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ANDREW WYATT

India in 2014

Decisive National Elections

ABSTRACT

The much anticipated general election produced a majority for the Bharatiya Janata Party under the leadership of Narendra Modi. The new administration is setting out an agenda for governing. The economy showed some signs of improvement, business confidence is returning, but economic growth has yet to return to earlier high levels.

KEYWORDS: Bharatiya Janata Party, Congress Party, corruption, India, Narendra Modi

NATIONAL ELECTIONS DOMINATED EVENTS in India during the first half of 2014. Control of the lower house (Lok Sabha) of the Indian Parliament determines who forms the government. The incumbent Congress-led coalition government faced a number of challengers who criticized it for being ineffectual. Whatever the truth of these claims, the topics of governance and economic development were prominent in public debate during the election. An unexpected, decisive result in favor of the Bharatiya Janata Party (Indian People's Party, BJP) produced a different style of government under the leadership of Prime Minister Narendra Modi. A number of trends and issues transcended the election. The issue of sexual crime caught public attention. Some progress was made on prosecuting cases of high level corruption. At the beginning of the year, economic growth was still in decline, though the trend may have turned. Little progress was made in resolving disputes with Pakistan and China, and relations between India and the U.S. were unusually tense.

ANDREW WYATT is Senior Lecturer in Politics at the University of Bristol, U.K. He is the author of *Party System Change in South India* (Routledge, 2009) and co-author with Katharine Adeney of *Contemporary India* (Palgrave, 2010).

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THE GENERAL ELECTION

The year began with the election campaign already underway, even though the polling schedule was only announced on March 5. The main contest was between two alliances, the United Progressive Alliance (UPA), headed by the Congress Party, and the National Democratic Alliance (NDA), led by the BJP. Each alliance was supported by smaller regional parties, although in several states of India's federal system the two main alliances faced considerable opposition from strong regional parties that fought independently.

In January, the Congress prime minister, Manmohan Singh, announced he would retire from politics after the election. Congress refused to name a successor, leaving an awkward question hanging in the air. Many assumed that Rahul Gandhi, Congress vice president and son of party president Sonia Gandhi and the late Prime Minister Rajiv Gandhi, was the Congress prime ministerial candidate. Rahul Gandhi's lengthy television interview, broadcast at the end of January on the Times Now channel, did little to persuade voters that Congress had decisive leadership. He avoided most of the obvious pitfalls, but his answers were often wordy and vague.

The leader of the BJP campaign, Gujarat Chief Minister Narendra Modi, was much more focused, promising strong personal leadership and clean governance. He concentrated on development and economic issues, drawing attention away from the Hindu nationalist character of his party. Modi had a clear media strategy, making creative use of social media to supplement coverage from mainstream outlets. The BJP put heavy emphasis on Modi's personality, using front-page newspaper advertising to project their leader's image. Modi addressed rallies on a daily basis, and a holographic image of him was projected at rallies where he could not be present.

The Aam Aadmi Party (Common Man Party, AAP) gave voters another option in this election. Its new approach to politics and aggressive campaign against corruption appealed to many voters. The party won enough seats in the Delhi Assembly elections of December 2013 to be able to form a minority government of the national capital territory, with its leader Arvind Kejriwal as chief minister. The AAP government was determined to make an impact. It clashed with utility suppliers, demanding that they justify their electricity and water prices. A new corruption bill was proposed for Delhi. When this legislation was deemed unconstitutional, the AAP government resigned on February 14. The lieutenant governor of Delhi suspended the assembly

pending new elections (or the formation of a fresh governing coalition). Kejriwal then took his party into the Lok Sabha campaign. In early March, he toured Modi's home state of Gujarat, alleging shortcomings in the state administration. Kejriwal poured scorn on the Congress-led national government and denounced the crony capitalist style of some of India's largest business houses. Not long after the tirade, media coverage of the AAP began to fade. It won only four seats and 2% of the national vote. However, the party did much to set the agenda of the election, directing attention toward the issue of governance.

