following paper discusses three major themes: a brief historical background to provide a context to the contemporary policies, second; the neo-liberal economic reforms which steer foreign policy in a certain direction, and, finally; the way cultural nationalism impinges on the making of the foreign policy. The bilateral and multilateral negotiations in the last six months have been discussed in details to discern the broader patterns of the direction of India's foreign policy under Modi.

### **A Brief Historical Overview**

India accords high importance to the notion of strategic autonomy in its foreign policy<sup>5</sup>. Though a sign of a weak state, it prefers autonomy to being a subordinate ally to a powerful state. This notion of autonomy, valued across the board by the political leadership, strategic thinkers and people, emerged in a particular historical context. But now it has become a part of the generic discourse on national interest. India tried hard to remain equidistant from the two blocs during the Cold War period. It is still trying to balance the two powerful states- the US and China in the region, though in a much different way. Whenever India signs a landmark deal with the US, it is accused of compromising with the sovereignty of the state<sup>6</sup>. A closer cooperation with China invites similar reaction from the other group. Strategic autonomy is very dear to Indian heart due to historical and geo-political reasons.

Jawaharlal Nehru, the first prime minister of India, became the sole spokesperson of India's foreign policy after Mahatma Gandhi's death. His socialist ideals and suspicion towards the capitalist and imperialist states reflected in the foreign policy of India. India turned uncomfortable with the imperialist states and its allies. In a sharply polarized bipolar world, India tried hard to maintain its strategic autonomy through non-alignment and it became one of the founding members of the Non-Aligned Movement (NAM) established in Belgrade in 1961<sup>7</sup>. It encouraged unity among the third-world countries and supported anti-imperialist struggle in African and South East Asian states. Non-alignment became the basis of India's foreign policy during the Cold War years. India's policy of non-alignment, however, came under criticism when India signed a strategic treaty with the Soviet Union in 1971. The fact that India failed to criticize the

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<sup>5</sup> M.K. Bhadrakumar, a retired diplomat and a prolific commentator on foreign policy writes, "Modi has gleefully inherited the two key anchor sheets of India's foreign policy - primacy on economic diplomacy and strategic autonomy. On the other hand, under him, there has been a discernible shift in deploying strategic autonomy no longer as a 'stand-alone' pillar but as purposive underpinning for economic diplomacy", *Asia Times*, ([http://www.atimes.com/atimes/South\\_Asia/SOU-02-160914.html](http://www.atimes.com/atimes/South_Asia/SOU-02-160914.html)) Accessed on Sep. 16, 2014.

<sup>6</sup> The famous Civil Nuclear Deal signed between India and the US in 2008 created a huge debate in India despite the fact that it supported India's entry into the elite nuclear club after which it could enter into nuclear deal with other countries. The Left parties withdrew support from the government arguing that it was not in India's interest to allow inspection by IAEA and that the deal was tailor-made for supply of reactors from the US. As it appears now, other countries have benefitted much more than the US till now.

<sup>7</sup> For a discussion on non-alignment see Hans Kochler, *The Principles of Non-alignment: The Non-aligned Countries in the Eighties: Results and Perspectives*, International Progress Organization, 1982. On the relevance of non-alignment today, refer to C. Raja Mohan, 'Beyond Non-alignment', in Kanti P. Bajpai and Harsha V. Pant, *India's Foreign Policy*, Oxford University Press, 2013, pp. 27-50.

Soviet interventions in Hungary in 1956, Czechoslovakia in 1968 and Afghanistan in 1979, were taken as signs of India's tilt towards the Soviet Union.

Barring the first decade after independence, India did not have a close relationship with the United States of America. Since the American leadership subscribed to the view of the British on the issue of Jammu and Kashmir and Pakistan, India developed cold feet towards it. In the initial years, however, India did engage with the US and received regular food assistance from the US since 1951. Some of the recent CIA declassified documents reveal that the US did provide logistic help to Tibetan people<sup>8</sup>. In fact, one of the reasons why China turned suspicious towards India was the US's support to Tibetan refugees from the Indian soil<sup>9</sup>. China construed that as India's design to contain the communist China. The Lhasa uprising in Tibet in 1959 invited a massive repression by the Chinese state in which the politico-spiritual leader of Tibet, Dalai Lama, along with thousands of refugees, crossed the border and settled in Himachal Pradesh in India. India was sympathetic towards the Tibetan Buddhist minority for religious and historical reasons. During the colonial years, Tibet was not an integral part of China and the British maintained it as a buffer state between colonial India and China with a right to passage and trade<sup>10</sup>. Hence, India claimed a historical right over Tibet which China refused. The simmering tension in the late 1950s culminated in a Sino-Indian war in 1962, the memory of which bears heavily on the makers of India's foreign policy even today. India took it as a betrayal of its trust, support and friendship bestowed by its Prime Minister, Jawaharlal Nehru. As an idealist, Nehru had renounced India's claim over Tibet with a hope that the unity of the two pivots of Asia (China and India) would engender stability and prosperity in Asia<sup>11</sup>. India's debacle in 1962 war with China exposed the weakness of Indian state. China remains a hostile state for India since then, despite booming trade and economic engagements.

