



The University of World Economy and Diplomacy

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# Policy Brief

## Navigating a New Era: Modi's Third Term and Its Global Implications

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On June 5, 2024, the Republic of India, a federal parliamentary constitutional republic, announced the [results](#)<sup>1</sup> of its 18th Lok Sabha general elections. The Bharatiya Janata Party (BJP), led by Prime Minister Narendra Modi, secured 240 seats in the 543-member Lok Sabha, the lower house of India's bicameral parliament. This outcome was described as surprising by Indian political observers, as the BJP lost about [20%](#)<sup>2</sup> of its previous parliamentary seats, necessitating the formation of a coalition government.

This election was the largest and longest in the country's history, with almost [a billion eligible voters](#)<sup>3</sup> participating in a seven-phase electoral process. Despite the BJP's reduced seat count, this election marked Prime Minister Modi's third consecutive victory, a feat unmatched by any Indian prime minister since Jawaharlal Nehru, the first Prime Minister of independent India.

Experts highlighted the BJP's assertive and muscular approach to foreign policy, which is rooted in the party's emphasis on India's civilisational identity. In an increasingly multipolar world order, Prime Minister Modi aims to position India as a significant global power and one of the poles in the emerging international system.

### **A New Phase for India**

The outcome of the 2024 Indian general elections is expected to have a profound impact on the country's domestic, regional, and international policies. This success will not only consolidate Prime Minister Modi's position in power but also signal significant shifts in India's priorities and dynamics.

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<sup>1</sup> Krutika Pathi, Sheikh Saaliq and David Rising. "Modi claims victory in India's election but drop in support forces him to rely on coalition partners." The Associated Press, June 5, 2024. <https://apnews.com/article/india-election-results-2024-lok-sabha-modi-bjp-7893efecc83fa8225a611f174e6420ee>

<sup>2</sup> Astha Rajvanshi. "Narendra Modi Secured a Third Term as India's Prime Minister—But With Less Power Than Expected." TIME, June 4, 2024. <https://time.com/6985447/india-election-results-modi-bjp/>

<sup>3</sup> FP Explainers. "Elections in more than 80 countries in 2024. Why India's election is the biggest." Firstpost, June 4, 2024. <https://www.firstpost.com/explainers/lok-sabha-election-results-2024-india-election-biggest-13776097.html>

During his tenure, India has emerged as a rising global power under Modi's leadership. However, critics have raised concerns about rising unemployment rates, limitations on free speech, and challenges faced by religious minorities, especially Muslims, who comprise nearly [200 million](#)<sup>4</sup> of the country's population. The election victory will likely embolden Modi, potentially leading to more decisive and ambitious actions in his final term, as he seeks to leave a lasting legacy in Indian history.

Fulfilling his economic promises could be a key strategy for Modi to satisfy the population. The "[Make in India](#)"<sup>5</sup> initiative, already in place, is crucial to his future economic strategy, as it aims to increase domestic production. Notable economic successes under this initiative include a significant increase in Foreign Direct Investment (FDI) from \$45.15 billion in 2014 to \$83.57 billion in 2022, resulting in the creation of approximately 12.5 million jobs since its [inception](#).<sup>6</sup> This growth is expected to continue, with the initiative playing a vital role in shaping India's economic trajectory.

### **Relations with Pakistan and Afghanistan.**

As Modi starts his third term as Prime Minister of India, the implications of his leadership extend beyond national borders, significantly impacting regional dynamics. Under his administration, India has adopted a more assertive stance towards Pakistan, marked by military strikes in 2016 and [Balakot airstrikes](#)<sup>7</sup> in 2019, which heightened tensions between the two nuclear powers.

