

## **Asia Rising Podcast – Ian Hall – Modi**

### **Professor Nick Bisley**

Welcome to Asia Rising, a podcast of La Trobe Asia where we examine the news events and general happenings of Asia's states and societies. In today's podcast we're running a critical eye over the first year of the government of Narendra Modi and with us, we're pleased to have Professor Ian Hall, a long time India watcher, Professor International Relations at Griffith University. Thanks for joining us Ian.

### **Professor Ian Hall**

Thanks Nick.

### **Nick Bisley**

So we're almost twelve months, 26<sup>th</sup> May marks twelve months to the day of the election. How would you assess the first twelve months and perhaps use what the Obama Administration apparently does, they give themselves this grading reports, you know an A+ or a D- and the like. So if you had to give them a letter score like it's a primary school, what would you score them and more importantly why?

### **Ian Hall**

I think you would have to score them at about 7 or so, it's a bit of a challenge because expectations obviously were extremely high at the start of the government and I think there was a view in the electorate and also in some of Modi's high profile supporters, that there was going to be some major changes particularly in terms of accelerating the economic growth in India and those haven't happened. The budget was a bit of a damp squid, we haven't seen as much action on economic issues as we might have expected or as were expected by the electorate and so I think a 7 is reasonable given that there's also been extraordinary activism in other areas like in Foreign Policy.

### **Nick Bisley**

There was an interesting piece in one of the Indian newspapers looking at the economic indicators comparing Modi to the second term of Manmohan Singh's government and in many respect Singh's government in the first year achieved more and, of course there's these bigger questions around the broader economic context. Whether you look at GDP growth, whether you look at Import/Export figures, whether you look at investment, everything seems to be not tracking as they might have expected. Are there any particular reasons why you think that might be?

### **Ian Hall**

You are absolutely right, if you look at the numbers, we might be seeing between 7% and 7.5% in economic growth and GDP growth, this financial year, and although the expectations seems to be that will tick up to 8%, maybe even 8.5% in the next two years, 7% – 7.5% is at the lower end. If we look at the stock market performance as well, there's a kind of lack of confidence there I think, in Modi's government and in the economic prospects for the country. Economic growth is a little bit higher than what it was under Manmohan Singh but, we could attribute that to the very low oil price and a big change there.

In general though, India's consumer confidence doesn't seem to be terribly high, it's farming sector which is makes for a big sector of the economy has not done well, there have been problems with the rains and obviously Indian agriculture is very rain dependent. The monsoon

wasn't good, it doesn't seem to be good, the one that's coming along. So there have been some real problems there and although inflation has come down because of lower energy costs and that's helped as well as the prices themselves, we're just not seeing as much economic growth as people thought. The charitable interpretation seems to be that Modi has tried to deal with some policy problems that are a kind of 'low hanging fruit,' that he has been able to deal with, loosening some of the rules around investment for example, those reforms take a while to flow through into the economy and to in fact grow. So his reforms so far have been piecemeal and you could argue that the growth so far hasn't really been to be with better global circumstances.

### **Nick Bisley**

At the start of the government and now there was a lot of criticism from BJP supporters who, essentially were not given favour under Modi and perhaps the interview that Arun Shourie gave was pretty scathing, two things stood in my mind, one was the claim that Modi has no vision for the economy and the other that turning a blind eye to encouraging right wing attack. Do you think this criticism is reasonable or is this perhaps the ongoing grumblings of discontented out of favour BJP types?

### **Ian Hall**

They're difficult contexts within his own party and also in terms of his relationships with the RSS, the Rashtriya Swayamsevak Sangh the right-wing activist movement that backs the BJP. He alienated elements of the RSS as chief minister in Gujarat by sidelining some of their prominent members and he has arguably also sidelined some RSS, senior RSS people during the course of his last year as a national leader. Some people have argued, and I'm not sure how plausible this is, that Arun Shourie's criticisms were the criticisms of the RSS. He has also got problems internally, his old patron who helped put him in the position that he's in, L K Advani, apparently I've heard, 'hates him', is the word that's been used.