The second benchmark in India's foreign policy was its decision to explicitly support the nationalist forces in Bangladesh resulting in its liberation from Pakistan in 1971. This was described as a triumph of India's strategic policy under the then Prime Minister, Indira Gandhi. It established India as a hegemon in South Asia with a potential to break-up the most powerful state of the region. But in the process it also created a very powerful rival which will seize every opportunity to take revenge. This memory and its irredentist claim over Jammu and Kashmir determine Pakistan's policy towards India. They have fought four wars (1947, 1965, 1971 and 1999) and frequently exchange fires on the borders. Simmering tensions between the two nuclear states pose a real threat to the regional stability in South Asia. The US and China supported Pakistan in the 1970s and 1980s. After the end of the Cold War, however, the US has inched closer to India, while China continues to support Pakistan, military and politically.

<sup>8</sup> For details on Sino-Indian conflict and the role of the US see John W. Garver, *Protracted Contest: Sino-Indian Rivalry in the Twentieth Century*, University of Washington Press, 2002.

<sup>9</sup> Ibid.

<sup>10</sup> Heather Spence, *British policy and the 'development' of Tibet 1912-1933*, Doctor of Philosophy thesis, Department of History and Politics, Faculty of Arts, University of Wollongong, 1993. <http://ro.uow.edu.au/theses/1433>. Accessed on 23 November, 2014.

<sup>11</sup> Stephen P. Cohen, 'The World View of India's Strategic Elite', in Kanti P. Bajpai and Harsha V. Pant, *India's Foreign Policy*, Oxford University Press, 2013, p. 69.

The third significant phase in India's foreign policy emerged with the decline of the Soviet Union and the simultaneous balance of payment crisis in India in 1991. India did not have enough foreign reserves to finance its oil imports. This crisis was primarily due to the rise in oil prices and drastic decline in remittances from the Gulf countries due to the first Iraq War. India, under Narasimha Rao government initiated the process of liberalization and privatization of the economy. This marked a complete reversal of the Nehruvian socialist economic model. India accelerated the integration of its economy to the international market. The Indian market became attractive to the American, Japanese and European companies. In the absence of its most trusted friend- the Soviet Union, India started looking for a closer cooperation with the US. This was also the period when India began engagement with the South East Asian states under its 'Look East Policy'. During the Cold War years, these states were untouchables for India due to their alliance with the US.

The next benchmark came in 1998 when India tested the nuclear bomb at Pokhran, code-named 'Operation Shakti' and declared itself as a sixth nuclear state in the world<sup>12</sup>. This invited sanctions from the US and Japan who demanded a roll-back of its nuclear programme. Pakistan also conducted similar tests just a few days later. India claimed that its test was guided against China which was a hostile nuclear state.<sup>13</sup> In 1999, the Kargil War took place where the Pakistani army buoyed by the nuclear capability and adverse international opinions against India, sent its forces inside the Indian territory. Pakistan expected support from the US and China. But both of them criticized this misadventure and asked the Pakistani army to withdraw. Pakistan could not foresee the changed geopolitics, where India turned more important for the United States. India became attractive due to its economic reforms and growth. It could also work as a bulwark against China. Pakistan was useful for the US as long as the Soviet forces were in Afghanistan but once the Soviet forces withdrew from there and the latter ceased to exist, its geopolitical significance also diminished to be revived again with the US's intervention in Afghanistan in 2001. In 2000, the US President, Bill Clinton visited India which marked a new era in the relationship between the two states. The series of interactions between the two states culminated in the New Framework Agreement in 2005 and the landmark Indo-US Civil Nuclear Deal of 2008. This gave India entry into the nuclear club. Now it could acquire nuclear fuel and technology from other countries. The new government continues the economic and nuclear diplomacy of the previous government, albeit with much vigour.