The outcome of the election on May 16 was a surprise for most observers. The NDA alliance was expected to win, but the number of seats won by the BJP exceeded expectations. The party obtained the first majority achieved by a single party since the 1984 election, won by Congress. The BJP had 282 members of Parliament (MPs) elected to the 543-seat Lok Sabha, and installed their choice, Modi, as parliamentary leader of the party and prime minister. Congress plunged to just 19.5% of the vote and 44 seats (it won 206 seats in 2009). The 2014 result shattered the widely held assumption that India's party system was so fragmented that a single party could not achieve an outright majority. However, the assumption that coalition politics and electoral alliances are central to Indian politics survived, given that allies helped the BJP win seats in a number of states where it was weak. The BJP won its victory with a fairly small share of the vote, only 31.3% of the vote secured it 52.9% of the seats.

In several important states, the BJP faced a divided opposition and gained accordingly. The share of seats and votes won by regional parties held up, but the strength of the BJP's performance in northern and western India meant the unaligned regional parties were superfluous to coalition formation. The BJP nonetheless formed a coalition government, although it was very much on its own terms with only a few cabinet posts going to its allies. The party still needs coalition allies because it does not control the Rajya Sabha, the upper house, which has a role to play in the passage of legislation. The Rajya Sabha is gradually reconstituted as and when the six-year terms of its MPs expire. The new MPs are elected by state assemblies, and it may take the BJP three or four years before it is close to getting a majority in the Rajya Sabha. In the meantime, the BJP is obliged to negotiate with regional leaders for legislative support. Still, the party won a significant victory. As well as winning its highest ever tally of parliamentary seats, it extended its geographic

presence, winning larger numbers of seats in states like Assam and Haryana, areas in which it previously had limited support.

POLITICS AND GOVERNMENT

The Modi government adopted a markedly different style from the previous UPA government. Less encumbered by coalition allies, power has been centralized. Modi takes briefings directly from civil servants across the government. The Prime Minister's Office (PMO) is highly active, making it difficult for some cabinet ministers to take the lead on policy formulation.¹ In August, Modi announced that the Planning Commission, the influential body responsible for coordinating economic and social development, would be replaced by another body with a narrower remit. The allocation of funds to the states is likely to be taken over by the Finance Ministry.

The personal impact of the prime minister has been emphasized, with officials providing multiple photo opportunities to show Modi in action. This generates plenty of news, but the job of the press has been difficult. It has dutifully reported the prime minister's speeches and overseas visits, often accompanied by enthusiastic commentary, even though Modi was not available for press conferences and the PMO was in no hurry to appoint an official spokesperson. Journalists have to work with limited briefings, press releases, televised speeches, and a regularly updated Twitter feed from the PMO.² Modi has launched numerous initiatives including the "Make in India" campaign to boost Indian manufacturing. On August 15, he used his Independence Day speech to announce the Jan Dhan Yojana (National Mission for Financial Inclusion) program to provide a bank account for every citizen. On October 2, a national holiday to mark Mahatma Gandhi's birth anniversary, Modi launched the Swachh Bharat Abhiyan (Clean India Mission), a five-year initiative to tidy up the country.

Modi argues that government is a moral task. He emphasizes the patriotic duty of schoolchildren, civil servants, and leading citizens to help keep the country tidy. Modi has enjoined his MPs to adopt high standards of behavior

1. Pranab Dhal Samanta, "In Command and Control," *India Today*, November 6, 2014, <<http://indiatoday.intoday.in/story/narendra-modi-bjp-smriti-irani-pmo-defence-piyush-goyal/1/399463.html>>, accessed November 8, 2014.

2. Soutik Biswas, "Indian Media Invited to Rather Formal 'Informal Chat'," October 25, 2014, BBC, <<http://www.bbc.co.uk/news/world-asia-india-29772262>>, accessed October 27, 2013.

and join in the task of implementing government policy. He wants MPs to take responsibility for developing model villages in their constituencies.³ Modi's international diplomacy is often presented in a moralistic way. These narratives seem to place the NDA government above ideology. Yet, this is a government that is both pragmatic and leans to the right. The pragmatism is revealed by the decision to continue issuing unique identification numbers to all residents of India through the Aadhaar scheme, a policy of the UPA, which will allow the payment of cash transfers directly to the bank accounts of poor people.

Government policy on expanding foreign direct investment (FDI) in retail has been equivocal. Prior to the election, the BJP promised to reverse existing policy and make foreign investment more difficult, but it has yet to act decisively on the matter. The NDA government's tilt toward the right is shown in its pro-business policies, discussed below, and a selective approach to welfare programs. The national food security program has been postponed for six months in order to reduce the budget deficit. The employment guarantee scheme, which provides work for poor people, looks set to be restructured, a move favored by many rural employers who can pay lower wages when unemployment is high. In the interim, the central government has nearly halved the funds allocated for the scheme.

