

Modi's moment? India's 2014 elections

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»» From 7 April to 12 May 2014, the world's largest democracy, India, will hold parliamentary elections. A record 815 million people are eligible to vote across 930,000 polling stations nation-wide. 1,616 national and regional parties will compete for places in the 543-seat Lok Sabha, India's lower house of parliament. The electorate, a 13.6 per cent rise from the 717 million voters registered during the 2009 elections, will feature a large number of first-time voters – 23 million 18-19 year-olds alone (and voters between 18-25 years constitute a fifth of the electorate according to the Indian Election Commission). Staggering figures aside, this election is mainly about change – in leadership, in political discourse, and in general attitudes and aspirations.

Indian citizens want economic growth and development, participatory politics and an end to corruption. They appear less predisposed to caste, communal or dynastic politics. Political discourse has steered more towards good governance, demonstrated by the meteoric rise of parties like the Aam Aadmi Party (AAP, meaning 'Common Man Party'), begotten of the influential 2011 India Against Corruption movement. As a result, a change in India's political leadership is almost certain – defeat is very likely for the Indian National Congress (INC)-led United Progressive Alliance (UPA), which has governed India since 2004. Narendra Modi, leader of the Hindu nationalist Bharatiya Janata Party (BJP), is widely touted to become the next Indian prime

Highlights

- India's 2014 parliamentary election is mainly about change – in leadership, in political discourse, and in general attitudes and aspirations.
- Indian citizens want higher economic growth and development, more participatory politics and an end to corruption.
- Around 815 million eligible voters can choose from some 1,616 political parties, but Narendra Modi, leader of the Bharatiya Janata Party (BJP), is widely touted to become the next Indian prime minister.

»»»»» minister, but many factors must fall into place for a BJP-led National Democratic Alliance (NDA) to form the next government.

INDIA'S CHANGING POLITICAL LANDSCAPE

In recent decades, India's political landscape has been dominated by two national-level political parties – the 128-year-old INC and the BJP founded in 1980. The INC, led by the Gandhi dynasty, has governed the country for 49 out of 67 years since independence in 1947. The BJP, India's main opposition party, has ruled India three times (13 days in 1996, 18 months in 1998-1999, 1999-2004). Coalition politics has become the norm in India – the last single-party majority government was formed in 1984. Both the INC and the BJP lead big alliances – the largely left-leaning UPA (with currently 9 parties in total) and the centre-right NDA (34 parties in total), respectively.

Another grouping, the Third Front, made of mainly 'left' and 'secular' regional parties also often crops up during elections, but the loosely-banded association tends largely to disintegrate unless supported from the outside by either one of the two major parties. The Third Front led two brief governments in 1989-1991 and 1996-1998, one supported by the BJP, the other by the INC. An exciting new-comer in this election is the Aam Aadmi Party, following a stunning victory in the state of New Delhi in December 2013. It has a small but growing national base, having fielded 426 candidates nation-wide. Intriguingly, the charismatic AAP leader Arvind Kejriwal will contest the

same constituency as the BJP's Modi (one candidate is elected in each constituency). Combined, the INC and the BJP generally win around 300 seats out of 543 (2009 elections: INC – 206; BJP – 116). Other parties, therefore, are influential as they usually determine who comes to power.

A pre-election poll conducted for ABPNews by AC Nielson (29 March 2014) predicts that the BJP will win 209 seats compared with only 91 for the INC, while the NDA coalition would win 233 seats and the UPA a mere 119, its lowest tally ever (other polls predict similar results). Other parties are expected to win anywhere between 185 (NDTV poll) to 191 (AC Nielson) seats, in other words a 'kingmaker's share' – assuming the BJP and INC would not form a German-style 'grand coalition'.

The BJP has succeeded in making a number of strategic alliances with other parties, especially in the North and in Tamil Nadu in the South. However, even with these alliances, an NDA government probably would still need the support of one or more other major parties or politicians. In particular, three powerful women may decide the fate of the NDA's aspirations for national government. In Uttar Pradesh, India's most populous state, the Bahujan Samaj Party (BSP) dominates, and its leader, Mayawati, has served four terms as that state's chief minister. The BSP claims to represent caste and religious minorities that account for over 85 per cent of the state's total population. Uttar Pradesh has 80 Lok Sabha seats and the BJP is confident of winning half, while the BSP is expected to win around 17, which could be significant



Modi's vision of an "Indian dream" appeals to aspirational Indians

for forming the next national government. In West Bengal, the All India Trinamool Congress (AITMC or TMC) is expected to win some 30 of that state's 42 seats. It is led by political heavyweight Mamata Banerjee, named by *Time* as 'one of the 100 most influential people in the world' in 2012. Banerjee led the TMC-Congress Alliance in West Bengal to a landslide victory in the 2011 state elections, ending the 34 year-rule of the Communist Party of India-led Left Front government. TMC has been in both INC and NDA camps at different times, and

remains open to joining either alliance.