### **Nick Bisley**

Technical term there.

### **Ian Hall**

Yes, and is jealous of his success, so when you've got party elders like that, who are not necessarily on your side, then you do have serious internal tensions. And one interpretation of some of the unpleasant things that have been done on social issues: if you think about the RSS and other nationalist groups campaigning on eating beef in Maharashtra, on the so-called Love Jihad; the idea that Hindu girls are being converted to Islam by marriage, on Ghar wapsi; the idea of reconverting people from Islam or Christianity or Buddhism back into Hinduism. These sorts of social activism issues that have come up with the Indian Nationalist Movement, Modi doesn't seem to be willing to be able to control those and it may be that that's the safety valve or that's them venting when they can't control economic or foreign policy, or can't have as much influence as they'd like. So there are obviously internal tensions within the movement or within the BJP and that may be affecting Modi's Government.

### **Nick Bisley**

Another criticism that you see fairly regularly, and that's something we talked about in a previous podcast after Modi's visit to Australia, and that's the sense that there's a whole lot of power concentrated in a very small number of office holders, sometimes referred to as The Trinity. Amit Shah, Modi and Arun Jaitley the Finance Minister. Do you think that criticism is fair, that big decisions are made by a small number of people, or again is this people chucking rocks?

### **Ian Hall**

It is clearly the case that Modi wants to rule like a chief executive, he wants to have a board

around him of both public servants and politicians that are supportive of his agenda and he believes that having a team that's loyal to him and competent and their competence has been tested by him is important. And he used that approach in Gujarat to great effect, and he takes a great interest in how public administration is done and how change is effective within governments. It's also the case though that Indian government tends to be highly personal, Nehru's government was highly personal, he didn't often trust or rely upon many of his ministers and the same was true of almost all of his successors.

It tends to be much more personalised government where particular public servants, who are loyal to the Prime Minister, tend to be those that are making the decisions and pushing change, so partly he's just governing within an Indian tradition. Partly he has centralised because he likes this more corporate CEO form of government.

### **Nick Bisley**

In such a big country where you've got so much to do, do you reach that basic information overload problem where you just can't possibly be across everything because, if you're trying to be the CEO and that pulls the levers when there's so much to do, you just run out of time, run out of information?

### **Ian Hall**

That's right to some extent, but Modi's come up with some ways of dealing with that problem by all accounts. He asked his public servants to distil their thoughts on a particular topic down to only a few power point slides, and then present them to him in a very short space of time. He seems to control meetings very effectively and he seems to know what sort of information he wants. He also asks his public servants not just to brief him on the problem, but to give him solutions, and trusts them then in those solutions. So the story seems to be that he deals with those problems of information overload and of the sheer weight of problems that India faces by bringing in competent trusted lieutenants, and then empowering them and showing his confidence in them and trying to get them to solve the problems rather than pushing everything upwards.

There's a tendency in all bureaucracies and there is a tendency in Indian bureaucracy to push up difficult issues to the top, to not take responsibility for those issues. We know that when Modi was running Gujarat, he said publicly, and he said privately to his public servants, he wanted them to take responsibility and if they made mistakes that he would back them so long as they were trying to correct those mistakes. Now there's some spin around that of course, but this seems to be good management technique and quite self-conscious on Modi's part.

### **Nick Bisley**

The perception maybe that politically there's this small group of people making decisions but actually he's focusing much more on public administration than bureaucracy, and perhaps sidelining the cabinet, which may not necessarily be a bad idea and empowering in that respect.

I want to move to how he's travelling politically in the country because I think, casual observers of Indian politics might have been astonished that, about six or eight months after this whopping electoral victory, his party goes and loses in the capital city, in Delhi late last year. Firstly, what accounts for that and then secondly how's he doing? Is that indicative of how he's travelling or is that a really peculiar situation in Delhi?

