

## Modi's Unexpected Boost to India-U.S. Relations

A new government took office in India in May 2014 under the prime ministership of Narendra Modi. One of the first decisions it took was to invite the member states of the South Asian Association of Regional Cooperation (SAARC) for the swearing-in ceremony. The decision was a surprise but widely viewed as a great move, underscoring the resolve of the new government to embed India firmly within the South Asian regional matrix. It also underlined that, even though Modi's priorities will be largely domestic, foreign policy will continue to receive due attention. Modi also immediately set for himself a frenetic pace of international travel for the remainder of 2014, covering countries as diverse as Bhutan, Japan, Brazil, Australia, Nepal, and others in Southeast Asia.

Amidst all this, belying expectations, he also promptly confirmed that he would be travelling to the United States for a bilateral summit with the U.S. president in September 2014. One of the most intriguing aspects of the change of guard in New Delhi has certainly been the discussion about the impact it will have on the future trajectory of U.S.–India relations. Given the U.S. government's previous denial of a visa to him, Modi's past was seen as a major factor shaping his potential views on the United States. Instead, Modi as Prime Minister has positioned himself well to boldly shape the contours of New Delhi's outreach to Washington.

---

Harsh V. Pant is Professor of International Relations at King's College London in the Department of Defense Studies and the India Institute. He is also a fellow (non-resident) with the Wadhvani Chair in U.S.–India Policy Studies at the Center for Strategic and International Studies, Washington, DC. He can be reached at [harsh.pant@kcl.ac.uk](mailto:harsh.pant@kcl.ac.uk).

---

Copyright © 2014 The Elliott School of International Affairs  
*The Washington Quarterly* • 37:3 pp. 93–112  
<http://dx.doi.org/10.1080/0163660X.2014.978438>

## Rise of Modi

---

The rise of Narendra Modi to the office of Indian Prime Minister represents a decisive break from past politics. A challenge to the Nehru-Gandhi dynasty—which has dominated the Indian political landscape for more than six decades—was long overdue; that it comes from Narendra Modi, an outsider to the entire Delhi political establishment, makes it even more profound. The Indian political class has failed to match up to the aspirations of a rapidly changing India, and Narendra Modi—an efficient chief minister of the state of Gujarat—managed to fill that vacuum.

One of the most talented politicians in the country, Modi has experienced a political rise that is nothing short of extraordinary. He received a resounding mandate from the Indian electorate, largely on his agenda of good governance and economic development. The implications of that mandate are still being felt, not simply domestically in India where he has managed to change the political discourse considerably, but also on the global stage where the Indian story has once again become attractive.<sup>1</sup>

The Indian media and liberal intelligentsia have consistently snubbed him. As Modi single-mindedly focused on making Gujarat a bastion of the Bharatiya Janata Party (BJP), his critics could only talk of the communal riots there in 2002. No Indian politician has attracted as much animus as Modi has in recent years: he has been termed a rabid Hindu nationalist, a Muslim hater, a fascist, and even a donkey.<sup>2</sup> But this only made him stronger as he turned the attention around to benefit from the spotlight, thereby becoming the central axis of Indian politics.

Modi continued to win election after election in Gujarat, as cases filed in the courts against him for his role in the 2002 riots collapsed.<sup>3</sup> Modi's swift rise from the state of Gujarat to the center stage of Indian politics befuddled his critics, who first questioned his ability to make a mark on the national stage, and then, when he emerged as a force to be reckoned with nationally, suggested that he would be too divisive to attract the allies necessary to form a government.

In an unprecedented move in the Indian polity, however, the cadres of the BJP forced then-party president Rajnath Singh to declare Modi the BJP's prime ministerial candidate in September 2013. This was a move fraught with risks—the old guard in the BJP was opposed to it as they wanted the prime minister to be elected after the elections as per the normal practice in Indian polity, and there was a danger that the National Democratic Alliance led by the BJP might collapse. But in the end, despite the departure of Janata Dal (United)—a major ally—from the alliance, the decision to anoint Modi as the party's prime ministerial candidate turned out to be a masterstroke, as it has changed the character of India's electoral campaign, perhaps forever.<sup>4</sup> Modi's selection as the

BJP's prime ministerial candidate made the Indian elections presidential and the contrast with his opponents could not have been more striking.

The Congress party refused to follow suit by naming Rahul Gandhi as its prime ministerial candidate, for fear that a loss would mean that Rahul would not be able to maintain his hold on the party. Rahul neither has the political sense nor the leadership ability of his main rival. Ironically for Congress, who conjured up the image of Rahul Gandhi as the nation's youth icon, it was Modi who attracted most young voters.<sup>5</sup> India's increasingly aspirational youth find the idea of a dynastic endowment anachronistic, while the story of a backward-caste tea-seller working his way to the highest office in the land seems inspirational. It resonates with that basic democratic ideal that every Indian can aspire to be prime minister, whereas in the Congress party that privilege remains reserved for the Nehru-Gandhi family or their chosen ones. Where a focused Modi led a decisive campaign, Congress found itself in disarray.

Modi's rise has shaken the foundations of the Indian polity. Even those who dislike his politics cannot deny his impact. He has broken old norms in challenging the Gandhis openly, talking about them disparagingly, embellishing his record, sidelining the old guard within his own party, leading a tech-savvy campaign, reaching out directly to the people, and making a strong pitch for national leadership without inhibitions. He wanted to serve as India's next prime minister, he told his countrymen and women, and he was not ashamed to ask for their support.<sup>6</sup> Modi's ambition is his greatest asset in an increasingly ambitious India.

It is precisely because of this that Modi's rise matters. The liberal intelligentsia continued to sound alarm bells, some even threatening to leave the country if Modi was elected, because of the apparent threat to religious tolerance that he posed in their view.<sup>7</sup> But they failed to comprehend how radically India has changed. Modi is a product of a contemporary India where identity faultlines, be they religion- or caste-based, while important, are no longer the be-all and end-all of politics. An absence of strong leadership over the last decade has led to a craving for decisiveness today. Modi has filled that vacuum and has the potential to become one of India's most powerful prime ministers.