### **Economic Reforms and Diplomacy under Modi**

There is a general consensus that economy is the first priority of the NDA government. The slogan given by Modi is '*Come Make in India*'. There is a realization that Indian economy cannot

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<sup>12</sup> For a discussion on India's nuclear policy see Jason A. Kirk, "The Evolution of India's Nuclear Policies" in Sumit Ganguly (ed.), *India's Foreign Policy: Retrospect and Prospect*, Oxford University Press, 2010.

<sup>13</sup> Indian Prime Minister Atal Behari Vajpayee wrote a letter to the US President Bill Clinton giving justification why India conducted this test. The main reason mentioned was China.

prosper without fast industrialization. The development of manufacturing sector is necessary for employment and enhancing exports. Inspired by the Chinese model, the government is keen to make India a manufacturing hub. This would require capital and technology from the developed countries.

Modi received overwhelming support from the corporate and business houses during his electoral campaign<sup>14</sup>. Modi, as a Chief Minister of Gujarat, is believed to have created a business friendly environment for investment and setting up businesses there. He cut down the bureaucratic hurdles for the licenses and other permits and improved the infrastructure. Now as a prime minister, he has introduced bill in the parliament to liberalize the labour laws and reform the land acquisition bills to benefit the business class in India. The government has already announced 100 percent Foreign Direct Investment (FDI) in the state owned giant Indian Railways and 49 percent FDI in the defence sector<sup>15</sup>. The FDI in retail remains a contentious issue and given the massive support of small traders and businessmen to the BJP, there is unlikely to be any major shift in the FDI in the retail sector. The BJP has stated in its manifesto and on several other occasions that it would ban foreign supermarkets like the Wal-Mart Stores Inc and Tesco Plc from investing in Indian retail sector<sup>16</sup>. On the whole, the priority of the government, following neo-liberal model, appears to be growth first, welfare later as reflected in the labour reform bill, land acquisition bill and squeezing funds for some of the earlier welfare programmes of the Congress government<sup>17</sup>. In tune with these economic requirements, Modi has prioritized his interactions with other states. Three most important states for India for this purpose are- China, Japan and the US. It is not surprising that Modi has already concluded bilateral agreements with all three states. The following section discusses Modi's bilateral and multilateral agreements with important states.

### **Modi's Visit to Japan**

Modi's visit to Japan in September 2014 resulted in a pledge from Japan to invest \$ 35 billion in the next few years. He invited Japanese companies to invest in India to reap the benefit of

<sup>14</sup> The charge from the leader of the opposition party, Rahul Gandhi, is that Modi is the prime minister of 10 industrialists. But in reality, both the Congress and the BJP have similar policies for the industrial houses. It is true that this time, the BJP is having a larger share of support. The influence of industrial houses over politics and media have grown to a worrying extent in India. See <http://www.rediff.com/news/report/modi-is-pm-for-ten-industrialists-says-rahul/20141128.htm>. Accessed on November 30, 2014.

<sup>15</sup> See <http://www.moneycontrol.com/news/cnbc-tv18-comments/divestment-dept-suggests-10-listingindian-rail-1092808.html>. Accessed on Nov 15, 2014.

<sup>16</sup> See <http://www.forbes.com/sites/meghabahree/2014/04/07/bjp-will-ban-fdi-in-retail-but-offers-other-goodies-to-business/>. Accessed on October 12, 2014.

<sup>17</sup> Jagdish Bhagwati and Arvind Panagariya in their book, *Why Growth Matters: How Economic Growth in India Reduced Poverty and the Lessons for other Developing Countries*, (Public Affairs, US, 2013) argue that only the economic growth, led by market and neo-liberal state policies, can reduce poverty. This argument has been contested by the Nobel laureate, Amartya Sen, who would like more funding on basic goods, such as, health, education and employment. Growth will follow. This debate partly reflects the differences in economic priorities of the BJP and the erstwhile the Congress government.



low-cost manufacturing<sup>18</sup>. Japan agreed to provide technology and operational assistance for the bullet trains in India. The first phase of this train is expected to run from Ahmedabad to Mumbai at the cost of about \$12 billion. The two countries also upgraded their level of partnership to 'Special Strategic Global Partnership' with high defence operation and more FDI in India. One of the major projects of Modi government is to clean the rivers in India and upgrade the infrastructure for cities. The two states have signed Kyoto-Varanasi sister city agreement, where Varanasi will be upgraded with the help of Kyoto planners. Japan will also help India in developing Delhi-Mumbai industrial corridor by investing nearly \$4.5 billion. Hence, a closer cooperation with Japan serves both economic and security purposes of India. According to Brahma Chellaney, a well-known realist scholar and commentator on India's foreign policy, "The India-Japan partnership holds the potential to shape Asian geopolitics in much the same way as China's rise or Barack Obama's 'pivot' to Asia. This win-win partnership can help to drive India's infrastructure development and great-power aspirations, while catalysing Japan's revival as a world power."<sup>19</sup>

### **Xi Jinping in India**

Similar to Japan, the Chinese president Xi Jinping promised to invest \$20 billion in the next five years during his visit to India in September 2014. China will establish two industrial parks in Gujarat and Maharashtra with an investment of \$6.8 billion<sup>20</sup>. This will ensure a cluster type of development in the region. This will help reduce the trade imbalance that India has been complaining to China.

