

Will India's New Government Strive To Quickly Meet Expectations?

by Ramtanu Maitra

July 29—At the time of this writing, India's new government, under the National Democratic Alliance (NDA), led by Prime Minister Narendra Modi (Bharatiya Janata Party/BJP) has completed its first 65 days in office. While the NDA's scorecard over this period has not been spectacular, it is nonetheless, impressive. Considering the task that lies ahead, the Modi government will have to address, quickly and decisively, many complex issues that have remained unresolved until now. The indecisive and corrupt prior ten years under the United Progressive Alliance (UPA) government had kept India constrained, and a rather weak participant in important global, and even regional, affairs. That was the prime reason why the Indian people, with its vast multitude of young voters (nearly two-thirds of Indians are under 35; half are under 25), threw out the old, and gave this new administration the mandate to exercise power. They want results.

The most promising opening that Prime Minister Modi has created during this period was exhibited at Fortaleza, Brazil, in mid-July, where he, along with fellow BRICS (Brazil, Russia, India, China, and South Africa) heads of state, made the historic decision to create the \$100 billion New Development Bank (the idea of setting up such a bank was mooted in 2012 at the BRICS Summit in New Delhi), and a \$100 billion foreign currency reserves pool. The authorized, dedicated, and paid-in capital will amount to \$100 billion, \$50 billion, and \$10 billion, respectively. The Bank will be involved in infrastructure projects in the BRICS nations.

Shanghai won the bid to host the Bank, while India will hold the presidency for the first six years; its regional office will be in Johannesburg, South Africa. The five countries will have equal shareholding in the Bank; their finance ministers will constitute the NDB's board, which will be chaired by Brazil.

More Capital for the New Development Bank

Although the NDB is highly under-capitalized, in light of the fact that the world now needs at least \$1.5

trillion to develop the infrastructure that would provide food security, increase productivity, and usher in a better future for the generations to come, it is no doubt an opening to push aside the corrupt Bretton Woods financial system, which has turned into a looting machine of the colonial powers and their cohorts. It is likely that the BRICS heads of state will quickly realize this shortcoming, and build up the NDB to play a substantial role as the alternative to the dying transatlantic system.

In this context, Modi, as the president of the Bank, must move quickly to convince particularly his Chinese and Russian counterparts, to ensure that the Bank will succeed. Its huge tasks will include providing electrical power, water distribution systems, modern transport infrastructure, decent education and health care, etc., rather than allowing under-developed nations to continue to sink under under heavy debts imposed by the sharks of the London- and Wall Street-led financial institutions.

More Nuclear Power Needed

The expansion of electrical power should be subsumed under a fresh scientific and technological surge. The Prime Minister has indicated that this could be an important item in his developmental agenda. On July 21, Modi visited India's premier atomic energy research facility, Bhabha Atomic Research Center (BARC), and said India's self-reliance in the nuclear fuel cycle, and the commercial success of indigenous reactors, demonstrate that with vision, resolve, and hard work, India could be a front-ranking country in the most challenging fields. He reiterated his belief that energy security, based on clean and reliable sources of energy, must be the driver of India's rapid and sustained long-term development.

On the sidelines of the BRICS Summit, Modi met with Russian President Vladimir Putin; he reportedly said that he looked forward to working with Putin to further deepen and broaden the two nations' strategic partnership, including in the areas of defense, nuclear energy, space, trade and investment, people-to-people

contacts, and addressing regional and global challenges. Putin, in return, said Russia places its relations with India high in the strategic framework.

In addition to India's significant dependence on Russia-supplied military hardware, nuclear power projects have emerged as a focus of India-Russia relations. Russia has built two 1,000 MW nuclear power plants in Koodankulam, Tamil Nadu (one has been commissioned and is producing at 100% efficiency, while the other is expected to be commissioned sometime later this year), and has committed to build two more 1,000 MW plants there, providing a boost to India's much-needed power generation.

Another reflection of Modi's commitment to pushing India's high-quality infrastructure development to meet the demands of the younger generation, is his close contacts with Japan, where he is scheduled to visit at the end of August. Modi has developed close relations with Prime Minister Shinjo Abe, who is very keen to establish a strong developmental relationship with India in the coming years.

The New Delhi-based news daily *The Economic Times* (July 23), citing a Japanese official, explained why an earlier trip by Modi to Japan had been postponed: The Japanese side had presented a list of pending projects to the Indian Prime Minister's Office a few weeks before. But Modi realized that the Indian side was not prepared, and did not want to visit Tokyo merely for photo-ops. "The idea was to utilize the two-month period to prepare for a concrete outcome from the trip, where a civilian nuclear deal and high-speed railway could be announced," according to the unnamed Japanese official.

Since then, senior Japanese officials have visited to India to work on the nuclear deal. On May 29, 2013, Prime Minister Abe and his then-Indian counterpart Manmohan Singh had signed a deal that would allow Japan to export nuclear plants and strengthen civilian nuclear energy and defense cooperation significantly.