**Modi's ambition is his greatest asset in an increasingly ambitious India.**

**In contemporary India, identity—religion or caste—is no longer the be-all and end-all of politics.**

## Modi and the U.S. Visa Ban

---

Despite his strong mandate and impressive goals, Modi's past has a bearing on how his time in office might play out, especially when it comes to his relationship with the United States. In 2005, the United States denied him a visa, citing an obscure law—the International Religious Freedom Act, banning visits by foreign officials responsible for serious violations of religious freedom.<sup>8</sup> This stemmed from the events of three years earlier, when deadly riots of the Hindu majority broke out against the Muslim minority in the Indian state of Gujarat, leaving at least 1,000 dead. Modi, a longtime Hindu nationalist and the chief minister of Gujarat, stood accused of failing to stop the violence. For several years, he remained the only person to be barred from travelling to the United States under the act. (This was despite the Indian judicial system failing to find anything against Modi over the last several years in any number of cases filed against him.)

European countries, meanwhile, had already moved to restore their ties with India's soon-to-be Prime Minister. As far back as 2008, Denmark and Sweden had defied the European Union visa ban to reach out to Modi, then Gujarat chief minister. And in 2012, ending the British boycott, British High Commissioner James Bevan went to Gandhinagar to meet Modi, followed by his German and French counterparts.<sup>9</sup> But the United States remained strangely immune to the policy changes of some of its closest allies. It was only in February 2014 that the United States finally ended its decade-long boycott, when then-U.S. Ambassador to India Nancy Powell paid a visit to Modi.<sup>10</sup>

With Modi at the helm, it looked like a difficult road ahead for U.S.–India ties. Some suggested that Modi's warmth would extend only to those who went out of their way to accommodate him when he was being hounded domestically and globally.<sup>11</sup> Countries like China, Israel, and Japan, for example, welcomed him during those years when the West shunned him. Speculation also turned to why Modi took much longer to acknowledge the congratulatory call from President Obama, or the Tweet from Secretary of State John Kerry (“Congrats to @narendramodi and BJP. Look forward to working w/you/growing shared prosperity/security w/world's largest democracy”) compared to other world leaders.<sup>12</sup> Voices in India suggested that Modi should not easily forget the insult of the U.S. visa denial.<sup>13</sup>

The Obama administration, however, moved swiftly to restore some semblance of normalcy in its relations with Modi. As mentioned, President Obama personally greeted Modi by phone and invited him to visit Washington, and Secretary of State John Kerry followed this up with a statement underlining Washington's readiness “to work closely with Prime Minister Modi and the new government to promote shared prosperity and strengthen our security.”<sup>14</sup>

Some even suggested that the former U.S. Ambassador to India, Nancy Powell, resigned in March 2014 as part of a larger effort by Washington to mend the damage in Indo-U.S. ties caused by the U.S. inability to reach out to Modi in time.<sup>15</sup> Elsewhere in the United States, politicians warmly welcomed Modi's election: for instance, Senator Mark Warner (D-VA), Co-Chair of the Senate India Caucus, not only urged a review of U.S. visa policies but also lavished praise on Modi's election campaign.<sup>16</sup>

Modi himself had been categorical that "relations between the two countries cannot be determined or be even remotely influenced by incidents related to individuals." Going further, he had suggested that it was in the interest of both the United States and India to further develop their bilateral relationship, even describing the United States as a natural ally.<sup>17</sup> Despite personal sensitivities, when an opportunity presented itself after his election victory, Modi lost no time in reaching out to Washington, agreeing for a September 2014 bilateral summit meeting with President Obama in Washington. He showed his trademark decisiveness in attempting to mend Indo-U.S. ties, which had tapered off under his predecessor, underscoring the significance of the United States in Indian foreign policy priorities.

### **Turbulence in U.S.–India Ties**

---

The U.S.–India partnership has been steadily losing momentum in the last few years. After the December 2013 arrest and strip-search of Devyani Khobragade, India's deputy consul general in New York, relations took a nose dive—Khobragade was accused of lying to U.S. officials about the payment terms for a domestic worker she brought from India to work in her residence, in order to obtain an employment visa for the woman.<sup>18</sup> Both the United States and India have lately struggled to give substance to a relationship that seems to be losing traction in the absence of a single defining idea.

As recently as 2008, the partnership between these two vibrant democracies seemed to be blossoming. For the United States, India was the liberal counterweight to a rising authoritarian China. For India, the United States was the leader who could help it gain more international recognition and better access to global markets. One policy move that animated this relationship was the civil nuclear deal. Completed in 2008, this deal gave de facto recognition to India's nuclear program—hitherto treated as illegal—and bolstered India's status as an emerging power and rival to China.<sup>19</sup> This agreement helped define the U.S.–India relationship and brought both sides together.

Since then, however, the atmosphere in Washington vis-à-vis India has soured for a number of reasons. Many in the United States feel a sense of betrayal that, after investing significant diplomatic capital in getting the civil

nuclear deal through, India has reciprocated with a 2010 nuclear liability law that has made it virtually impossible for U.S. nuclear operators to operate in India. This law does not cap liability for nuclear suppliers, which has prevented the U.S. civil nuclear industry from yet entering the Indian market.<sup>20</sup>

On the economic front too, differences have been growing. U.S. businesses have become vocal about what they view as Indian discrimination against a range of U.S. exports, and lawmakers in Washington have publicly asked the Obama administration to put greater pressure on New Delhi to change its trade policies. Last year, for example, several members of the U.S. Senate Finance Committee wrote to the Obama administration criticizing India's use of "compulsory licenses" and "misuse of patent law to hand U.S. intellectual property to Indian companies."<sup>21</sup>

For its part, India threatened to go to the World Trade Organization if Washington enacted the immigration bill, which includes stringent provisions targeting Indian IT companies that have been sending workers to the United States on H1-B visas.<sup>22</sup> And New Delhi asked the U.S. government to explain itself in light of the revelation (via leaks by Edward Snowden) that India was the fifth most-tracked country in the United States' global data-mining program.

