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Wagner, Christian; Lemke, Jana

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SWP Comment

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India: An Ambivalent Partner for the West

Growing Commonalities, Growing Differences

Christian Wagner and Jana Lemke

The relationship between India and Western countries is increasingly characterised by a paradox. On the one hand, the country's rise has caused both sides to increasingly share geostrategic interests, for example in the Indo-Pacific. On the other hand, differences are growing as New Delhi's domestic policy moves further and further from Western ideals – this applies to economic policy as well as the state of Indian democracy. This change is affecting India's relations with Germany and Europe as the promotion of Indian industry and the restriction of democratic rights also affect European companies and civil society organisations respectively. The narrative of a partnership with India based on shared values, which has been cultivated for decades in Europe and the USA, will shift more towards coinciding strategic interests and less towards common democratic values.

India's rise since the 1990s has made it an important partner for Western countries. It boasts a growing number of strategic partnerships and economic successes, carries weight in institutions of global governance and participates in the Quadrilateral Security Dialogue (the Quad) – all of which underscore India's newfound geostrategic importance. The Biden administration has reiterated that the country is a central pillar of the USA's Indo-Pacific strategy. The European Union has announced a connectivity partnership with India that will put the already good relations between the two on an even broader footing. The German government's Indo-Pacific guidelines emphasise cooperation with "value partners" in the region, which includes India. New Delhi, for its part, needs bilateral exchange

with Western states in order to advance the country's path towards economic and military modernisation.

But despite this new geostrategic common ground, the West's relations with India are likely to become more difficult, not easier. The reasons for this are found in various domestic political developments in the world's largest democracy. First, India has seen the dismantling of democratic rights since Narendra Modi of the Bharatiya Janata Party (BJP) came to power in 2014. For example, Freedom House's *Freedom in the World 2021* report rated Indian democracy as "partly free" for the first time since 1997/1998, while the Swedish V-Dem Institute recently declared the country an "electoral autocracy". Secondly, New Delhi is pursuing a new economic policy of self-



reliance, thereby promoting national industry.

India's Democracy: Unity over Diversity?

The Modi government was endorsed by the electorate for its vision of a new India. In its 2019 re-election, it won 303 seats (37 per cent) in the parliament, an even larger absolute majority than it achieved with its 2014 election victory when it won 282 seats (31 per cent). Of its three key promises put forth during the 2014 election campaign, the BJP has so far implemented two. First, the special rights for the state of Jammu and Kashmir were abolished; it was converted into two union territories in August 2019. Second, an October 2019 Supreme Court verdict allowed the construction of a Ram temple in the northern Indian state of Ayodhya — a project that attracted controversy for decades because a mosque once stood on the site. The third promise (yet to be fulfilled) is the introduction of a uniform civil code, which would presumably curtail the rights of religious minorities.

The BJP's ideological basis for the re-orientation of the country is rooted in the idea that India is first and foremost a Hindu state. Hindu nationalism is based on the notion of Hinduness (Hindutva), the basic foundations of which were formulated in the 1920s and 1930s by V. D. Savarkar and long-standing leader of the National Volunteer Corps (Rashtriya Swayamsevak Sangh, RSS) M. S. Golwalkar. As an ideology, Hindutva is modelled along the lines of ethnic nationalism of 19th and 20th century Europe. Its aim is to create a Hindu nation (Hindu Rashtra) based on a common language, history, culture, geography and ancestry. Initially, this strain of thought was also associated with the rejection of outside influences, in that the conquest of India by Muslims and later by the British was seen as the cause of the supposed decline of Hindus. Sentiments of the unity of the Hindu nation find expression today in slogans and demands such as “One Nation”, “One

Constitution” and “One Language”. Until now, the principle of “Unity in Diversity” was considered one of the central foundations of the Indian constitution. The ideas of Hindutva, on the other hand, tend to subscribe to a principle that prioritizes “Unity over Diversity”.

The shift towards an “illiberal India” (Sumit Ganguly) is evident in several ways. First, criticism of the government is seen as increasingly undesirable. Critical intellectuals and media as well as national and international civil society organisations increasingly face bureaucratic controls or prosecution. For example, since 2014, the number of indictments for activities that “endanger the state” has risen significantly. Furthermore, in 2018 and 2019, India's internet was shut down more often than in any other democracy. The accompanying restrictions on fundamental rights are reflected in negative ratings in the *2020 World Press Freedom Index* and the *Human Freedom Index: 2020*, among others (see Figure 1). More recently, in summer 2020, it was revealed that the government used the Coronavirus pandemic as an excuse to craft a new media strategy targeting unpopular reporting. In March 2021, the government passed new regulations for internet corporations, thereby granting it further opportunities to silence critical media.