The government is keen to cooperate even with adversaries, such as, China, for the sake of investment and trade. This shows the importance of economic diplomacy under Modi. China has emerged as the biggest trading partner of India and the volume of trade is likely to grow between the two states. The total trade between India and China stood at \$66.57 billion in 2012<sup>21</sup> which was less than the previous year. The expected target is \$100 billion by 2015. India is talking to China in creating infrastructure for the bullet train from Delhi to Chennai. A sister city agreement between Guangzhou and Ahmedabad was also signed.

While the two leaders were shaking their hands in Ahmedabad, the media was abuzz with reports that Chinese incursion had taken place in Chumar region in Ladakh. Indian army were facing off Chinese army in that region. These incidents were played down by the officials and

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<sup>18</sup> For details on Modi's visit to Japan and the deals signed see, 'PM Narendra Modi's Japan visit: 10 key takeaways', *The Economic Times*, [http://articles.economictimes.indiatimes.com/2014-09-02/news/53479892\\_1\\_india-and-japan-bullet-trains-pm-narendra-modi](http://articles.economictimes.indiatimes.com/2014-09-02/news/53479892_1_india-and-japan-bullet-trains-pm-narendra-modi). Accessed on November 22, 2014.

<sup>19</sup> Brahma Chellaney quoted by the BBC News India, 'Indian media: PM Modi's Japan visit', <http://www.bbc.com/news/world-asia-india-28978274>. Accessed on 24 November, 2014.

<sup>20</sup> Rup Narayan Das, China President Xi's India Visit: The economics behind setting up two industrial parks in India, *The Economic Times*, September 19, 2014.

<sup>21</sup> Data available at: [http://www.indianembassy.org.cn/Sub\\_DynamicContent.aspx?MenuId=35&SubMenuId=0](http://www.indianembassy.org.cn/Sub_DynamicContent.aspx?MenuId=35&SubMenuId=0). Accessed on 25 November, 2014.



the MEA spokesperson kept repeating in the media that the two leaders are already talking on this issue. Finally, in media briefing on September 18, Modi made a statement that an early demarcation of the Line of Actual control is necessary. This is a departure from the earlier position of the BJP where the borders of India were considered sacrosanct and non-negotiable. This probably is the difference when a party is in opposition and when it comes to power. The BJP faced an awkward situation as it marred a very high profile and much-hyped negotiation between the two states. The Congress Party, on the other hand, was reiterating the earlier position of the BJP. The Congress leaders, Anand Sharma (former Minister for Commerce) and Abhishek Manu Singhvi (the Congress spokesperson) criticized Modi and the BJP leadership for being soft on China. They especially raked up the issue of military stand-off in Chumar and civilian face-off in Demchok. One leader tweeted that when Indian army is facing the Chinese army, Modi was sitting with Xi and swinging in a traditional Gujarati jhoola (swing) along the Sabarmati riverfront in Ahmedabad. According to Brahma Chellaney,

“In fact, such provocations have often preceded visits to India by Chinese leaders. Indeed, it was just before President Hu Jintao’s 2006 visit that China resurrected its claim to India’s large northeastern state of Arunachal Pradesh. Likewise, prior to Premier Wen Jiabao’s trip to India in 2010, China began issuing visas on loose sheets of paper stapled into the passports of Kashmir residents applying to enter China – an indirect challenge to India’s sovereignty. Moreover, China abruptly shortened the length of its border with India by rescinding its recognition of the 1,597-kilometer (992-mile) line separating Indian Kashmir from Chinese-held Kashmir. And Premier Li Keqiang’s visit last May followed a deep PLA incursion into India’s Ladakh region, seemingly intended to convey China’s anger over India’s belated efforts to fortify its border defences”<sup>22</sup>.