As the Indian economy flattened out and the UPA-II government (the United Progressive Alliance under Manmohan Singh) had little political capital left to try to revitalize it, U.S. investors started viewing India's investment climate unfavorably. Washington has tried to reverse this tide in a number of ways. For example, the Obama administration indicated in 2012 that it would be open to supplying liquefied natural gas to India, despite the fact that the two countries lack a free-trade agreement (FTA), and even though India would need a special exception written into U.S. law before it could receive gas exports.<sup>23</sup> But given the amount of political capital needed to secure such an exception, it was evident that a liquefied natural gas breakthrough would not

**India's grand strategy remains incomprehensible even to its friends.**

happen any time soon. And even though defense sales from the United States to India are booming, New Delhi would prefer to see a higher degree of technology transfer, for which Washington is apparently not yet ready.

India's stance on regional security issues, especially pertaining to the Middle East, has also alienated a significant section of the U.S.

bureaucracy. As the situation in Afghanistan has unraveled and as China's rise has upended the balance of power in Asia-Pacific, the United States expected India to help provide stability. However, India has failed to emerge as a credible regional balancer—despite its military and economic weight. India is still a

reluctant power even in its own vicinity and has shown little appetite to lead on regional security issues. Its grand strategy remains incomprehensible even to its friends; its military policy is mired in bureaucratise. Paralyzed by governance problems at home, the Manmohan Singh government failed to articulate a policy response adequate to the challenges India was facing.

With the United States slowly withdrawing from Afghanistan, New Delhi has been worried about more than just the return of the Taliban to power. It also worries about the desire of some in Washington to appease Pakistan at the expense of India and Afghanistan, even as the United States has been disappointed with India's refusal to take a more active role in training Afghan security forces.<sup>24</sup> The U.S. refusal to extradite David Coleman Headley, the U.S. citizen who helped plan the 2008 Mumbai terror attack, and its decision to grant immunity to two former Pakistani generals allegedly involved in the plot are viewed as part of a broader change in Washington's South Asia policy. For many in New Delhi, the Obama administration seems to have allowed the relationship with India to become more transactional, less strategic. Washington has had little time for Indian priorities, with trade-related irritants and visa restrictions on IT professionals gaining disproportionate profile in the larger U.S.–India matrix.

As bilateral differences mount, no big ideas have driven the U.S.–Indian relationship. Neither side has been prepared to take a leap of faith akin to George W. Bush's on the civil nuclear deal. The relationship appears stuck on a plateau. The reality is that it has been drifting because of a lack of political direction with bureaucracies in Washington and Delhi, making it virtually impossible to have a holistic perspective. Both Obama and Manmohan Singh have had other priorities.

The election of Narendra Modi is perhaps the best news that Washington could have hoped for in U.S.–India relations. While former Prime Minister, Manmohan Singh, may have been a good friend of Obama, his ability to deliver had always proven rather limited. And even though Modi may not have much love lost for Washington, his policy vision and decisive mandate make him an attractive partner. There are certainly good reasons to worry about the future U.S.–India partnership, but Modi as the new Indian Prime Minister is not one of them.

**As bilateral differences mount, no big ideas have driven the U.S.–Indian relationship recently.**

## Modi and U.S.–India Relations

---

Modi offers an opportunity to both New Delhi and Washington to start afresh. Modi's emphasis on putting "our own house in order so that the world is attracted to us" should come as a welcome change to Washington, as should his view that "the current dysfunction in Delhi has prevented even much-needed military modernization and the upgradation [sic] of India's defense infrastructure."<sup>25</sup> An India back on a positive economic growth trajectory will automatically impart a new dynamism to flagging ties. Modi has promptly recognized that the challenges India faces with a domestically fragile Pakistan, political uncertainty in Afghanistan, instability around India's periphery, and an ever more assertive China cannot be managed without a productive U.S.–India relationship. As a pragmatist, Modi cannot ignore the role that strong ties with the United States would play in sustaining his vision of an economically advanced and militarily robust India. His priorities are certainly domestic, but a conducive external environment is a *sine qua non* to achieve his highly ambitious domestic agenda.

Even as government-to-government contacts may take some time to gather traction, the U.S. corporate sector will not wait to make the most of the new opportunities in India, especially as Modi has openly courted U.S. investors in the past. The U.S. ambition to take bilateral trade from \$100 billion currently to \$500 billion can only occur with an Indian prime minister who remains focused on reviving the economy. Not surprisingly, the U.S. corporate sector welcomed the clear mandate the Indian electorate gave to the BJP, with the expectation that it would pave the way for some swift decision-making by Delhi without flagging under the vagaries of coalition politics.

Unlike his predecessor, Modi will be his own man, taking difficult decisions and following them through. There is a widespread expectation this will allow the new government to initiate a much-needed second generation of economic reforms. Some have described India as the "most disappointing" of the four original BRIC nations, its economic reforms program losing traction under a weak and inept government over the last three years.<sup>26</sup> The Indian rupee has for some time been the worst-performing currency in the emerging markets. Global credit rating agencies have repeatedly threatened over the last three years to downgrade India's sovereign credit rating to junk if it fails to put its fiscal house in order (for instance, India's fiscal deficit stood at 4.5 percent of GDP in 2013–14). Underscoring the sharp slowdown that the Indian economy has undergone since early 2011, when it was expanding at more than 9 percent, the nation's economic growth is in its longest slump in a quarter-century, having grown by 4.7 percent in the fiscal year that ended in March 2014.<sup>27</sup>



The UPA-II government was struggling to push through economic reforms in order to attract foreign capital, but the opposition to reforms was strong even within the ruling Congress Party. It was only toward the end of 2012 that the Indian government managed to announce some reform measures, such as opening the supermarket and aviation sectors to foreign investors in order to dispel a sense of policy paralysis in New Delhi, but that was widely viewed as not enough.