Despite these challenges, Modi's administration is attempting to maintain neutrality towards Pakistan, driven by concerns about China's growing influence in the region and a desire to improve relations with its

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<sup>4</sup> Lindsay Maizland. "India's Muslims: An Increasingly Marginalized Population." Council on Foreign Relations. March 18, 2024. <https://www.cfr.org/backgrounder/india-muslims-marginalized-population-bjp-modi>

<sup>5</sup> Rajeshwari M. Shettar. "Impact of Make in India Campaign: A Global Perspective." Quest Journals. April 8, 2017. <https://www.questjournals.org/jrbm/papers/vol5-issue2/A520106.pdf>

<sup>6</sup> ET Bureau. "12.5 million new jobs created since 2014: Labour minister Bhupender Yadav." The Economic Times. June 23, 2023. <https://economictimes.indiatimes.com/news/india/massive-job-creation-in-nine-years-1-25-crore-got-employment-since-2014-bhupender-yadav/articleshow/101188570.cms>

<sup>7</sup> "Balakot: Indian air strikes target militants in Pakistan." BBC. February 26, 2019. <https://www.bbc.com/news/world-asia-47366718>

neighbours. This balancing act is crucial for India's regional security and economic interests.

India and Pakistan are engaged in a competition for influence in Afghanistan, with a stable and prosperous regime in Kabul serving as a buffer zone against Pakistan's influence in the region. Over the past two decades, India has invested over \$3 billion in aid, development assistance, and in infrastructure projects. The [Chabahar port](#)<sup>8</sup> in Iran, for instance, offers a better trading route to landlocked Afghanistan and is a testament to India's commitment to the region.

Following the Taliban takeover, ties between Pakistan and the group have deteriorated dramatically. Meanwhile India has been quietly reaching out to the Taliban, with Deepak Mittal, India's ambassador to Qatar, [visiting](#)<sup>9</sup> Sher Mohammad Abbas Stanikzai, the Taliban leader, in Doha shortly after the group took power. Modi's administration has made an effort to spare the regime's feelings since the Taliban's takeover.

It appears that Modi's administration will continue to collaborate closely with the Taliban in the future to limit Pakistan's influence. Afghanistan's strategic location at the crossroads of three major regions - South Asia, Central Asia, and the Middle East - explains why India is stepping up its collaboration with the country.

### **Strategic Partnerships and Global Dynamics.**

In his upcoming term, Prime Minister Modi will continue to pursue the "[Act East](#)"<sup>10</sup> policy, which aims to counterbalance China's growing influence in the region. To achieve this goal, India will likely strengthen multi-level alliances with other nations to offset China's dominance. Energy security is another key component of Modi's campaign. India's demand for energy security, coupled with the lower pricing of Russian oil, has led to a

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<sup>8</sup> "India inks 10-year deal to operate Iran's Chabahar port." Reuters. May 13, 2024. <https://www.reuters.com/world/india/india-sign-10-year-pact-with-iran-chabahar-port-management-et-reports-2024-05-13/>

<sup>9</sup> "Meeting in Doha." Ministry of External Affairs of India. August 31, 2021. [https://www.mea.gov.in/press-releases.htm?dtl/34208/Meeting\\_in\\_Doha](https://www.mea.gov.in/press-releases.htm?dtl/34208/Meeting_in_Doha)

<sup>10</sup> "What is the Act East policy?" Narendra Modi <https://www.narendramodi.in/what-is-the-act-east-policy-579483>

significant increase in oil shipments from Russia, which now accounts for [20%](#)<sup>11</sup> of India's yearly crude imports. This development has raised concerns about India's dependence on Russian oil, with the US expressing concerns about potential US sanctions. However, India may maintain relations with Russia at a certain level in order to avoid upsetting the US. The United States has expressed concerns about India's foreign and internal policies, including human rights violations and non-compliance with [US sanctions](#)<sup>12</sup> on Iran and Russia. However, the US's focus has shifted to the Indo-Pacific region, where it is closely monitoring China and needs an ally like India. India and the US [share similar objectives, as](#)<sup>13</sup> India remains a democracy, albeit with its own drawbacks.