Chellaney further argues that Vajpayee’s recognition of Tibet in 2003 compounded the Nehru’s blunder of 1954. Recognition of Tibet meant extension of Chinese claim of Arunachal Pradesh as “South Tibet”<sup>23</sup>. According to Indian Minister of State for Home Affairs, Kiren Rijiju, there were 334 incursions in the first 8 months of this year. India has outlined a specious distinction between “transgressions” and “intrusions” that enables it to list all of the breaches simply as transgressions.<sup>24</sup> The editorial of the *The Indian Express* (Sep 19, 2014), a popular national daily, summed this cooperation and confrontation, aptly as,

“What’s new is Prime Minister Narendra Modi’s deliberate choice to expand economic engagement with China while asking the Indian military to respond vigilantly to the PLA incursions and pressing Xi publicly for an early resolution of

<sup>22</sup> Brahma Chellaney, *China’s Borderline Belligerence*, Project Syndicate, September 8, 2014. Read more at <http://www.project-syndicate.org/commentary/brhma-chellaney-criticizes-india-for-allowing-china-to-dominate-the-bilateral-relationship#TjhGsPECUJE7fc0S.99>

<sup>23</sup> Ibid.

<sup>24</sup> Ibid.

the boundary dispute....By simultaneously signalling toughness on the border and opening up the Indian economy to greater Chinese participation, he is trying to construct a new template for Delhi's Beijing policy.”

### **Modi in America**

The US has become the most important state for India's foreign policy. There is a tremendous media-hype whenever an Indian prime minister visits US or the American president comes to India. Every move, from the hotel to the food menu to hand-shaking gesture is analyzed by the so called 'strategic experts' on the TV channels and the newspapers from a 'strategic angle'. It appears as if the status of India is contingent upon the respect its leader gets in the US. In any case, the visit of Modi was special for India because Washington had denied visa to him since 2005 citing his complicity in communal riots in Gujarat in 2002.<sup>25</sup> Hence, his visit was more symbolic than substantive. Ellen Barry, comparing the importance US to other countries, wrote in *The New York Times*,<sup>26</sup>

“The United States has had little opportunity to build a relationship with Mr. Modi, largely because it imposed a punitive visa ban after religious riots broke out in Gujarat, then led by Mr. Modi, in 2002, leading to the deaths of more than 1,000 people. The United States also lacks the economic leverage of China and Japan, which can offer major investment in Indian packages.”

Modi's visit, however, was successful in undoing the rift in the diplomatic relations between the two states which had emerged over two issues: the alleged surveillance of the Indian leaders by the American security agency and the strip-search, cavity search and DNA swabbing of a senior women diplomat, Devyani Khobragade, over the issue of alleged visa-fraud. But beyond that, this visit served to play more to the domestic gallery than to extract some real deliverables like Japan or China. Modi's address to the Indian diaspora at the Madison Square in New York and his comparison with the rock stars like Bob Dylan was a well-managed public relation exercise targeting the Indian audience abroad and back home. Modi and Obama wrote a joint editorial in *The Washington Post* on plans for future cooperation.<sup>27</sup> There were no concrete deals signed but intents for cooperation were signed in the field space, science, education, trade and so on.

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<sup>25</sup> Shashank Bengali & Paul Richter, 'U.S. eager to forget about new Indian premier's 2005 visa denial', *Los Angeles Times*, September 25, 2014. Available at: <http://www.latimes.com/world/asia/la-fg-us-india-modi-20140925-story.html>. Accessed on November 23, 2014.

<sup>26</sup> Ellen Barry, 'Much at Stake as Xi Jinping, Chinese Leader, Visits India', *The New York Times*, September 17, 2014.

<sup>27</sup> Narendra Modi and Barack Obama, 'A renewed U.S.-India Partnership for the 21<sup>st</sup> Century', *The Washington Post*, September 30, 2014. Available at: [http://www.washingtonpost.com/opinions/narendra-modi-and-barack-obama-a-us-india-partnership-for-the-21st-century/2014/09/29/dac66812-4824-11e4-891d-713f052086a0\\_story.html](http://www.washingtonpost.com/opinions/narendra-modi-and-barack-obama-a-us-india-partnership-for-the-21st-century/2014/09/29/dac66812-4824-11e4-891d-713f052086a0_story.html). Accessed on 30 November, 2014.

India has opened up its defence sector with up to 49 percent FDI. India is also the biggest importer of arms trade in the world. In the year 2012-13, it imported nearly 12 percent of the total arms imports in the World. It also plans to procure arms worth \$ 100 billion in the next few years to fulfil the requirements of its ongoing military modernization. The US is interested in getting a larger share of this market. Already US has replaced Russia as the biggest exporter of arms to India in 2012-13 touching nearly \$2 billion<sup>28</sup>. The US is also interested in getting a share in the nuclear energy market in India. After the US-India Civil Nuclear Deal of 2008, the US has not benefitted. The major beneficiaries are Russia and France.