Corruption continued to be a political issue, with allegations and accusations traded between political parties in the election campaign. The Supreme Court made a potentially decisive intervention in early March, attempting to stop politicians from evading justice through inordinate trial delays. The court ruled that serious cases involving politicians need to be concluded within a year of charges being filed.⁴ The Court's standing will be tested by this judgement, because a large number of high profile cases will need to be concluded by mid-2015. The UPA government was tainted by corruption during the election campaign as the investigation into the misallocation of coal mining licenses led to the filing of charges. In late September, the

3. Smita Gupta, "Modi Marshals NDA MPs," *The Hindu*, October 26, 2014, <<http://www.thehindu.com/news/national/narendra-modi-to-push-for-pet-projects-during-nda-mps-meeting/article6535200.ece>>, accessed October 27, 2014.

4. Dhananjay Mahapatra, "Finish Trial against MPs and MLAs in One Year, Supreme Court Orders," *Times of India*, March 11, 2014, <<http://timesofindia.indiatimes.com/india/Finish-trial-against-MPs-and-MLAs-in-one-year-Supreme-Court-orders/articleshow/31802285.cms>>, accessed October 11, 2014.

Supreme Court intervened decisively and cancelled almost all licenses to mine coal issued between 1993 and 2010. The judgement called into question the actions of successive governments that had sold the licenses cheaply to large corporations and deprived taxpayers of much-needed revenue. At best this decision implied that coal licenses were used to favor national businesses and to promote “India, Inc.”; at worst it reflected a system of crony capitalism in which large corporations have been in corrupt relations with the government of the day for several decades.

The 2013 Supreme Court ruling that politicians convicted in serious criminal cases should be disqualified from office had consequences in 2014. One Rajya Sabha MP was removed from office in April when he was convicted in a corruption case. Several legislators in state assemblies were also disqualified. More significant was the conclusion of the long trial of the sitting Chief Minister of Tamil Nadu, Jayalalithaa Jeyaram. On September 27, a special court sentenced her to four years’ imprisonment for having acquired disproportionate assets in relation to her income. The sentence resulted in Jayalalithaa’s immediate disqualification from the office of chief minister, and her imprisonment. Politicians often manage criminal cases by seeking bail while appealing to higher courts. In this case, the Supreme Court granted bail on condition that the appeal begin within two months, indicating that the judiciary is tightening up in cases involving politicians, albeit very gradually.

Another important case was reexamined in October. Om Prakash Chautala, a former chief minister of the state of Haryana, was given a 10-year sentence for corruption in January 2013 but was granted bail on medical grounds in May. He might have escaped further punishment, but he returned to the public eye in September 2014 when campaigning for his party in the state assembly elections, and was returned to prison shortly afterward. The suspicion lingers in India that the prosecution and punishment of high-status individuals are politically managed.⁵

Maoist insurgents continue to be active in central and eastern India. The Communist Party of India (Maoist), claiming that the Indian state is illegitimate, has taken up arms. The insurgents get support from many living in remote rural areas, where government services are sparse and the state is

5. J. Venkatesan, “Jayalalithaa Gets Bail in Shortest Period,” *The Hindu*, October 18, 2014, <<http://www.thehindu.com/news/national/jayalalithaa-gets-bail-in-shortest-period/article6513174.ece>>, accessed October 23, 2014.

unresponsive to demands for political autonomy. Unlike with other active militant groups, the government of India does not consider external support to be a factor in the insurgency. The insurgents have seized plenty of arms from the security forces.⁶ The government has provided data that show the insurgency is weakening. By mid-September, the Ministry of Home Affairs attributed the deaths of 163 civilians and 68 security personnel to Maoist attacks, in addition to 49 insurgents killed. This is a slight decline on the previous year. Even so, nearly 800 incidents were attributed to left wing extremists in the same period, and very heavy security was needed in several states during the general election.⁷ The Maoists carried out several attacks during the election period, killing police officers and elections officials, but they did not prevent elections in those constituencies. Policy solutions continue to be debated. Some want an emphasis on providing better government services, while others advocate more use of lethal force against the Maoists. The new government signalled it preferred a tough strategy, ruling out negotiations and offering to fund new paramilitary units.⁸