There is now hope that the new government will speed up government decision-making, address infrastructure bottlenecks, and introduce business-friendly policies to restore confidence and kick-start investments. The Modi government has already unveiled an ambitious policy agenda that aims to control inflation, build infrastructure, and speed up investments.<sup>28</sup> India's unpredictable and capricious tax system has been one of the most significant obstacles to investment. The UPA-II government tried to confiscate profits by making new tax regulations retroactive, which tanked domestic and foreign investment. The Modi government has promised "rationalization and simplification of the tax regime to make it non-adversarial and conducive to investment, enterprise and growth."<sup>29</sup> In its first budget presented in July 2014, the Modi government focused on infrastructure development, streamlining subsidies, and easing restrictions on foreign investment. Though it was seen as lacking ambition, an increase in foreign investment in insurance defense sectors to 49 percent, among other aspects, was widely appreciated.<sup>30</sup>

India's defense modernization program will also get a boost under the new government. A.K. Antony, defense minister under the UPA-II, is widely considered the worst defense minister in recent memory. The Indian military's modernization plans faced some major hurdles under the previous government, with New Delhi unable to demonstrate the political will to tackle defense policy paralysis. Delhi is accelerating its program of arms purchases, but has yet to broach the reforms that would be necessary to translate these into improved strategic options. There has been no long-term strategic review of India's security environment, no overall defense strategy has been articulated, and there is no substitute for strategic planning in defense. Without it, acquisition programs of Indian defense forces have floundered, and India will never acquire the kind of military muscle that would enhance its regional and global leverage.

The Modi government has promised to "carry out reforms in defense procurement to increase efficiency and economy." It plans to "encourage domestic industry, including the private sector to have a larger share in design and production of defense equipments" through, among other things, a liberalized policy on foreign direct investment (FDI).<sup>31</sup> It has allowed FDI of up to 49 percent in the defense sector without any mandatory transfer of technology.<sup>32</sup> The United States has welcomed this, since it wants to transform

its defense relationship with India from a buyer-seller model to one of co-production, co-development, and greater exchange of technology.

As the Modi government works toward rebuilding the sinews of the Indian economy and pursuing the nation's defense modernization program with greater focus, U.S.–India relations are likely to regain their lost vitality.

## Modi in South Asia and Beyond

---

**Washington should also welcome India's outreach to Pakistan under Modi.**

Washington should also welcome India's outreach to Pakistan under Modi. The specter of Indo–Pakistan tensions—at a time when the United States is beginning to lighten its regional military footprint—has raised concerns about regional stability. Days before Pakistani Prime Minister Nawaz Sharif's visit to attend Modi's May 26, 2014, oath-taking ceremony, the Indian consulate in Herat, in western Afghanistan, was attacked by militants belonging to Lashkar-e-Taiba (LeT).

This was the eighth attack on Indian missions and mission personnel in Afghanistan since 2001, all of them executed by the Haqqani network or LeT, in league with the Islamic State.

There are dangers of the regional security situation unraveling as Western forces depart South Asia. Afghanistan aside, even Pakistan's future is at stake with violence rampant in Pakistani cities. By striking a Faustian bargain with the Taliban, Pakistani military and intelligence services have created a force that is now attacking their own citizens.<sup>33</sup> New Delhi will have to assert its role to ensure regional stability. This has been a long-standing demand from Washington, and Modi's initial overtures to neighboring states should provide reassurance. While the United States is now more willing to accept Pakistani duplicity in demanding U.S. aid while simultaneously thwarting U.S. operations against terrorists in Afghanistan, this has yet to translate into closer coordination with India, something that the Modi government hopes to rectify.

Modi has also given strong indications that internal security will serve as a priority, as longstanding inadequacies in intelligence and counterterrorism institutions need correction. Appointing A.K. Doval—an ex-chief of the Intelligence Bureau, India's domestic spy agency—as National Security Advisor underscores it. Doval has a deep understanding of both regional politics and internal security issues and will likely prove instrumental in shaping India's intelligence and counterterrorism institutional architecture.

India under Modi will also look toward reasserting its role as a regional balancer in the Indo-Pacific more meaningfully. As India's economic linkages with various countries in the region have become more extensive, demands

have grown to gradually strengthen security ties at a time of China's rapid ascendance in the global hierarchy. Indeed, dealing with China's rise will likely become the most significant foreign policy challenge for New Delhi in the coming years. While Modi may see an economic opening for India in China's growth, China also poses the most serious strategic challenge in the form of its spectacular economic and military growth as well as its rising influence in India's neighborhood. Though China is India's largest trading partner, the bilateral Indian trade deficit has soared to over \$40 billion from just \$1 billion in 2001–02. Despite an obsession among the Indian foreign policy elite with everything Chinese, it is not at all evident whether New Delhi has learned to think strategically about China and all that its rapid ascendance in global hierarchy implies for India.

Modi has travelled to China five times, more than to any other nation, and he has been visibly impressed by China's economic success. For its part, China appears equally excited with Modi. For instance, the state-run *Global Times* has argued that "ties between China and India may come closer under Modi's leadership." It goes on to suggest that "the West has adapted to an India with a weak central government in the past decades," and now with Modi in the saddle "it is afraid that a strongman like Russian President Vladimir Putin will make India really strong and build the country into a challenger to the West economically and politically."<sup>34</sup> Modi has been described as India's "Nixon" who will take Sino-Indian ties to new heights, even underscoring that "Modi's governance style and philosophy are very close to Chinese practices."<sup>35</sup> Some Chinese scholars have also suggested that Modi would be able to break the deadlock on boundary negotiations as he would "have no historical burden" over the issue which "has generated under the leadership of then Congress leader Jawaharlal Nehru."<sup>36</sup>

Beijing lost no time in reaching out to Modi. Chinese Foreign Minister Wang Yi, who visited Delhi in June as Special Envoy of the Chinese President to meet the new Indian leadership and boost bilateral ties, saluted the new Modi government for injecting "new vitality into an ancient civilization."<sup>37</sup> In an attempt to woo New Delhi—at time when Chinese relations with Japan and Southeast Asian nations, including Vietnam and the Philippines, have been deteriorating—he underlined that China was ready for a final settlement of its border disputes with India and was prepared to invest more in India.<sup>38</sup>

An early outreach to Modi was seen as essential in making sure that Delhi does not gravitate rapidly to an emerging anti-China coalition in the larger Indo-Pacific as the United States fashions its strategic rebalance to the region. The Chinese President Xi Jinping himself set foot in India in September to a rousing welcome from the Modi government. Xi promised that Indian companies

and products—especially including those made by the pharmaceutical, farming, and fuel industries—will be given greater access to Chinese markets, in a bid to bridge the yawning trade deficit between the two countries. Compared with the \$400 million that China has invested in India over the last 14 years, it pledged \$20 billion for the next five years. This was part of a 5-year trade and economic cooperation agreement with China with a view to improve the trade balance. The two also signed a \$6.8 billion deal to establish two industrial parks aimed at reducing trade imbalances.