In short, Modi's visit to the US was more on hype and less on substance. But it opened the way for future negotiations and deals. The two states have amicably signed the WTO deal on trade facilitation agreement where India's position was accepted. President Obama will also be the Chief Guest at the Republic Day celebration in New Delhi on 26 January, 2015.

### **Modi and Pakistan**

The electoral triumph of the BJP offers a rare opportunity to Modi to redefine India's policy towards Pakistan. This is the first time since 1984 that a single party has gained majority in the election. Unlike the previous Vajpayee government, Modi is under no pressure to pay heed either to the coalition partners or to succumb to criticisms from the opposition parties in the parliament. The opposition parties have been decimated and they are too fractious to put forward any concerted resistance to any legislation. The question is whether Narendra Modi and the Ministry of External Affairs team led by Sushma Swaraj will seize the opportunity and resolve some of the intractable problems that have clasped India down from moving beyond the continental shelf. If a progress can be made on the issue of resolving border disputes with China or Pakistan, that would be a significant achievement of India's diplomacy. Any compromise with China and Pakistan would be interpreted as surrender of sovereignty by the opposition. But only the BJP is in position to take bold steps to resolve some of the intractable border issues.

In dealing with Pakistan, the ideological factors come into play. Since the BJP has the Hindu support base, it would like to project itself as a tough master on Pakistan. The BJP, like other big parties in India, consists of both resolute ideologues and flexible pragmatists. At times, hard-line and ideology-driven politics takes over the flexible and pragmatic approach.

The Modi government started out with a compromising and accommodating tone when he invited the Prime Minister of Pakistan, Nawaz Sharif , along with other South Asian heads of states, for his swearing-in ceremony on the 24<sup>th</sup> of May. This was a welcome retreat and reversal from his tough electoral posturing where in an interview with Arnav Goswami on Times Now

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<sup>28</sup> Rajat Pandit, 'US pips Russia as top arms supplier to India', *The Times of India*, August 13, 2014. Available at: <http://timesofindia.indiatimes.com/india/US-pips-Russia-as-top-arms-supplier-to-India/articleshow/40142455.cms>. Accessed on October 15, 2014.

(May 8, 2014), a popular English news channel in India, he underlined that terrorist attacks and dialogues with Pakistan cannot continue simultaneously<sup>29</sup>. Pakistan must stop sponsoring terrorist activities for the dialogue to continue. But the meeting with Sharif was not cancelled despite a terrorist attack on Indian consulate in Herat province of Afghanistan on the 23<sup>rd</sup> of May 2014, a day before this meeting<sup>30</sup>. The respective governments displayed a diplomatic maturity and avoided the usual brickbats and the blame-game. A summit meeting between India and Pakistan is usually preceded by a deliberate terrorist attack on India. The aim is to disrupt the dialogue and create a tense and hostile atmosphere between the two states. To defeat the purpose of the terrorists, it is necessary that dialogues between two states continue, and Pakistani government and its army are persuaded and pressurized to act tough on the terrorist groups. Discontinuing the dialogue, as the government did in response to the Pakistani high-commissioner's meeting with a Kashmiri Hurriyat leader, Shabbir Shah, serves no purpose. It amounts to falling into the traps of extremist groups.

There is a reason to believe that Pakistani establishment regrets having backed terrorist in the past, but it is hardly in position to regulate its activities now. Army can play a crucial role but it is not a homogenous body and is divided between fundamentalists and centrists. Any dialogue, however, must factor in army as a party. Multi-track diplomacy must continue with Pakistan, probably with much vigour and dynamism. The momentum started by the Vajpayee government's 'composite dialogue' (2003-2008) needs to be sustained and the two business oriented Prime Ministers of India and Pakistan can take a great leap forward in resolving some of the issues. The talks will not give immediate dividend but no one is expecting a short-term solution either. There are certain issues which are non-negotiable, such as, the terrorist attack, infiltration of militants in Kashmir, harbouring terrorist and so on. But trade off in other areas is possible. A further economic integration of the South Asian region is in the interest of India as well as neighbouring states.

### **Modi in Multilateral Organizations**

India wants to play a greater role in the IMF and the World Bank. In this context, the setting up of a BRICS Development Bank with a reserve fund of \$100 billion and an initial capital of \$50 billion at the Fortaleza (Brazil) summit in July 2014 is an important development<sup>31</sup>. India strongly supported this initiative and the first president of the BRICS bank in Shanghai would be from India. All the members will contribute equally to the Bank and will also have equal voting

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<sup>29</sup> The interview can be viewed at [www.youtube.com/watch?v=JlJmGNwStt0](http://www.youtube.com/watch?v=JlJmGNwStt0). Accessed on July 16, 2014.