The issue of sexual crime continued to be high-profile in public discussions. In late May, the news of the apparent rape and murder by hanging of two young women in Uttar Pradesh made international news. While the case was passed to the Central Bureau of Investigation (CBI), which took several months to conclude that rape had not occurred and the deaths were suicides, the incident generated much comment and debate. Once again the ability of the Indian police to process rape cases and investigate other sexual crimes was questioned. Another issue raised by the incident was the lack of adequate sanitation facilities in many villages, which forces poorer villagers to resort to open air defecation. This makes women vulnerable when they leave their houses after dark. The case also illustrated that key political leaders do not have a grip on an important area of policing and social policy. Just after the incident, the chief minister of Uttar Pradesh, Akhilesh Yadav, responded to a reporter's question with the insensitive comment, "It's not as if you faced

6. Jonathan Kennedy, "Gangsters or Gandhians? The Political Sociology of the Maoist Insurgency in India," *India Review* 13:3 (August 2014), pp. 220–21.

7. Government of India, Ministry of Home Affairs (2014), *Statewise Extent of LWE Violence during 2009 to 2014 (up to 15.09.2014)*, <http://mha.nic.in/sites/upload_files/mha/files/LWEViolenceStatistics2014.PDF>, accessed October 11, 2014.

8. Vijaita Singh, "Rajnath Draws Hard Line on Maoists: No Talks, Attacks Will Get Befitting Reply," *Indian Express*, June 27, 2014, <<http://indianexpress.com/article/india/politics/rajnath-draws-hard-line-on-maoists-no-talks-attacks-will-get-befitting-reply/>>, accessed October 11, 2014.

any danger.”⁹ Several days after the deaths, the Home minister of the adjacent state of Madhya Pradesh expressed his doubts over whether rape was always a crime. Sexual crimes were discussed during the election campaign in April, with most parties pledging that they would act to secure the safety of women. However, some senior politicians took ambivalent positions. Mulayam Singh Yadav, former chief minister of Uttar Pradesh, questioned death sentences for rape, commenting that boys make mistakes. These comments, and numerous other reports of rape and murder, intensified discussion of the social assumptions that make sexual violence possible. After a period of consideration, Prime Minister Modi responded in his August 15 Independence Day speech, stating that parents should shift their attention away from monitoring the movements of their daughters to questioning the behavior of their sons. He also promised to improve the availability of toilets for girls and women.

The BJP followed up its May election victory with successes in the state assembly elections for Haryana and Maharashtra in October. It won an outright majority in Haryana, and enough seats in Maharashtra to form a minority government. The elections were important for the BJP as it seeks to expand its electoral base. In December, the party performed ahead of expectations in the assembly elections in Jharkhand and in Jammu and Kashmir. In Jharkhand it won 31.3% of the vote and the largest number of seats, giving it the opportunity to lead the formation of a coalition government. In Jammu and Kashmir, the BJP won the largest percentage of votes (23%) but the second largest number of seats, making it a likely coalition partner in a new government.

Some saw the elections as further evidence of a wave of support for the BJP, enabling it to become a pan-Indian political party (its support had been concentrated in parts of northern India and Gujarat). However, the wave metaphor is probably too strong. The BJP was the beneficiary of a divided opposition and was able to win power with a 33.2% share of the vote in Haryana; just 27.8% of the vote was enough to let it form a minority government in Maharashtra. The BJP is stronger now than any national governing party since 1984. However, control of the Rajya Sabha eludes the BJP, and this means it has yet to achieve the dominance once enjoyed by the Congress Party.

9. “Asked about UP Rapes, CM Akhilesh Yadav Says, ‘But You’re Safe,’” *Times of India*, May 31, 2014, <<http://timesofindia.indiatimes.com/india/Asked-about-UP-rapes-CM-Akhilesh-Yadav-says-But-youre-safe/articleshow/35800676.cms>>, accessed October 15, 2014.

ECONOMY

India has continued to experience relatively slow economic growth. Expectations are high, given that between 2005 and 2011 annual growth rates in gross domestic product (GDP) were in the region of 9% (with the exception of a dip in 2008–09). Since 2011, the trend has been downward, and this continued in the 2013–14 fiscal year as growth in GDP was reported at 4.7%, with growth in the first quarter of 2014 even lower at 4.6%. The trend may have reversed. A higher growth rate of 5.7% was reported for April to June 2014, but fell back slightly in the third quarter to 5.3%. The UPA government exceeded its fiscal deficit target, recording a deficit of 4.5% of GDP for 2013–14. The incoming government accepted the existing target of 4.1% for 2014–15.