### **Ian Hall**

I think my view is that it's a very peculiar situation, obviously you can attribute some of that election loss to some dissatisfaction with the way that Modi's government had travelled in the

first few months. The other thing to say is that Delhi, like a lot of national capitals is an unusual city. It's unusually dependant on government, on public service and public administration itself, as we know from other such cities, they tend to be more left leaning rather than right leaning cities. It's impossible to imagine Liberals winning Canberra, or the Republicans winning Washington. It just simply doesn't happen.

Then you also have a large transient population as well, that has aspirations and if those aspirations aren't satisfied quickly, they tend to change their political allegiances quite fast. We can't discount the personal factor there that Kejriwal, the head of the Aam Aadmi party, the Common Man Party. So there were a number of different factors I think, but I think Delhi is a kind of a peculiar case and there will be some more test cases with other states that come up over the next few months and the next year and a half to come will be more meaningful I suspect.

### **Nick Bisley**

Yeah, I mean you saw the trend generally, where there's been state elections that the BJP has consolidated its position and Delhi does seem to be the outlier. No role in your account for the suit?

### **Ian Hall**

[Laughter] Modi's sartorial style is irritating, I think there are some people who find it an indication of egotism or megalomania, the suit was a classic example of that. It's also become a little bit of a joke, I see satirists yesterday were poking fun at his outfits in China, particularly his sunglasses, so it is becoming a little bit of a joke. But when people are talking about his suits they're not talking about his political record and that's arguably a good thing if things aren't going necessarily as well as he'd like.

### **Nick Bisley**

So let's turn our attention to foreign Policy because that's an area where we've been surprised at just how active that Modi has been and at least at the surface level, he seems to have been really making his mark. He's travelled an enormous amount in his first term, I think by one account he's spend almost a quarter of his time out of the country. Big successful visits to the US, to Australia, to Canada, the UK, probably the most successful being in terms of developing a remarkable personal rapport within Japan. So why is he spending so much time abroad and do you think it's effective?

### **Ian Hall**

There are a number of different interpretations of this, the uncharitable interpretation is that this is about his ego, somebody who has to be taken into consideration. The more charitable interpretation; and I sit somewhere the two of these, is to say that Modi is trying to build India's confidence, which is important in terms of getting the economy going. He's also trying to drum up investments in India and he has emphasised throughout these foreign trips, aside from the defence deals and so on, this concept of trying to make India a manufacturing hub in the way that China was, and still remains to some extent. And so a lot of what he's been trying to achieve is to try and pull inward investment into India and to try and pull companies into manufacture in India and in that sense it's a continuation as what he was doing as Gujarat's Chief Minister. He was one of the more travelled Chief Ministers and where again he focused on this idea of dragging in FDI and dragging in some manufacturing companies into Gujarat.

### **Nick Bisley**

I've also been quite surprised at the extent to which; at least they're talking about, security issues, weighing in on things like the South China Sea disputes and not just trade promotion, investment promotion, but to be taking positions that one might not have expected them to do. Do you think

that reflects the fact that India's possibly feeling more secure at home?

**Ian Hall**

I think there's a bit of both, I think it's now more obvious than it's ever been though that India's big Foreign Policy challenge is managing China and all that goes with China's rise. And so, every aspect of the foreign policy aside from the desire to boost economic growth which is the top priority, all the other aspects of Modi's Foreign Policy so far have been trying to manage the China challenge. So that involves trying to rebuild relationships with South Asian States, he's made visits to South Asian States, that an Indian Prime Minister hadn't been to some of these neighbouring states in thirty years and he's prioritised that.

He's been keen to go to Sri Lanka for example and try and encourage the new Sri Lankan Government to move away from semi-alignment with China, back towards a closer relationship with India. So in South Asia, he's really pursued a policy of open handedness, of saying, *"India might be big but don't be threatened by us, we'll help you out if there is a natural disaster as there's been in Nepal, and we will try and implement trade deals with you or infrastructure deals even when they're not necessarily to our advantage but they're to the regions advantage."*

But then when it comes to relationships with South East Asia and East Asia it's quite clear that China is uppermost in his mind and following the US line on the South China sea, as effectively India is now doing, is about drawing a kind of implicit analogy with the borders with India and saying you know, *"We don't want any changes to the status quo through use of force"*, and recognising that these things are International problems; they're not problems as the Chinese would argue, they're not bilateral problems with China and some of its neighbours.