<sup>30</sup> The Guardian, 23 May, 2014. Details available at: <http://www.theguardian.com/world/2014/may/23/indian-consulate-attacked-in-afghanistan>. Accessed on June 13, 2014.

<sup>31</sup> 'Brics development bank launched, first president to be from India', *Times of India*, July 16, 2014 (<http://timesofindia.indiatimes.com/business/international-business/BRICS-Development-Bank-launched-first-president-to-be-from-India/articleshow/38440605.cms>). Accessed on November 20, 2014.

rights. These initiatives were aimed at sending a message to the West that a time has come to reform the existing institutions or face alternative ones.<sup>32</sup>

The SAARC meeting in late November 2014 could not achieve the desired goals. It sought to sign agreements on road, rail and energy integration but the state could agree only on the energy sector. The tension between India and Pakistan is the biggest roadblock in the integration of the South Asian economic space. The BJP understands the importance of the revival of the SAARC as a dynamic forum. A custom free trade would immensely benefit India and its neighbour. A prosperous neighbourhood will solve many of the inherent tensions emanating from migration, crime and so on. Such efforts are long-drawn and frustrating but India needs to bet for greater cooperation and integration. Every effort to take small bilateral step should be made. India must behave like an equal partner rather than a big brother in the neighbourhood. India, despite its odds at the domestic front, offers the model for development in the South Asian region.

The BJP would like to see India playing a greater role in the UN and other international institutions. India strongly supports the reforms of the international institutions which are dominated by the Western states. Modi in his maiden speech in the General Assembly of the United Nations raised the issue of democratization of international institutions.

Modi government's position in the WTO was criticized by the West but it was applauded by the people in India. India refused to sign the deal on Trade Facilitation Agreement (TFA). In an interview with Barkha Dutt on NDTV on 04 August 2014, Finance Minister, Mr. Arun Jaitley clearly enunciated that India had no disputes with TFA. It only wanted the West to resolve the issue of food subsidies. The WTO rule stipulated that a member state could not give subsidy to farmers of more than 10 percent of the total value of production. India argued that this should be based on the current price rather than stipulated price which was currently based on 1986-88 prices. This did not take into account inflation and the currency devaluation. This subsidy, given in the forms of fertilizer subsidy and minimum procurement price, was essential for the farmers. It was an instrument to save farmers from the vagaries of falling prices of the crops. Although the two issues are not linked but India insisted that the West should resolve this issue. The West insisted that it can give a 3 year 'peace clause' according to which other countries will not complain against India on this issue. But India insisted that this peace clause should remain till a permanent solution is found. But the West was not willing to give any timeframe. On this issue, the agreement in Geneva failed.

Domestically, the BJP won a huge applause for saving the interests of the farmers something which the previous Congress government had put at stake. But it faced severe criticism from neo-liberal international media which targeted India for stalling a deal which could have played a major role in standardizing the customs across the globe. This was a severe blow to the WTO as a multilateral negotiating body. Fortunately, a deal was struck between the US and India in

<sup>32</sup> For discussion on BRICS see C. Bhadrakumar, Modi's BRICS moment, Indian Punchline: Reflections on Foreign Affairs, available at <http://blogs.rediff.com/mkbhadrakumar/2014/07/13/modis-brics-moment/>. Accessed on 30 November, 2014.

November 2014 before the G-20 meet where India's position of the 'extension of the peace clause until the permanent solution' was accepted. According to M.K. Bhadrakumar, who belongs to a left-liberal group and a critique of Modi's government, "Indian stance at the WTO negotiations every bit carried the stamp of the PM. Of course, Modi rises in our esteem. Most important, his decision on WTO also underscores that Modi has thought through the foreign policy directions of his government and has a mind of his own"<sup>33</sup>.

Modi's other multilateral engagements were with ASEAN forum in Myanmar and the G-20 meeting in Brisbane, Australia. In the G-20 meeting, Modi raised the issue of black money stacked in the banks of Switzerland and other developed countries. Modi had promised in his election rally to bring the Indian black money, deposited in the foreign banks, back to India. Given the legal hassles, this seems impossible now. And black money is not a fixed asset which will remain stashed in the same place.