Inflation moved downward in 2014, reaching a five-year low of 2.38% in the Wholesale Price Index by September. The Reserve Bank of India (RBI) maintained a tight monetary policy to reduce inflation, raising the repo rate (at which it will lend money to other banks) to 8% in January. It held that position, refusing to cut rates in spite of weak growth. The RBI will shortly set new inflation targets, and hopes for early cuts in interest rates may be disappointed as the bank stays focused on this indicator.¹⁰ The rupee remained stable, partly due to interventions by the RBI, which was keen to avoid volatility. The currency strengthened to a one year high of 58.25 against the U.S. dollar shortly after the formation of the NDA government, but eased back to rates close to 61 rupees in the latter part of the year. Stock markets made strong gains in 2014. Overseas investors were drawn back into Indian financial markets, after the falling value of the rupee in 2013 had been accompanied by foreign equity outflows. Overall, markets were in a confident mood hoping that a new government would take a pro-business approach and boost growth. Given that the stock market has grown strongly over the last three years, at precisely the time that economic growth has slowed, there are some concerns that stocks are overvalued.

The first budget of the new government, presented in July 2014, sought to reassure investors, promising tighter control of public expenditure and allowing more FDI in the defense and insurance sectors. Subsequently, the railway sector was opened up for FDI. Also promised in the budget was a common

10. Yuthika Bhargava, "Inflation Drops to 5-Year Low of 2.38% in September," *The Hindu*, October 14, 2014, <<http://www.thehindu.com/business/Economy/inflation-drops-to-5-year-low-of-238-in-september/article6499824.ece>>, accessed October 17, 2014.

national sales-tax regime to replace the state by state approach in place currently. However, subsidies for farmers increased in the budget, and the retrospective tax cases against several multinational firms were not abandoned. Advocates of liberal reform want faster reductions in subsidies, weaker labor laws, banking sector reform, and transparent decision making that does not favor politically connected industrial houses. The government is not ready to legislate on most major changes; it tried to create a more business friendly environment by simply altering rules and operating procedures. Labor inspectors will be more closely supervised in future. Environmental protections have been loosened, allowing hundreds of projects, including some rejected previously, to get clearance.¹¹

Using the political cover of the successful state assembly elections in October, the finance minister announced that the price of diesel would no longer be set by the government, enabling the withdrawal of some subsidies from the oil sector (gas remains controlled). It was hinted that government ownership of Coal India is no longer guaranteed. The Lok Sabha passed legislation to auction coal licenses and allow more foreign investment in the insurance sector. However, the opposition refused to back the measures in the Rajya Sabha. To keep momentum, in December the president was asked to sign ordinances to give some of these bills legal standing. It remains to be seen if the opposition will seek to overturn these ordinances when Parliament reconvenes in 2015. Even with these measures, the new government was cautious on economic matters.

FOREIGN POLICY IN SOUTH ASIA

The incoming government indicated it would give priority to Asia. The traditional inauguration format for the incoming government was reworked, and in an unusual move, invitations were extended to all heads of state and government in South Asia. These invitations were taken up, and the friendly interactions between Prime Minister Modi and Prime Minister Nawaz Sharif of Pakistan were duly noted. The schedule of official visits confirmed the Modi government's interest in Asia and India's immediate neighborhood. Modi's first overseas visit was to Bhutan, in June. This was followed by a visit to Nepal in early August, the first official visit by an Indian prime minister for 17 years,

11. Tommy Wilkes, "India Approves Projects in Dash for Growth, Alarming Green Groups," Reuters, October 10, 2014, <<http://in.reuters.com/article/2014/10/09/india-environment-growth-project-idINKCN0HY2GN20141009>>, accessed October 11, 2014.

during which Modi addressed the Nepali Parliament. The speech was conciliatory in tone and was intended to reassure legislators, given a perception that India has had an overbearing attitude in the past. In September, Nepal began to develop a new contract with an Indian company for the Upper Karnali project, a large hydroelectric scheme that will supply electricity to both countries.