Bhabha Atomic Research Center

On his July 21 visit to the Bhabha Atomic Research Center (BARC), Modi said that India was poised to become a leader in the most challenging scientific fields.

Space Collaboration with Neighbors

In addition to Prime Minister Modi's expressed inclination to expand nuclear energy production, he is a strong proponent of space research. Claiming that he never missed an Indian satellite launch using India's PSLV rockets, at the June 30 satellite launch site, he asked the Indian space agency ISRO to develop a SAARC satellite (South Asian Association of Regional Cooperation, consisting of Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka, and Afghanistan) that would provide a full range of applications and services as a "gift" to its neighbors. "Such a satellite will be helpful in the SAARC nations' fight against poverty and illiteracy, the challenge to progress in the scientific field, and will open avenues to provide opportunities to the youth of the SAARC countries," he said at ISRO's Mission Control Room on June 30.

'Vasudhaiva Kutumbakam'

Elaborating on his keenness to develop closer scientific and economic relations with the SAARC members, he said: "For us, [the space program] is an important instrument of human progress. We must, therefore, share the fruits of technological advancement with those who do not enjoy it. We already share disaster management data with over 30 countries. We provide benefits of telemedicine to Afghanistan and African countries. But we must do more. 'Yeh dil maange more' (the heart de-

sires for more),” Modi said, repeating a well-known advertising slogan. He has also often referenced his mooring in the Sanskrit saying “Vasudhaiva kutumbakam” (The entire world’s citizens are my family).

Another encouraging factor is Modi’s stated initiative for developing closer ties with India’s neighbors—particularly in the East, to open broad economic and trade relations with Southeast Asia and China by land. The Prime Minister made the little mountain-state of Bhutan, situated north of India, his first foreign destination, after taking office on May 26. Subsequently, his External Affairs Minister Sushma Swaraj undertook a successful June 26-27 visit to Bangladesh to initiate closer cooperation with Dhaka.

External Affairs Minister Sushma Swaraj also made a three-day (July 25-27) visit to Nepal, ahead of the visit of the Prime Minister on Aug. 3. The joint communiqué issued at the end of the visit specified prioritization of the Pancheshwar Multipurpose Hydro Project on the Mahakali River that borders India and Nepal. The timing of Modi’s visit demands a recalibration, including the exploration of an imaginative India-Nepal-China trilateral partnership, in areas such as hydro-power, with India as a possible end-user. In the long run, Nepal could also become a candidate to benefit from the recently formed BRICS bank, opening the prospects of convergence between SAARC and BRICS.

New Delhi has announced that as part of the Modi government’s emphasis on neighborhood outreach, Minister Swaraj will now head for Myanmar this month. She will also set the stage for Modi’s visit to Myanmar in November to attend East Asia Summit/ASEAN-India Summit, reports indicate.

It is evident that Modi has realized what the late Prime Minister P.V. Narasimha Rao had crafted in the early 1990s—that India must open up its eastern horizon to have a direct land-link with China, Southeast Asia, and East Asia. Such a land-link will provide a huge boost to economic activity in India’s northeast, and bring the smaller nations of the region to develop closer economic ties, thus creating a framework for a regional security system.

In addition, during its short time in power, the new government has revived the moribund interlinking of river basins and sub-basins to provide water to the water-short economies of many states within the Republic of India. A token allocation in this year’s annual budget suggests that the government’s approach on this important issue, which has remained unattended for decades,

is cautious. The small budgetary allocation indicates that the Modi government is looking to achieve in the near term only the linking of rivers of sub-basins within a basin, or nearby basins, instead of going for distant inter-basin river linkages.

Skill, Scale, and Speed

But these are just the early days of the Modi Administration. A few corrective measures in the coming months and years could meet the thirst for development that the millions of India’s young people unequivocally expressed in the 2014 general elections. What are those corrective measures?

To begin with, the Prime Minister must realize that the importing of nuclear power plants should only supplement India’s indigenous decades-long nuclear power generation capability. India has developed very strong nuclear research and design capabilities. In order to translate those capabilities to generate commercial electrical power and bring hope and joy to all Indians, Modi must roll up his kurta sleeves to push rapid growth of the heavy engineering sector and other logistical capabilities essential for building a large number of nuclear power plant sets annually.

In a speech on June 8, Modi said, “The need of the hour is to think big. The more we focus on skill, scale, and speed, the more it will increase India’s growth trajectory.” In the power sector, in the water distribution sector, and in the transportation sector, all Indians, including myself, will be looking for the implementation of those three stated objectives at the earliest possible time.

Secondly, the development of the northeast, and collaboration with the independent nations located along India’s eastern flank are not only a must-do, but also a challenging task. The earlier this challenge is taken up, the better it will be for India and the region. To begin with, the Modi Administration must get together with the smaller bordering nations to develop transport-energy and economic corridors that would open up massive productive potential and manpower development for all those countries that have been pauperized by IMF-World Bank-led financial looting during the last 40 years.

China has used high-speed railroads to bring countries closer and provide opportunities for those countries to grow. India must develop economic corridors to bring its small and neglected neighbors closer together and open up a new potential for the generations to come.