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## **THE NEW INDIAN GOVERNMENT AND JAPAN**

***Toru Ito***

For the first time in ten years an administration led by the Bharatiya Janata Party (BJP; Indian People's Party) has taken power in India. Although Prime Minister Narendra Modi has no experience in national politics, the business community inside and outside the country has high expectations of him as a business leader who as Chief Minister of Gujarat helped that state achieve economic growth. On the other hand, he is also known to be an exclusionary Hindu nationalist. Judging from his administration's first month or so, it would appear, though, that the latter facet, a concern among Western countries, has been "shelved" for the time being at least.

*The views expressed in this piece are the author's own and should not be attributed to The Association of Japanese Institutes of Strategic Studies.*

The administration has been careful to refrain from any words or deeds that might conjure up images of Hindu nationalism, and it has been fully dedicating itself to improving relations with India's neighbors and major powers to reinvigorate the country's sluggish economy and improve its business environment.

It goes without saying that this economics-oriented leadership stems from Prime Minister Modi's own personality, but the fortunate domestic political environment in which he finds himself must also be pointed out. With Modi as the centerpiece of their campaign, the BJP won an unexpected landslide victory in the general elections, notably marking the first time in 20 years that any party in India has won a single-party majority. Consequently, Modi enjoys an extensive power base within his party, on par with that previously held by Prime Minister Koizumi in Japan's Liberal Democratic Party (LDP). There do not appear to be any senior legislators or factions willing or able to "remote control" him.

The BJP has not dissolved its pre-election alliance (National Democratic Alliance; "NDA") despite its overwhelming victory but, although the new administration is ruling as a coalition government, the influence of the other coalition partners is now far less than those of minor partners in the Indian National Congress coalition government or even the previous BJP coalition government. This is because there is no fear that the government might collapse if any of the other parties leave the coalition.

As a result, Modi is extremely unlikely to suffer the same troubles as his predecessor Prime Minister Singh, under whom the federal government's foreign and security policies were often subject to the influence of regional political parties and left-wing forces. Indeed, Modi was able to override the concerns expressed by Shiv Sena, said to be the most right-wing faction within the NDA, regarding his inauguration ceremony invitation extended to Prime Minister Sharif of Pakistan.

An extraordinarily "strong coalition government" led by Hindu nationalists does pose the danger of a more likely resort to hardline measures in reaction to a terrorist attack, foreign incursion or other crisis, but it also has the potential to improve the heretofore stagnant relations with neighbors and major powers.

Because he is regarded as a nationalist, he will be able to counter the arguments of domestic hawks opposed to peace and reconciliation efforts, and his overwhelming parliamentary majority will allow him to proceed without having to take into account the objections of minority partners. In other words, the federal government can do much to promote India's national interest.

It seems that India expects Japan to play a great role in this respect. Modi's trip to Japan scheduled for early July has unfortunately been postponed because he has given priority to attending the parliamentary budget session, but relations with Japan will likely be more important for him than for the previous administration. Japan will find it necessary to deal with him in light of his emphasis on practical benefits as noted above.


Above all, Japan should be cautious about laying stress on the 'China threat'. The Modi government is quite alarmed over border issues with China as well as China's expanding influence in countries around India, and Modi himself has indicated that he will be far less hesitant than the preceding administration about taking countermeasures, including development of border infrastructure, naval expansion and rapprochement with India's smaller neighbors.

Nevertheless, Modi pragmatically recognizes that cooperation with China, a neighboring economic power, will be essential to boost the Indian economy, so he will undoubtedly adopt a more active policy of engagement with China than that of his predecessor. He underlined his government's willingness to welcome Chinese investment in infrastructure and industrial parks during the first sideline meeting with Chinese President Xi Jinping at the BRICS summit in mid-July. Accordingly, it is not possible that he will jump on board any blatant effort to send a message about "containing China" that will unavoidably and excessively provoke China. In this respect, Japan-India or Japan-US-India cooperation will be limited to low-profile meetings and exercises as well as to confirmation of the importance of norms and rules such as the freedom of navigation.

The key for Japan will be to convince Prime Minister Modi, who advocates a policy of economic revitalization known as "Modinomics," of the degree to which Japan can contribute in the arena of economics, one in which China's cooperation is regarded as vital. It hardly need be said that, unlike China, Japan

poses no security threat whatsoever to India. Even though India has a tremendously adverse trade balance with China, Japan cannot approach China's volume of trade with India, which has high expectations of the possibilities available from opening the enormous markets of China.

Modi also seems intent on lifting the ban on Chinese investment in Indian infrastructure and telecommunications, sectors currently restricted for the most part, in order to foster India's lagging industrial base. India is quite likely to place Japan and China on the scales in future to weigh the respective advantages each offers, so selling Japan's impressive technological capabilities will be of great significance.

The specifics of Modinomics have not been worked out yet but, if Modi will be following the model that he pursued in Gujarat, then he can be expected to advocate a course of improving infrastructure such as nuclear power and other electric power networks and roadways, actively introducing foreign capital into these infrastructure projects, and expanding India's lagging manufacturing industry. Efforts should be undertaken right away to determine the affinities and complementarities between Abenomics and Modinomics. 

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