Relations between India and Pakistan became more troubled in 2014. The early meeting with Sharif did not achieve a great deal. The Pakistani military made known its displeasure with the inauguration visit. The trial in Pakistan of suspected organizers of the Mumbai attack in 2008 was subject to numerous delays in 2014 in spite of protests from India. Activity along the border had been relatively peaceful, but from the middle of June the number of small-scale skirmishes began to increase. India alleged that Pakistan was initiating many of these attacks on its border posts. A subsequent argument over protocol indicated that the new Indian government will take a tougher line over the Kashmir issue. Pakistan likes to consult with leaders in Kashmir prior to major meetings with Indian officials, claiming that Kashmiri leaders are stakeholders in discussions concerning the disputed territory. India has always disliked these meetings, but has tended not to act on its displeasure. However, on this occasion a meeting scheduled for late August between professional diplomats was cancelled when the Pakistan High Commission met with Kashmiri politicians. An expected meeting between Modi and Sharif on the fringes of the September U.N. General Assembly did not take place. Instead, both leaders made forthright comments about Kashmir in their speeches to the assembly. Immediately afterward, fighting across the border in the Jammu and Kashmir region intensified, forcing the evacuation of some villages within India. India responded with heavy shelling of border posts in an attempt to coerce Pakistan into quiescence. The conclusion drawn by many within India was that Sharif was deliberately being embarrassed by the military, which takes a hard line policy on Kashmir when it suits its leadership.¹²

FOREIGN POLICY IN THE REST OF ASIA

At the start of the year, Manmohan Singh hosted a constructive visit from Japanese Prime Minister Shinzo Abe, who promised support for various

12. Brahma Chellaney, "Doctrine of Graduated Escalation," *The Hindu*, October 15, 2014, <<http://www.thehindu.com/opinion/lead/doctrine-of-graduated-escalation/article6501078.ece>>, accessed October 15, 2014.

projects in India. Modi made an official visit to Japan in August and was warmly received. However, neither visit could secure India's ambition for an agreement on nuclear cooperation. Japan wants solid assurances that Indian civilian technology will not be used for military purposes. In September, Modi hosted a visit from Chinese President Xi Jinping. The symbolism of the visit was very positive. Modi hosted the visit in Ahmedabad, the leading city of Gujarat, and was able to showcase projects he had promoted when he was chief minister. However, in spite of the symbolism, the relationship between the two states is far from straightforward. China promised infrastructure investments, but the longstanding dispute over the shared border is still an irritant. During the visit, the Indian press reported on an incursion by Chinese troops into Ladakh across the border that India claims separates the two states. At the end of October, the Indian Home Ministry announced it would enlarge the Indo-Tibetan Border Police, set up 54 new border posts, and improve roads close to the border with China in the state of Arunachal Pradesh.

In late September, the Indian Space Research Organisation (ISRO) announced that it had put a probe into orbit around Mars. The Mars orbiter was celebrated as a national achievement; it did not go unnoticed that China and Japan have failed in similar attempts. India's Defence Research and Development Organisation (DRDO) continued with its program of missile development. The first successful test of the K-4 submarine-launched ballistic missile was completed in March, and the Nirbhay cruise missile was tested in October. Both missiles have significantly longer ranges than their recently developed predecessors. The tests are part of a longstanding program of missile development, but serve as a reminder that India wants a credible nuclear deterrent against Pakistan and China.

INDIA AND THE UNITED STATES

Diplomatic relations between India and the U.S. were damaged by the arrest in December 2013 in New York of Devyani Khobragade, an Indian consular official, in connection with alleged visa fraud.¹³ Khobragade complained of degrading treatment, namely, that she was handcuffed, strip-searched, and held in a cell with common criminals. Following the arrest, Khobragade was

13. It was charged that Khobragade made misleading statements in the visa application for her maid, Sangeeta Richard. Richard alleged she was not paid the U.S. minimum wage mentioned in the application and successfully filed for asylum in the U.S.

given a new post with the Indian mission to the U.N., which gave her diplomatic immunity, and she was able to leave the U.S. in January 2014 on that basis. The arrest outraged many in India who felt that it was conducted in a humiliating manner. There was a feeling among Indian diplomats that the U.S. had dealt with the issue in a high-handed way, especially as it was alleged that not all of the visa arrangements for individuals linked to the U.S. Embassy in New Delhi were straightforward. The government of India expelled a U.S. diplomat connected to the case and withdrew other privileges from embassy staff.