### **Deepening Ties with Central Asia.**

India and Central Asia share significant cultural and geopolitical ties, which will continue to shape India's regional foreign policy under Narendra Modi's leadership. Key measures taken by India to enhance economic ties with Central Asia include:

1. The Chabahar port: India's investment in the Iranian port that provides direct access to Central Asia, bypassing Pakistan.
2. The International North-South Transport Corridor ([INSTC](#)):<sup>14</sup> A multimodal network of routes that accelerates and reduces the cost of transportation by facilitating trade between India and Central Asia via Russia and Iran.

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<sup>11</sup> "India's Russia oil imports jumped tenfold in 2022, bank says." BBC. May 11, 2023.

<https://www.bbc.com/news/business-65553920>

<sup>12</sup> Namita Barthwal. "India and Chabahar: Navigating the Tides of US Sanctions." The Diplomat. May 21, 2024.

<https://thediplomat.com/2024/05/india-and-chabahar-navigating-the-tides-of-us-sanctions/>

<sup>13</sup> "Joint Statement from the United States and India" The White House. June 22, 2023.

<https://www.whitehouse.gov/briefing-room/statements-releases/2023/06/22/joint-statement-from-the-united-states-and-india/>

<sup>14</sup> Vinod Khobragade and Avneet Kumar Nim. "International North-South Transport Corridor." World Affairs. Vol. 26, No. 3 (AUTUMN (JULY - SEPTEMBER) 2022), pp. 40-53.

[https://www.jstor.org/stable/](https://www.jstor.org/stable/48712324#:~:text=SOUTH%20TRANSPORT%20CORRIDOR-.The%20INSTC%20aims%20at%20incorporating%20the%20web%20of%20rail,%20road,to%20the%20port%20of%20St.)

[48712324#:~:text=SOUTH%20TRANSPORT%20CORRIDOR-.The%20INSTC%20aims%20at%20incorporating%20the%20web%20of%20rail,%20road,to%20the%20port%20of%20St.](https://www.jstor.org/stable/48712324#:~:text=SOUTH%20TRANSPORT%20CORRIDOR-.The%20INSTC%20aims%20at%20incorporating%20the%20web%20of%20rail,%20road,to%20the%20port%20of%20St.)

3. Bilateral ties: India has established robust bilateral ties with several Central Asian nations, including strategic [cooperation](#)<sup>15</sup> with Uzbekistan, centred on commerce, defence, and counterterrorism.

Narendra Modi is expected to strengthen cooperation with Central Asia in his third term by increasing commerce, energy cooperation, cultural contacts, and security coordination to maintain India's influence in this geopolitically significant region.

India has been actively contributing to the development of the Iranian port of Chabahar, providing India with direct access to Central Asia, bypassing Pakistan. Additionally, the INSTC is a significant initiative that diversifies India's energy suppliers and promotes trade by connecting India with Central Asia.

In **conclusion**, the Bharatiya Janata Party (BJP) led by Narendra Modi secured a victory, but failed to achieve a two-thirds majority, which was unexpected for some. Second, Modi may consider this term as his last opportunity to make a lasting impact on the country's history by adopting a more assertive approach in both domestic and foreign policies. Third, Modi is likely to initiate unprecedented cooperation with the Taliban to limit Pakistan's influence not only in Afghanistan but also across the region. This cooperation could lead to benefits such as the development of the International North-South Transport Corridor, which would be advantageous for India. Fourth, India will continue to maintain close cooperation with Central Asian countries, which would be mutually beneficial on multiple levels. Fifth, India will strive to maintain a delicate balance between the US and countries such as Russia and Iran, cooperating economically with the latter two while avoiding actions that might upset Washington. Additionally, India will support the US-led order in the Indo-Pacific region.

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<sup>15</sup> "India, Uzbekistan strengthen their trade and defense ties." Daryo. August 9, 2023. <https://daryo.uz/en/2023/08/09/india-uzbekistan-strengthen-their-trade-and-defense-ties>