Tamil Nadu state is the stronghold of the All India Anna Dravida Munnetra Kazhagam (AIADMK) group, which may win 21 of the state's 39 seats. The AIADMK is led by extremely popular former

actress and current Chief Minister Jayalalitha Jayaram, and is much sought-after by both alliances, but she has not disclosed her leaning. Noticeably, though, she has not criticised the BJP or Modi at her rallies.

THE KEY ELECTION ISSUES

Inflation, corruption, and unemployment are the key issues in this election. During the ten-year UPA tenure, multiple multi-billion dollar scams involving top politicians were exposed. For example, Prime Minister Singh has been implicated in a coal allocation scam, where 142 coal area blocks were allocated

without auction, generating an estimated 'windfall gain' of a whopping \$170 billion for recipients. The huge scale of such scandals have shocked the Indian public, who had grown accustomed but weary of casual corruption, in a country where the average wage was \$132 a month according to data published by the International Labour Organisation in 2011. Furthermore, corruption is not endemic only to the UPA and has been prevalent amongst other parties and state-level politicians.

Economic issues have added to the public's frustration. GDP growth hit a decade-low of 4.5 per cent in 2012, while consumer price inflation averaged 10.28 per cent from 2009 to 2012 according to the World Bank. Given India's enormous size (geographically and demographically), and the fact that it is still very much a developing country in economic terms, growth below 5 per cent feels like a recession to most of its 1.2 billion citizens. Not only has growth of the manufacturing, mining and construction sectors declined sharply since 2012, the national currency, the rupee, hit an all-time low in 2013 at 68.80 per US dollar, which hit the import-dependent Indian economy especially hard (in particular the concomitant rise in cost of energy imports). Moreover, nation-wide joblessness stood at 9.4 per cent in 2009-2010 according to the Labour and Employment Ministry, with 16.3 per cent urban graduates between 15-29 years unemployed (2011-2012). The country's current account deficit stood at a record 4.8 per cent in 2012-2013, alongside a 29 per cent decline in foreign investments in 2012 according to the United Nations Conference on Trade and Development (UNCTAD).



The UPA government focused largely on social-protection and poverty-reduction. UPA initiatives, like the Mahatma Gandhi National Rural Employment Guarantee Programme and the Right-to-Food programme, aimed to provide employment and subsidised food to the poor and improve infrastructure. Yet the UPA government failed to maintain high growth rates and attract foreign investment, and it recognises that \$1 trillion investment in infrastructure is needed over the next five years. The UPA also failed to connect with the small but growing middle classes, particularly the youth, who desire more economic opportunities instead of drifting at the fringes of poverty. Homi Kharas of the Brookings Institution, for instance, has estimated that India's middle class accounts for only 5 per cent of the population (as compared to 12 per cent for China), based on a per capita per day threshold income of \$10 in 2010. India ranked a poor 136th globally on the United Nations Development Programme's Human Development Index in 2013, slipping 13 places since 2004.

No wonder, therefore, that Modi's vision of an 'Indian dream' appeals to aspirational Indians. He promises to create 250 million jobs by 2024, to attract more foreign investment, to kick-start the manufacturing sector, and to construct a high-speed railway network. Furthermore, his governing record supports the credibility of these promises. During his tenure in charge of Gujarat from 2001-2012, Modi transformed that state. Gujarat had the lowest national unemployment rate of 1 per cent in 2012-2013, a 12-fold rise in agriculture, milk production doubled since 2001, and 37

more universities were created. Modi also generated a revenue surplus of \$770 million, having started with a deficit of \$1.2 billion in 2001. Furthermore, Gujarat averaged annual economic growth of 10.08 per cent from 2004-2012 (and nearly 15 per cent in 2005-06). In contrast, the constituency governed by rising Congress party star Rahul Gandhi, Amethi, has remained backward, with poor transport, little access to electricity and closed factories.

Religion also remains a key political issue. India's nearly 180 million Muslims are an important bloc of voters. While the Hindu-nationalist BJP has refrained from emphasising its religious identity during these elections, some rival parties continue to accuse Modi of complicity in the 2002 riots in Gujarat, when mobs killed almost 1,000 people, mostly Muslims, after a train carrying Hindu pilgrims was torched. However, the Indian Supreme-Court-appointed Special Investigation Team's (SIT) cleared Modi of complicity in those riots. Furthermore, Modi is not a political pariah for all Muslims. Maulana Suhaib Qasmi, head of the Jamaat Ulema-e-Hind – one of the leading Islamic organisations in India with 16,000 member clerics – publically supports Modi.