But even as Modi and Xi were discussing economics and trade, security issues intruded when more than 200 Chinese soldiers entered disputed territory at the Chumur sector in Ladakh and set about building a 2-km road, forcing the Indian military to rush in reinforcements. Around the same time, the Chinese objected to an irrigation canal being built at Demchock, about 80 km away, and sent hundreds of civilians to protest the work being done by Indian civilians.<sup>39</sup>

China's behavior in recent years has been troubling for India, and caution is a likely hallmark of Modi's outreach to China, although Modi remains a nationalist looking to raising India's profile on the global stage.<sup>40</sup> Addressing an election rally in the state of Arunachal Pradesh, which borders China, Modi had underlined that Beijing would have to shed "its expansionist policies and forge bilateral ties with India for the peace, progress, and prosperity of both nations."<sup>41</sup>

In a highly symbolic move, a former Indian army chief, General V.K. Singh, has been made a minister in Modi's cabinet, holding the dual charge of managing the affairs of India's northeastern states bordering China and also serving as the junior minister in the ministry of external affairs. Though India has been trying to beef up its border defenses vis-à-vis China for some time now, that process has suffered from lack of direction. Singh wants to prioritize development in the northeastern region to narrow the gap with Chinese infrastructure development on the other side of the border. China lays claim to more than 90,000 square kilometers of land disputed by New Delhi in the eastern sector of the Himalayas, including most of Arunachal Pradesh which China calls South Tibet.

For the first time, a young member of Parliament from Arunachal Pradesh, Kiren Rijiju, has received a key ministerial position in the cabinet—minister of state for home—to underscore the Modi government's intention of making India's troubled northeastern region a priority. Lamenting the fact that India has, even after 68 years of independence, failed to ensure connectivity in its border areas and thus given China a strategic advantage, Rijiju has been vocal about the need to strengthen the forces guarding the India-China border.

Modi is also not hesitant to court China's neighbors. For instance, he invited the political head of the Tibetan government in exile, Lobsang Sangay, for his swearing-in ceremony; China reacted with a demarche. Similarly, Bhutan was Modi's choice for his first trip abroad after being sworn in as the Prime Minister, not only because he wants to develop strong economic linkages among India's neighbors, but also to check Thimpu's gravitation toward Beijing. Modi's trip to Nepal and his government's outreach to Myanmar and Sri Lanka are indicative of his desire to seize the initiative back from China in India's neighborhood.

Modi's room for diplomatic manoeuvring is considerably higher than that of his predecessor, Manmohan Singh, whose lack of political authority and his party's seeming foreign policy ineptitude constrained him greatly. Where the Congress Party has been paralysed by an almost irrational fear of offending Chinese sensitivities and in the process ended up jeopardising Delhi's ties with its partners (like Japan and the United States), Modi has taken a more confident position from the very moment he assumed office.

While Modi has openly talked of Chinese "expansionism" and has started taking concrete measures to insulate India from the negative effects of China's rapid military modernization, he has also made it clear that he would work to woo Chinese investments into India. Modi's energetic diplomacy in his first few months in office seems to have put China on notice that Delhi is not without options in a rapidly evolving global geostrategic context. This has increased India's strategic space, which Modi hopes to leverage in his engagement with Beijing. Indeed, Modi has already started the process of re-engaging India's immediate neighbors and giving a new sense of purpose to India's ties with like-minded states such as Australia, Japan, and Vietnam.

At a time when China has alienated most of its neighbors with its aggressive rhetoric and actions, India has a unique opportunity to expand its profile in the large Asian region and work proactively with other like-minded states to ensure a stable regional order. China is clearly too big and too powerful for regional states to ignore. But the states in China's vicinity are now seeking to expand their strategic space by reaching out to other regional and global powers. Smaller states in the region are now looking to India to act as a balancer in view of China's growing influence and a broader leadership vacuum in the region, while larger states see India as an attractive engine for regional growth.

**While China has alienated most of its neighbors, India has a unique opportunity.**

To live up to its full potential and meet the region's expectations, India will have to do a more convincing job of emerging as a credible strategic partner of the region.<sup>42</sup> India, for its part, would not only like greater economic integration with the fastest growing region in the world, but would also like to challenge China on its periphery. As the regional balance of power in Asia changes and as the very coherence of the Association of South East Asian Nations (ASEAN) comes under question, India will experience new demands. New Delhi will need to assure the regional states of its reliability not only as an economic and political partner but also as a security provider, with a focus on defense cooperation, joint exercises, and bolstering the Indian naval presence in the region.

In this context, India's ties with Japan under Modi will prove interesting to watch. Modi enjoys a close relationship with Shinzo Abe, being one of just three people followed by the Japanese prime minister on Twitter. Japanese companies have invested heavily in Gujarat. At the annual Shangri-La Dialogue in Singapore in May 2014, Abe claimed a larger Japanese security role in Asia by assisting countries like the Philippines that have territorial disputes with China, suggesting that "Japan will offer its utmost support for the efforts of the countries of ASEAN as they work to ensure the security of the seas and the skies."<sup>43</sup> He went on to underscore U.S.–Japan–India cooperation as a driving force for regional security and prosperity of the "Indo–Pacific" region.