### **Cultural Nationalism and its Impact**

Some parts of the West and several Islamic countries seem panicked by Modi's rhetoric and image, especially with his routine reference to Hindu nationalism. The most important challenge for the Modi government will spring from the domestic politics, that is, to achieve some form of rudimentary consensus on foreign and security policy. Hard-liners, including electronic media, push for hawkish measures on sensitive issues concerning Pakistan and China, while the critics will warn of impending dangers. The cancellation of dialogue with Pakistan is one such example. It is extremely difficult to persuade the far right and the far left to reach a common ground.

An excessive hard-line position may project a jingoistic image of India to the outside world, especially, when the Western media and leadership seem alarmed. A clause in the manifesto which created controversy in India is that "India shall remain a natural home for persecuted Hindu and they shall be welcome to seek refuge here". The Congress and the other opposition parties were quick to point out that this reflected the ideological motivations and the discriminatory policies of the BJP, as India consists not only of Hindus but several other communities, such as, Muslims, Sikhs, Christians and others. Any persecuted person of Indian origin should be welcome rather than just the Hindus. This will do more harm than good to the image of a country which has built its reputation over the years and is praised *ad nauseam* for its democratic culture and the policy of peaceful co-existence. Controversial issues, such as, revisiting Art. 370 to curtail the autonomy of Jammu and Kashmir and the construction of Ram Mandir (temple), must be placed on the back burner. The NDA government will have to work really hard to rectify its image of being anti-Islamic and minority-basher. Let us not be guided by the illusion that foreign policy is determined only by the economic imperatives and rational calculations. A travel to any Islamic country reveals how people, true or false, are alarmed about the possible discrimination of

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<sup>33</sup> C. Bhadrakumar, *Diplomacy*, Aug 4, 2014. Available at: <http://blogs.rediff.com/mkbbhadrakumar/2014/08/04/modis-wto-stance-annoys-us/> ). Accessed on November 15, 2014.

Muslims under the new government. The author faced several such questions from the academic as well as non-academic communities during his visit to Turkey just after the victory of the BJP in 2014. The Indian bureaucrats posted in nearly 50 Muslim-majority countries will find it hard to mobilize these states if India needed their support in any international forum. An inclusive policy towards minorities will not only serve the electoral purposes of the party but will also enhance the image of India and silence the sceptics. This might invite the wrath of the hard-liners but its pro-Hindu credentials are so strong that the majority would disregard the argument that Modi can go soft. Rather the image will go that he is dealing from the strength.

### Assessment

There is a clear pattern emerging from Modi's visits and initiatives in the last few years. Modi comes from a trading class and a trading region and he understands the value of trade and economic growth in the development of a state. He is a byproduct of the ongoing global process where neo-liberal reforms in combination with cultural and religious nationalism throw up a certain kind of leader. This is visible in Modi, Erdogan and Abe from India, Turkey and Japan.<sup>34</sup>

To his credit, Modi has interacted bilaterally with all the leaders of the states which are crucial for India. His policies on neighbourhood, the WTO and Japan have been praised. But the media hype on his trip to the US and Australia has been criticized. The opposition parties also flogged his policy on China and Pakistan which according to them was a 'U-turn' from its earlier advocacy to act tough on these states to stop incursion. Incursion on the Chinese border and firings on Pakistani border continued but the BJP's position was no different from the earlier government. This gave the Congress Party a chance to pay the BJP in the same coins. There has been a reversal of roles between these two parties. There are also reports that the Prime Minister's Office has become the main office for dealing with the foreign affairs. The Ministry for External Affairs (MEA) is being ignored and most of the decisions are taken by the Prime Minister in consultation with the National Security Advisor, Ajit Doval<sup>35</sup>. This might weaken the institution of MEA.

On the balance, India's foreign policy under Modi has mixed outcomes. His economic priorities, position on the WTO, stance on the BRICS and bilateral negotiations with neighbours and Japan, China and the US were appreciated. He has also connected very well with the Indian diaspora in all the places that he visited. But his abrupt cancellation of talks with Pakistan has come under criticism. Similarly, he has yet to evolve a coherent policy on West Asia. The act of balancing China will become tougher with the growing Indo-US ties.

<sup>34</sup> A very famous Indian novelist Amitav Ghosh in his article compares Turkish President Erdogan with Indian Prime Minister, Narendra Modi. He shows how religion and neo-liberal reforms are producing a certain kind of leadership. See Amitav Ghosh, 'Erdogan and Modi: Parallel Journeys?', *The Times of India*, November 30, 2014.

<sup>35</sup> See *The Times of India* report, 'With PM charting foreign course, is Swaraj a dummy', November 30, 2014. Available at: <http://timesofindia.indiatimes.com/india/With-PM-charting-foreign-course-is-Swaraj-a-dummy/articleshow/45321850.cms>. Accessed on December 2, 2014.



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