**Nick Bisley**

In his foreign policy I think we've seen a reflection also of this domestic policy of it being really personalised, it's about Modi, - India is Modi - Modi is India, and he is making these personal connections whether it's with Obama or whether it's with Abe or even with Tony Abbott.

Do you think that's a sustainable approach? And having everything run out of the PM's Office and being achieved by the PM seems to be a potentially risky way of running things.

**Ian Hall**

I think again, a bit like the way that he's approached the domestic bureaucracy, we have to bear in mind that Modi has made some quite extensive changes to the foreign policy apparatus within India. Bringing in Ajit Doval as a former intelligence chief in the past as the National Security Advisor, Broker, and almost unbroken tradition of having the Ministry of External Affairs Officers in the position of the National Security Advisor, replacing the Foreign Secretary, the Head of the Ministry of External Affairs with S Jaishankar, who's the former Ambassador to Washington.

Replacing that post just after the Obama visit to India in January was also a very significant move. Jaishankar is extremely competent, very smart, but doesn't lean towards the Chinese as some in the MEA do and takes a much more realistic view of International Politics, and some would say a quite cynical view, in fact some of his interview have been extremely Machiavellian.

**Nick Bisley**

Yes, fairly old school realist in his approaches.

**Ian Hall**

Exactly, he is trying to reform the MEA, he's trying to reform the PMO, so he's building an apparatus around him, to make sure this personalised foreign policy works. But remember what

he's doing here in terms of leadership. Some leaders gather together their bureaucracy behind them and then move forward in locked step. Other leaders leap out ahead and then say, *'Right your challenge is to follow me'*, and what Modi has been doing in some cases, say with the relationship with the US, has been leaping way ahead of where the MEA is comfortable with being and then saying, *"Right now it's your job to catch up"*. And that is a brave, courageous to use Yes Minister type language, foreign policy to adopt, but so far it seems to be paying dividends.

**Nick Bisley**

Which I guess brings us to the question of ambition and capacity that's always dogged Indian Foreign Policy. Do you think under Modi, India is going to be able to match its ambition and these markers that it's laying down with resources, with its capacity because that seems to be a perennial problem. What's your sense as to the ability to deliver over the longer run?

**Ian Hall**

The Indian elite understand, and Modi understands that, only through sustained economic growth over a twenty year period, can India really have the kind of weight in international affairs that it wants. I think they're pretty realistic about that, I think that the leaps that have been made, they're gigantic leaps in terms of Indian perceptions and they're gigantic leaps in terms of changing the way that India behaves. But the deals that were done when Obama visited India were small change really compared with some of the others that the Chinese have done with other States in the region, so there is a limit to the ambition as well. I think their style is very bombastic and brash, it's very different to Manmohan Singh and so sometimes creates the impression that the ambitions are running way ahead of the capabilities but I suspect that Modi understands that part of this is a confidence trick.

It's not a criticism, sometimes confidence tricks pay off in international politics, but also part of it is about trying to build that confidence which is necessary to build India into the kind of economy that it needs to be if it's going support an ambitious foreign policy and really the too just the last thing on this is to say, where Modi has pushed and not got anywhere he's just stopped.

The relationship with Pakistan for example, he tried to put his hand out to Nawar Sharif, right at the beginning of his government, he really got nowhere with Pakistan and so he gave up. Same thing goes with SAARC [South Asian Association for Regional Cooperation], I think they're pretty realistic about SAARC, they don't think that this regional co-operation is going to advance pretty quickly, so Modi goes in, exhorts everybody to act but knows that action will be slow. Again I think we can be really confident that Modi is competent in this space, much more competent than perhaps we thought he might be, given that he had no experience of foreign policy before he became Prime Minister.

**Nick Bisley**

Alright, I think that's all the time we have, thanks for joining us Ian.

**Ian Hall**

Thank you very much Nick.

**Nick Bisley**

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