It is not without significance that Modi's second foreign trip after Bhutan was to Japan in September 2014. Japan also laid out a red carpet for Modi, his first bilateral outside the subcontinent since becoming Prime Minister. Though India and Japan failed to conclude a deal on civil nuclear cooperation that would allow nuclear-armed India to import Japanese technology for its atomic power stations, Japan plans to invest \$35 billion in private and public-sector projects in India over the next five years. During Modi's trip, India and Japan signed five pacts covering defense exchanges and cooperation in clean energy, roads and highways, and healthcare, among other issues. Japan also lifted a ban on six Indian entities, including Hindustan Aeronautics Limited (HAL), which had been imposed in the aftermath of nuclear tests in 1998. Promising Japanese investors that "there is no red tape but only red carpet that awaits you in India," Modi invited Japanese investments while pitching India as a conducive destination for business, particularly for the manufacturing sector.<sup>44</sup>

Modi's proactive diplomatic outreach in the region should be heartening for Washington, which remains largely supportive of India's global aspirations including a more robust Indian presence in Asia. Then-U.S. Defense Secretary Leon Panetta had called India a "linchpin" of Washington's strategic

rebalancing toward the Asia-Pacific in 2012, and U.S. Vice President Joe Biden has described India's 'Look-East' policy as complimentary to the United States' rebalancing toward Asia.<sup>45</sup> With a little more vigor injected into bilateral engagement, the United States can be reminded that India remains one of the few Indo-Pacific nations with which it shares critical strategic interests. Indeed, this appears to be exactly what Prime Minister Modi is trying to do during his first few months in office.

## **Revitalizing India and its Relations**

Since the Modi government came to office in Delhi, there is a renewed effort in both India and the United States to strengthen ties. Modi had been an unknown quantity in Washington, apart from the debate on his role in the 2002 Gujarat riots—which had led to a uni-dimensional narrative about the man. His rise has transformed Indian domestic politics in some fundamental ways. On the foreign policy front too, he has an opportunity to make a departure from the diffidence of the past. One of his principal tasks is to find ways to give new momentum to flagging U.S.–India ties.

Modi's trip to the United States in September 2014 imparted a new dynamic to U.S.–India ties. His approach was unconventional, as he reached out to constituencies beyond the governmental level such as Indian-Americans and the U.S. corporate sector. Modi reached out to the 2.8 million-strong Indian-American community in an unprecedented manner—by giving a rock-star address to an audience of more than 18,000 people at Madison Square Garden in New York and making an appearance at the Global Citizen Festival in Central Park, where he was introduced by Hollywood actor Hugh Jackman.

In another first, he penned a joint op-ed with President Obama, in which the two leaders made a case that the time had come “to set a new agenda, one that realizes concrete benefits for our citizens.”<sup>46</sup> During Modi's visit to Washington, the two nations not only renewed their 2005 defense cooperation agreement for another 10 years, but also expanded its scope by declaring that the two countries will “treat each other at the same level as their closest partners” on issues including “defense technology, trade, research, co-production and co-development.” Both nations declared their support for freedom of navigation in the South China Sea in their joint statement, signaling that the Modi government is not hesitant to highlight New Delhi's convergence with Washington on regional issues. The United States also expressed its willingness to enhance technology partnership with the Indian Navy.<sup>47</sup>

On India's veto of the Trade Facilitation Agreement at the World Trade Organization, both sides conceded that, as they move forward, they will need to take into consideration each other's points of view. Bilateral counter-terror and intelligence ties have taken a leap forward with the reference in the joint statement to the "joint and concerted efforts" for dismantling safe havens of terrorists and criminal networks such as LeT, Jaish-e-Mohamed, D-Company, the Haqqani Network, and al-Qaeda.

Modi has articulated a vision of U.S.–India ties as a relationship between equals: if the United States has a unique ability to absorb people from all parts of the world, he argues, Indians too have a unique ability to become an integral part of the various societies to which they migrate, contributing to them in substantive ways. It is Modi's confidence in India's economic future and the U.S. corporate sector's confidence in Modi's stewardship of the Indian economy that has already resulted in investments worth \$41 billion into India over the next 3 years—and this is only 20 percent of what is expected from the United States.<sup>48</sup>

**Modi is the man best placed to turn the tide on the U.S.–India bilateral front.**

As the United States repositions its leadership in an increasingly complex Asian strategic landscape, and as India starts to get its economic and military act together, the two states need each other more than ever. Modi has certainly signaled that he is not bogged down by the ideological predilections of his predecessors and is more than willing to rejuvenate bilateral ties. He is ready to

confidently engage global powers, including the United States, in order to further India's developmental goals.

For its part, Washington certainly needs to reach out proactively to Modi and assure him that, while the past cannot be wiped out, the future of U.S.–India relations can look bright if the present is managed productively. There is no need for alarmist predictions—if his past is any guide, Modi is the man best placed to turn the tide on the U.S.–India bilateral front. And if his September 2014 visit to the United States is anything to go by, he may have already done that.

## Notes

---

1. "Modi wave humiliates Cong, govt formation to have his stamp," *Hindustan Times*, May 16, 2014, <http://www.hindustantimes.com/elections2014/the-big-story/live-election-results-2014-india-awaits-verdict-as-ec-counts-550-mn-votes-on-friday/article1-1219692.aspx>.