In the midst of all this, the U.S., following many other states, reconciled itself to Modi's leading position in Indian politics. In 2005, the U.S. State Department refused to issue Modi with a visa for a planned visit and cancelled another visa issued earlier. This was a belated response to the 2002 riots in Gujarat that left thousands of Muslims and Hindus dead or injured. Modi denies instigating or allowing the violence to happen, but his critics continue to allege that he had a role in an orchestrated anti-Muslim pogrom. Ambassador Nancy Powell travelled to Gujarat in February 2014 to make it clear that the U.S. was willing to work with Modi and recognized his political importance. Powell resigned at the end of March. While the State Department asserted that Powell simply wished to retire, it had become very difficult for her to do her job in Delhi given the continuing tension over Khobragade's arrest. Also, it was reported that the meeting between Modi and Powell in February, during which the Khobragade issue was raised, was very tense. It was made known that a major effort would be needed from the U.S. side to restore relations with the Modi government. Those close to Modi felt that the Congress Party had influenced the U.S. Embassy over key issues such as the withdrawal of his visa.¹⁴ India protested again to the U.S. in July over reports that the National Security Agency spied on India and the revelation that in 2010, the BJP was one of a few political organizations being monitored by the agency.

Nevertheless, both India and the U.S. decided on action to restore cordiality. President Obama rang Modi on May 16 to congratulate him on his victory, and invited him to visit the White House. The visit took place as part

14. Archis Mohan, "Modi-Powell Meet Sealed U.S. Envoy's Future in India," *Business Standard*, April 2, 2014, <http://www.business-standard.com/article/current-affairs/modi-powell-meet-sealed-us-envoy-s-future-in-india-114040100395_1.html>, accessed October 30, 2014.

of a five-day trip to the U.S. at the end of September (timed to coincide with the meeting of the U.N. General Assembly). Modi was enthusiastically received by a large audience of Indian Americans at Madison Square Garden in New York, and several dozen U.S. legislators greeted him at the rally. The White House visit was presented by both sides as a success. Gifts and warm words were exchanged. For his part, Modi subtly signalled his interest in religious diversity through his choice of gifts for Obama and in comments made in an interview with CNN shortly before he left India. Thus, the question of the 2002 riots was set aside as an object of diplomacy. The visit did not produce many tangible results, but its timing, so soon after the May election, and the indication of positive intent after a difficult period in relations, was considered a positive outcome. A lengthy joint statement set out an agenda for further interaction. One notable item was a mention of freedom to navigate the South China Sea. India has generally resisted attempts to be used by the U.S. as a counterweight to China, so it surprised many that the topic came up in the joint statement.¹⁵ This signalled, on India's part, a slightly more assertive policy of being attentive to the concerns of other Asian states, but the mention avoided a commitment to security arrangements to contain China. The nomination of a new U.S. ambassador, Richard Rahul Verma, who is said to be close to both Obama and Hillary Clinton, was seen as a step forward.

CONCLUSIONS

This was a very important year for India. A new national government was formed, and the BJP expanded its electoral reach. It is too early to judge whether this was a critical election after which the BJP will become the natural party of government. However, the poor performance of Congress in the election, and the ineffective leadership of Rahul Gandhi (who continues as party vice president despite the election outcome) has weakened the opposition and given the BJP confidence. There is potential for political instability and constitutional difficulty if the opposition blocks too much legislation in the Rajya Sabha, and the government responds by heavy use of ordinances to get around this obstacle. Another alternative, a joint sitting of

15. C. Raja Mohan, "Chinese Takeaway: Not So Coy," *Indian Express*, October 8, 2014, <<http://indianexpress.com/article/opinion/columns/chinesetakeaway-not-so-coy/99/>>, accessed October 10, 2014.

the two houses, would be an unusual and divisive method of legislating. The election and its aftermath marked some new departures for the BJP, including a generational change in the party leadership. Several very senior leaders were denied their preferred seats and were also overlooked when the new cabinet was formed. Narendra Modi achieved unusual personal prominence within a party that prefers not to emphasize personal leadership.

This was an unusual election for India in other ways. As well as delivering a majority for a single party, the election was framed as a decision about economic development. Political parties in India have tended not to debate economic issues during elections. The focus on governance was unusual as well. Improving the performance of public institutions will not be easy. It remains to be seen if the new administration can avoid high level corruption and distance itself from businesses that profit from regulatory largesse. Improving economic growth and generating employment will be challenging too.