Second, by shifting personnel, the government has ensured that it gains more influence in institutions previously considered independent, including the Central Bank and the National Election Commission. Third, the Supreme Court is no longer willing to review contentious government decisions in a timely manner, including federal disputes. This was the case in August 2019 with the partition and conversion of the singular state of Jammu and Kashmir into two union territories administered by New Delhi, an action that was executed without the consent of the elected state government. In autumn 2020, the national parliament also passed far-reaching agricultural reforms even though this sector is the responsibility of the states according to the constitution. Furthermore, in spring 2021,

Figure 1

The devolution of democracy-relevant indices for India from 2014 to 2020

Democracy Index	2014	2020
Economist Democracy Index	Defective democracy Rank 27 of 167	Defective democracy Rank 53 of 167
Freedom House Index	Free 78 points	Partly free 67 points (2021)
Freedom House Index, Freedom on the Net	Partly free 58 points	Partly free 51 points
University of Würzburg, Democracy Matrix	Defective democracy 0,79 points	Defective democracy 0.62 points (2019)
Reporters without Borders, World Press Freedom Index	Difficult situation Rank 140 of 180	Difficult situation Rank 142 of 180
Bertelsmann Transformation Index	Defective democracy 7.8 points (2013–15)	Defective democracy 7.3 points (2017–19)
Legatum Prosperity Index, Personal Freedom	Rank 78 of 142	Rank 106 of 167
V-Dem: Deliberative Democracy Index 1 = high; 0 = low	0.56 points	0.3 points (2019)
CATO Institute, Human Freedom Index	Rank 87 of 159	Rank 111 of 162 (2018)

Sources: **The Economist**, *Democracy Index 2020*; *Democracy Index 2014*; **Freedom House**, *Freedom in the World 2020*; *Freedom in the World 2015*; *Freedom on the Net 2020*; *Freedom on the Net 2014*; **University of Würzburg**, *Matrix Representation 2014*; **Reporters without Borders**, *India*; *World Press Freedom Index 2014*; **Bertelsmann Foundation**, *Atlas BTI, India Overall Results*; **Legatum Institute**, *The Legatum Prosperity Index, Downloads*; **V-Dem Institute**, *Country Graph*.

the national government curtailed the powers of the elected government of the New Delhi National Capital Territory.

India’s Economy: Independence over World Market Integration?

Modi’s assumption of office in 2014 was accompanied by high hopes that India would continue its economic reforms and integrate further into the global market. Indeed, India improved its position in the Ease of Doing Business Index from 140th to 63rd place between 2014 and 2019. However, the government did not succeed in achieving its aim of increasing the manufacturing sector’s share of the gross domes-

tic product to 25 per cent in order to make it globally competitive. Instead, its share actually declined from 15.1 per cent to 14.8 per cent between 2014 and 2018. Furthermore, economic growth fell to below 5 per cent even before the Coronavirus crisis, moving the country further away from the government’s 7 per cent target.

In a speech to the nation on 12 May 2020, Prime Minister Modi announced his new concept of economic self-reliance (Atmanirbhar Bharat). Its historic roots lie in the Swadeshi movement, which advocated the preferential use of domestically produced goods and whose ideas are also reflected in the writings of the RSS. Modi thus made a U-turn in economic policy, even though this had already been foreshadowed by

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SWP
Stiftung Wissenschaft und Politik
German Institute for International and Security Affairs

Ludwigkirchplatz 3–4
10719 Berlin
Telephone +49 30 880 07-0
Fax +49 30 880 07-100
www.swp-berlin.org
swp@swp-berlin.org

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various decisions in recent years. The policy of self-reliance is in line with the “Make in India” programme that was introduced in 2014, which aims to increase exports and reduce imports. While Modi denounced growing global protectionism at the World Economic Forum in 2018, his government began raising tariffs again itself. In autumn 2019, New Delhi withdrew from the Regional Comprehensive Economic Partnership (RCEP) at the last minute on the grounds that its participation in the free trade project would further widen its chronic trade deficit with China. Indeed, during its border conflict with China in summer 2020, India's government tightened its restrictions against Chinese companies.

Albeit under different political conditions, India had already pursued a course of import substitution starting in the 1950s. At that time, the country was oriented towards socialist economic models and relied on a large state sector. Ultimately, by the time it ended in 1991, this policy only spurred an average growth of about 3.5 per cent. Modi's current concept, on the other hand, aims at privatising often unprofitable state-owned enterprises, commercialising agriculture and building up national business champions, for example in the technology sector. Prominent critics, such as Modi's former economic advisor Arvind Subramanian, object to this path, noting that no developing country after the Second World War has been able to achieve growth of more than 6 per cent through domestic demand alone.

India: An Ambivalent Partner

For Germany and Europe, India remains a key player in the Indo-Pacific in terms of foreign and economic policy. Common strategic interests, also in view of the rise of China, will generate new initiatives in areas such as connectivity, digitalisation, transportation and the maritime economy, which

will further deepen cooperation. The technology transfer afforded by German and European companies to India will make an important contribution to the country's economic recovery in the aftermath of the Coronavirus pandemic.

But Modi's new economic policy of self-reliance will likely make it more difficult in the long term for medium-sized companies in particular to enter the Indian market. This is compounded by repeated criticisms from Washington, Brussels and Berlin of the Indian government's dismantling of democratic rights, restriction of freedoms of expression and the press, and persecution of religious minorities. India's foreign minister has already signalled that his country will pay less attention to such Western concerns in future. Instead, his ministry is already considering creating its own indices so that the successes of Indian democracy can be better presented internationally. It cannot be assumed that international criticism will have any significant influence on India's domestic policy decisions. Thus, in the future, the partnership is likely to be based on mutual strategic interests more than on shared democratic values.

*Dr. Christian Wagner is a Senior Fellow in the Asia Division at SWP.
Jana Lemke was an intern in the Asia Division at SWP.*