2. "Modi India's first authentic fascist, poses challenge for Congress: Jairam Ramesh," *Times of India*, June 13, 2013, <http://timesofindia.indiatimes.com/india/Modi-Indias-first-authentic-fascist-poses-challenge-for-Congress-Jairam-Ramesh/articleshow/20576305.cms>; "Mamata Banerjee calls Narendra Modi a 'donkey'," *Hindustan Times*, May 8, 2014, <http://www.hindustantimes.com/elections2014/election-beat/mamata-calls-mo-di-a-donkey-rules-out-possibility-of-him-becoming-pm/article1-1216727.aspx>.
3. "Narendra Modi gets clean chit in SIT report on Gujarat riots, Zakia Jafri vows to continue her fight," *Times of India*, April 10, 2012, <http://timesofindia.indiatimes.com/india/Narendra-Modi-gets-clean-chit-in-SIT-report-on-Gujarat-riots-Zakia-Jafri-vows-to-continue-her-fight/articleshow/12612345.cms>.
4. Santosh Singh, "Growing fissures and CM Nitish Kumar's rising ambition," *Indian Express*, June 17, 2013, [http://expressindia.indianexpress.com/story\\_print.php?storyId=1129963](http://expressindia.indianexpress.com/story_print.php?storyId=1129963).
5. "Election results 2014: Youngsters vote for 'doer' Modi," *Times of India*, May 17, 2014, <http://timesofindia.indiatimes.com/news/Election-results-2014-Lok-Sabha-Elections-2014/articleshow/35227336.cms>.
6. Rajeev Deshpande and Harit Mehta, "Modi bypasses party, tells electorate 'vote for me'," *Times of India*, April 6, 2014, <http://timesofindia.indiatimes.com/news/Modi-bypasses-party-tells-electorate-vote-for-me/articleshow/33307369.cms>.
7. "Will leave India if Modi becomes PM: Kannada writer Ananthamurthy," *Indian Express*, September 19, 2013, <http://archive.indianexpress.com/news/will-leave-india-if-modi-becomes-pm-kannada-writer-ananthamurthy/1171350/>.
8. "No entry for Modi into US: visa denied," *Times of India*, March 18, 2005, <http://timesofindia.indiatimes.com/india/No-entry-for-Modi-into-US-visa-denied/articleshow/1055543.cms>.
9. Indrani Bagchi, "Denmark, Sweden led the way in ending Modi's global isolation," *Times of India*, May 26, 2014.
10. "Nancy Powell meets Modi, U.S. ends 9-yr old boycott," *Hindustan Times*, February 13, 2014, <http://www.hindustantimes.com/india-news/allaboutnarendramodi/us-envoy-nancy-powell-meets-modi-in-gandhinagar-today/article1-1183447.aspx>.
11. Kevin A. Lees, "A Modi Win: A Loss for U.S.-Indian Ties?" *National Interest*, May 16, 2014, <http://nationalinterest.org/feature/modi-win-loss-us-indian-ties-10475>; Smita Sharma, "Narendra Modi not keen about U.S. trip, priority China, Russia, Japan," CNN-IBN, May 21, 2014, <http://ibnlive.in.com/news/narendra-modi-not-keen-about-us-trip-priority-china-russia-japan/473307-37-64.html>; Chidanand Rajghatta, "Modi will move India closer to Japan and China, U.S. expert on Sangh Parivar says," *Times of India*, May 11, 2014, <http://timesofindia.indiatimes.com/home/stoi/all-that-matters/Modi-will-move-India-closer-to-Japan-and-China-US-expert-on-Sangh-Parivar-says/articleshow/34947622.cms>.
12. @JohnKerry, Twitter, tweet on May 16, 2014, <https://twitter.com/JohnKerry/status/467344304910778368>.
13. Kanwal Sibal, "Foreign ties will bloom under BJP," *The Daily Mail*, May 20, 2014, <http://www.dailymail.co.uk/indiahome/indianews/article-2633003/Foreign-ties-blossom-new-Modi-government.html>.
14. Niharika Mandhana, "Narendra Modi Named Prime Minister of India," *Wall Street Journal*, May 20, 2014, <http://online.wsj.com/news/articles/SB10001424052702304198504579573643364198328>.

15. Harinder Baweja and Pramit Pal Chaudhuri, "U.S. may ship out Nancy Powell to please Modi," *Hindustan Times*, March 25, 2014, <http://www.hindustantimes.com/elections2014/the-big-story/us-may-ship-out-powell-to-please-modi/article1-1200039.aspx>.
16. Narayan Lakshman, "U.S. to get down to business with Modi," *The Hindu*, June 6, 2014, <http://www.thehindu.com/news/international/us-to-get-down-to-business-with-modi/article6086429.ece>.
17. Rajeev Deshpande and Diwakar, "I'm an outsider to Delhi and to politics as well, Narendra Modi says," *Times of India*, May 6, 2014, <http://timesofindia.indiatimes.com/home/news/Im-an-outsider-to-Delhi-and-to-politics-as-well-Narendra-Modi-says/articleshow/34704071.cms>.
18. "Indian diplomat Devyani Khobragade strip-searched, say sources; Shinde, Rahul Gandhi, Modi refuse to meet U.S. delegation," *Deccan Chronicle*, December 17, 2013, <http://www.deccanchronicle.com/131217/news-current-affairs/article/indian-diplomat-devyani-khobragade-strip-searched-made-stand-sex>.
19. On the U.S.–India nuclear pact, see Harsh V. Pant, *The U.S.–India Nuclear Pact: Policy, Process, and Great Power Politics* (Oxford: Oxford University Press, 2012).
20. Ministry of Law and Justice, The Civil Liability for Nuclear Damage Act, 2010, available at [http://lawmin.nic.in/ld/regionallanguages/THE%20CIVIL%20LIABILITY%20OF%20NUCLEAR%20DAMAGE%20ACT,2010.%20\(38%20OF%202010\).pdf](http://lawmin.nic.in/ld/regionallanguages/THE%20CIVIL%20LIABILITY%20OF%20NUCLEAR%20DAMAGE%20ACT,2010.%20(38%20OF%202010).pdf).
21. "Senators urge Kerry to press India on trade during visit," Reuters, June 15, 2013, <http://www.reuters.com/article/2013/06/14/us-usa-india-trade-idUSBRE95D0XQ20130614>.
22. "Avoiding an Immigration Trade War," *Wall Street Journal*, July 17, 2013, <http://online.wsj.com/news/articles/SB10001424127887323993804578611311141294452>.
23. "LNG exports by U.S. will strengthen India's energy security," *Economic Times*, March 13, 2014, [http://articles.economictimes.indiatimes.com/2014-03-13/news/48189454\\_1\\_energy-security-natural-gas-exports-lng-export-terminals](http://articles.economictimes.indiatimes.com/2014-03-13/news/48189454_1_energy-security-natural-gas-exports-lng-export-terminals).
24. A detailed discussion of the U.S.–India convergence and divergence on Afghanistan can be found in Harsh V. Pant, *India's Changing Afghanistan Policy: Regional and Global Implications* (Carlisle Barracks, PA: U.S. Army Strategic Studies Institute, 2012).
25. Deshpande and Diwakar, "I'm an outsider to Delhi and to politics as well." *Op. cit.*
26. Sujata Rao, "India: the BRIC that has disappointed—Goldman's O'Neill," Reuters, December 6, 2011, <http://in.reuters.com/article/2011/12/06/investment-summit-oneill-idINDEE7B50AA20111206>.
27. "India Pledges to Create Jobs and Tackle Inflation," *New York Times*, June 9, 2014, <http://www.nytimes.com/2014/06/10/business/international/india-pledges-to-create-jobs-and-tackle-inflation.html>.
28. Victor Matter, "India launches Chinese-style economic revival plan," *Financial Times*, June 10, 2014, <http://www.ft.com/cms/s/0/bc33983c-efa7-11e3-bee7-00144feabdc0.html#axzz3CHVLwYeZ>.
29. "Simplified tax regime to be non-adversarial and conducive to investment," *Indian Express*, June 10, 2014, <http://indianexpress.com/article/business/market/simplified-tax-regime-to-be-non-adversarial-and-conducive-to-investment/>.
30. Annie Gowen, "Modi's budget: Roads, foreign investment and, eventually, a toilet for every home," *The Washington Post*, July 10, 2014, [http://www.washingtonpost.com/world/asia\\_pacific/modis-budget-roads-foreign-investment-and-eventually-a-toilet-for-every-home/2014/07/10/7f3d0ce0-4f94-46c4-aa9d-d5cc17149cc7\\_story.html](http://www.washingtonpost.com/world/asia_pacific/modis-budget-roads-foreign-investment-and-eventually-a-toilet-for-every-home/2014/07/10/7f3d0ce0-4f94-46c4-aa9d-d5cc17149cc7_story.html)