MODI'S FOREIGN POLICY: OPEN FOR BUSINESS

If Modi becomes prime minister, his record so far suggests he could be assertive and nationalistic. Based on his election campaign promises, Modi can be expected to actively pursue foreign investments with



a view to India's infrastructure development. In this regard, he has long cultivated ties with Japan to woo Japanese investment to Gujarat (Japan is the largest donor of official development assistance to India). Modi was the first Indian state leader to conduct an official visit to Japan in 2007, and shares similar views on economics and to some extent, on China, with Shinzo Abe, the Japanese prime minister.

Modi had already acquired an international profile in the West following accusations of his role in the 2002 Gujarat pogrom – the US banned Modi's entry to the country, while European Union (EU) countries followed with their own boycott. However, since he is now a frontrunner to be India's prime minister, Western opinions have shifted. Earlier this year, the US Ambassador to India, Nancy Powell, met Modi, signalling American willingness to work with him. The US-India Business Council (USIBC) sponsored the 'Vibrant Gujarat Global Investors Summit' (an annual event created by Modi) in 2013, claiming that Gujarat is 'one of the most attractive investment destinations for American businesses'.

The British Minister of State for Foreign Office, Hugo Swire, led a high-level trade delegation to Gujarat in 2013 – Britain has more foreign direct investment in Gujarat than in the rest of India combined. Other European governments have also courted the BJP leader. In January 2013, Modi lunched with the 28 ambassadors of the EU at the residence of the German Ambassador to India, Michael Steiner. The BJP has hinted at a renegotiation of the EU-India free trade agreement (which has not yet been

finalised), as some members were upset that negotiations have been shrouded in secrecy and may adversely affect their constituencies. While there has been no further elaboration of the BJP position on the specifics of the EU-India trade pact, more generally it is safe to assume that Modi is largely open to international business, especially foreign investment.

Pakistan has mixed feelings about a Modi-led government, because he has promised a tough stand against India's neighbour. Islamabad hopes to rekindle dialogue with Delhi, which had made new breakthroughs with the NDA government. Modi can be expected to continue his strong rhetoric on Pakistan, but he has pledged to follow former NDA Prime Minister Vajpayee's policy on Kashmir aimed at reassuring Pakistanis and Kashmiri Muslims. Towards China, India's largest trading partner, Modi appears to send mixed messages. He has slammed Beijing for its 'expansionist mindset' and is likely to try to rebalance commercial ties given the large trade deficit (\$31.42 billion in 2013). Yet, he has travelled four times to the country as Gujarat chief minister, where he proclaimed 'China and its people have a special place in my heart'. In a similar vein, in 2013 Chinese President Xi Jinping told the new Indian Ambassador to Beijing that bettering strategic ties with India was his 'historic mission'.

Due to its energy needs, India has deep economic and security relations with Gulf countries, including Saudi Arabia, and these would largely continue. But Modi intends to make India both more energy-secure and energy-efficient through an ambitious



'rainbow vision' covering seven energy fields – gas, thermal, hydro, solar, wind, bio-mass and nuclear. On defence, the BJP has plans to boost India's indigenous defence industry by raising the cap on foreign investment from 26 per cent to 49 per cent. This is significant because India is already the world's largest arms importer, with Russia and Israel being the main suppliers.

CONCLUSION

The ability of Indian voters to overcome dynastic affinity and religious and caste considerations has been largely underestimated by their politicians. This election, however, is set to correct that perception and prove that Indians want better governance, an end to corruption, and more economic opportunities. Change seems imminent and the Indian elections will most likely bring a new government in Delhi. Public opinion of the governing UPA is poor, with a 'Modi-fervour' sweeping the country. According to a February 2014 Pew Research Centre poll, 7 out of 10 Indians were dissatisfied with the UPA government, with 63 per cent favouring the BJP as opposed to only 19 per cent for the INC. Modi's own popularity stood at a stratospheric 78 per cent.

The NDA will likely fall short of the required absolute majority, and may then pursue an alliance with the Tamil Nadu-based AIADMK, perhaps by offering AIADMK leader Jayalalitha the position of deputy prime minister. The possibility of the Third Front emerging post-polls cannot be ruled out, although the sheer number of strong regional leaders in that group with prime ministerial aspirations may limit its ability to lead a new government. New parties like the AAP have freshened up this election campaign, but they may not do as well as expected if their anti-establishment image fails to convince voters of their ability to participate in a future government. Taken together, all these developments suggest that India's 2014 elections will be Modi's moment.

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