

India's Narendra Modi is good news for Australia

Opportunities abound in business and foreign policy, but we must expect the unexpected, write **Rory Medcalf** and **Danielle Rajendram**.

After years of slowing growth, corruption and political paralysis, Friday's resounding change of government in India promises to be a turning point in the development and self-confidence of the world's largest democracy.

The victory of the charismatic, intensely driven Narendra Modi and his Bharatiya Janata Party (BJP) is also good news for Australia's relations with India. But amid the excitement, it will be important for Australia and other friends of a rising India to keep some perspective and manage what will be a juggernaut of expectation.

The vast constituency of Indians who have embraced Modi's message of economic growth, good governance and national pride are right to celebrate.

The BJP, led by Modi, secured a historic 282 seats in the Lok Sabha, India's lower house of Parliament. Although accounting for only 31 per cent of the vote, the BJP now holds enough seats to form government without the unwieldy array of coalition partners usual in Indian politics.

This is the first such decisive mandate since 1984, and the first time it has been delivered to the nationalist, right-leaning BJP rather than the Indian National Congress, the party of Indian independence and the left-liberal secular establishment.

Indeed, Congress, which has led coalition governments for the past 10 years, secured only 44 seats and 19.3 per cent of the vote. This is a humiliating rejection of dynastic politics, a loss of faith in the Congress party's ability to govern. These results cast serious question on the electoral survivability of the Nehru-Gandhi dynasty, led so blithely to oblivion last week by Rahul Gandhi.

Importantly, these results also reaffirm the strength of India's democracy. There were record voter turnouts, with a participation rate of 66 per cent, higher than the level of voter engagement in some other countries with non-compulsory voting systems, notably the US.

Foreign prejudices about India often focus on the entrenched inequalities of the caste system, but Modi's win was an undeniable victory for merit and social mobility. Quite separately from its association with Hindu culture, the BJP this time mobilised tens of millions of the young and the aspiring in a nation undergoing rapid social change.



And India's increasingly influential business community has been in lock step behind Modi for months, perhaps years, dazzled by his achievements as chief minister of the economically vibrant state of Gujarat.

Yet Modi's mandate brings with it enormous expectations. There will be a honeymoon period, but voters will expect to see the moribund economy kick-started. According to Lowy Institute polling, 96 per cent of Indians think - no doubt rightly - that corruption is holding their country back. Modi will need to take direct action on this score, which may not end up endearing all his business backers.

Modi and his team will need to demonstrate quickly how they can roll out the better aspects of his Gujarat

governance nationwide. If not, there may be the temptation to mollify the Hindu nationalist elements of his constituency instead, which will be dangerous for communal harmony in India.

The Muslim minority is just one part of India's diverse society that has not forgotten the mass killing of Muslims during riots in Gujarat in 2002, early in Modi's rule there. A conceivable major act of jihadist terrorism early in his prime ministerial term will test his ability to manage both India's security and its social fabric.

In general, foreign and security policy will not be among Modi's initial priorities, another reason for foreign partners such as Australia to temper their expectations.

That said, the Abbott government

may find a kindred spirit in Modi in his determination to co-ordinate diplomacy with trade and investment priorities, while giving unprecedented rein to go-ahead Indian states to pursue their own international investment links.

This economic agenda aligns well with the Coalition's mantra of economic diplomacy, and provides opportunities to strengthen Australia's flagging trade and investment relationship with India. Expect movement to finalise a uranium deal. On this score, Australia should ensure its safeguard standards discriminate neither against India nor for it.

Rhetorically at least, the BJP has set out a more ambitious agenda for India as a great power, and this will offer scope for Australia to deepen a logical Indo-Pacific security partnership with India, including means to offset China's power.

A creative starting point will be for Abbott and Modi to work together to deepen ties with Indonesia. From a domestic political perspective, Modi will be wise to reach out to Indonesia to counter any lingering views about anti-Muslim prejudice. This aligns well with Australia's own interests.

Another area of striking strategic convergence will be for Australia and India to work together on strengthening ties with Japan, in recognition of Japan's emerging confidence and strategic potential. Tokyo was willing to engage with Modi when much of the West was shunning him over the legacy of 2002.

Given Abbott's own closeness to Japanese Prime Minister Shinzo Abe's ambitious strategic agenda, a trilateral dialogue between Australia, India and Japan about how to shape a changing Asia is in the interests of all three states.

Yet this should not be rushed, as Modi will be careful not to be seen to be containing China's rise. Despite his suspicion of China's strategic intentions, Modi more than any previous Indian leader admires the Chinese model of development.

At the same time, Australia is well placed to help Modi's India in pragmatically rebuilding bridges with the US, a relationship damaged by the US denial of a visa to Modi in 2005, among other perceived slights.

The little-known but notably far-sighted decision by the Department of Foreign Affairs and Trade to invite Modi to Australia on a special visit in 2001 has laid the groundwork for some rapid progress on cultivating India's new leader.

So Canberra will be right to seek a full bilateral visit to Australia by Modi, in addition to his attendance at the G20 summit in Brisbane in November. And, in the meantime, Abbott will be well advised to brave the temperatures of Delhi in summer and pursue one of the first visits to the new India by a foreign leader.

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