31. "Liberal dose of FDI as well as nurturing of domestic industry," *Indian Express*, June 10, 2014, <http://indianexpress.com/article/india/india-others/liberal-dose-of-fdi-as-well-as-nurturing-of-domestic-industry/>.
32. Surajeet Das Gupta and Nayanima Basu, "FDI in defense: Investment of up to 49% may be allowed without tech transfer," *Business Standard*, June 4, 2014, [http://www.business-standard.com/article/economy-policy/fdi-in-defence-investment-of-up-to-49-may-be-allowed-without-tech-transfer-114060400250\\_1.html](http://www.business-standard.com/article/economy-policy/fdi-in-defence-investment-of-up-to-49-may-be-allowed-without-tech-transfer-114060400250_1.html).
33. Declan Walsh, "Assault on Pakistan Airport Signals Taliban's Reach and Resilience," *New York Times*, June 9, 2014, <http://www.nytimes.com/2014/06/10/world/asia/karachi-pakistan-airport-attack-taliban.html>.
34. Liu Zongyi, "Modi victory could cause disquiet in West," *Global Times*, May 6, 2014, <http://www.globaltimes.cn/content/858538.shtml>.
35. Liu Zongyi, "Modi ready to do business with China," *Global Times*, May 19, 2014, <http://www.globaltimes.cn/content/861112.shtml>.
36. Ananth Krishnan, "Modi more like Nixon than Abe: Chinese media," *The Hindu*, May 21, 2014, <http://www.thehindu.com/news/international/world/modi-more-like-nixon-than-abe-chinese-media/article6031240.ece>.
37. Suhasini Haider, "Wang visit to set tone for Modi-Xi meet," *The Hindu*, June 9, 2014, <http://www.thehindu.com/news/national/wang-visit-to-set-tone-for-modixi-meet/article6095425.ece>.
38. Bibhudatta Pradahn and Kartikay Mehrotra, "China Prepared to Settle India Border Dispute, Wang Says," *Bloomberg*, June 10, 2014, <http://www.bloomberg.com/news/2014-06-09/china-ready-for-india-border-dispute-final-settlement-wang-says.html>.
39. Vijaita Singh, "Chinese troops said to be 2 km inside LAC, build-up on the rise," *Indian Express*, September 23, 2014, <http://indianexpress.com/article/india/india-others/chinese-troops-said-to-be-2-km-inside-lac-build-up-on-the-rise/>.
40. On various dimensions of the complexities of Sino-Indian relationship, see Harsh V. Pant (ed.) *The Rise of China: Implications for India* (New Delhi: Cambridge University Press, 2012).
41. Sutirtho Patranobis, "Chinese media downplays Modi's remark on Arunachal," *Hindustan Times*, February 26, 2014, <http://www.hindustantimes.com/india-news/chinese-media-downplay-modi-s-remarks-on-arunachal-pradesh/article1-1188495.aspx>.
42. On India's outreach in East and Southeast Asia, see Harsh V. Pant, "China on the Horizon: India's 'Look East' Policy Gathers Momentum," *Orbis* 57, no. 3 (Summer 2013): pp. 452-466.
43. Mari Yamaguchi, "Abe vows greater Japanese security role in Asia," *Associated Press*, May 30, 2014, <http://bigstory.ap.org/article/abe-vow-japans-security-contribution-asia>.
44. Shubhajit Roy, "PM keeps music playing: No red tape, only red carpet for Japan," *Indian Express*, September 2, 2014, <http://indianexpress.com/article/india/india-others/theres-no-red-tape-but-only-red-carpet-promises-modi-as-he-attracts-japanese-investment/#sthash.PXcCeE82.dpufhttp://indianexpress.com/article/india/india-others/theres-no-red-tape-but-only-red-carpet-promises-modi-as-he-attracts-japanese-investment/>
45. Shubhajit Roy, "India's 'Look East' policy helps U.S. Asia approach, says Biden," *Indian Express*, July 24, 2013, <http://archive.indianexpress.com/news/indias-look-east-policy-helps-us-asia-approach-says-biden/1145785/>.
46. Narendra Modi and Barack Obama, "A Renewed US-India Partnership for the 21st Century," *The Washington Post*, September 30, 2014, <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.

47. The White House, Office of the Press Secretary, "U.S.-India Joint Statement," 30 September 2014, <http://www.whitehouse.gov/the-press-office/2014/09/30/us-india-joint-statement>.
48. "US investors bet on PM Modi, to invest \$41 billion in India in 3 years," *Times of India*, October 5, 2014, <http://timesofindia.indiatimes.com/india/US-investors-bet-on-PM-Modi-to-invest-41-billion-in-India-in-3-years/articleshow/44360022.cms>.