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INDIA'S UPCOMING ELECTIONS

WILL THE STATES AND THE ECONOMY DECIDE?

This spring, nearly 790 million Indians will participate in the world's largest democratic exercise. Held every five years, India's Lok Sabha, or lower house, elections will ultimately determine the replacement for current prime minister Manmohan Singh. They will be preceded by state elections this November and December in Delhi, Madhya Pradesh, Rajasthan, Chhattisgarh, and Mizoram. Contests in the first four of these states are likely to have an impact on the 2014 general election outcome.

These state and general contests will take place within a harsh domestic economic environment. India's GDP growth is at a decade low, inflation remains high, and the increase in onion prices has become a national obsession.

To uncover the dynamics of India's state and general elections, NBR spoke with Milan Vaishnav of the Carnegie Endowment for International Peace. Dr. Vaishnav assesses the potential impact of the five state contests on the general election and notes that the factors influencing voters have changed markedly since the 2009 general election, with the economy now playing a larger role.

With dozens of parties and thousands of candidates, elections in India are a phenomenal undertaking. Can you explain how India's elections work?

In April and May of 2014, India will hold its sixteenth general elections to select 543 members of its lower house of parliament, known as the *Lok Sabha* (or House of the People). National elections in India typically take place every five years, although elections occasionally occur off-schedule when the government loses the confidence of a majority of parliament or decides to call early elections. For now at least, it appears that elections will be held on time.

In the Indian context, the term "national elections" is something of a misnomer because elections really are an aggregate of 543 constituency-level elections across 28 states and seven union territories. India has a "first past the post" (or "winner take all") electoral system, which means that whoever gets the most votes in a given constituency wins that seat. Whichever party or coalition earns a majority of seats in the Lok Sabha will select the country's next prime minister and form the next government. Parties nominate candidates to contest elections, but there is no organized system of primaries, as in the United States. Instead, party bosses typically exercise wide discretion in determining their slate of candidates.

Over time, India's party system has grown increasingly fragmented: for example, 370 parties contested the 2009 general elections. Of the 38 parties represented in parliament today, only two are truly "national parties"—the Indian National Congress (INC) and Bharatiya Janata Party (BJP). The rest mainly represent regional or subregional concerns. The end result is fierce electoral competition at the constituency-level, with the average margin of victory plummeting to a record low 9.7% in 2009. Tightening margins and the proliferation of entrants also means that more than three-quarters of contests are won with the support of fewer than a majority of a constituency's voters.

The entire process of elections is overseen by an independent constitutional body, the Election Commission of India, which has developed a solid reputation for protecting the integrity of the electoral process. National elections are typically held over several sequential phases by region, and the entire process can take up to two months. Within a given phase, the official campaign season lasts only about three to four weeks, but the results are not announced until polling in all regions has been completed.

In November and December, five states will finish up the legislative election season. To what extent might these elections foreshadow what will happen on the national stage?

Over time, but especially since 1989, India's federal states have become the primary venue for political contestation. While national issues and leaders do have an impact on local voting behavior, state-level issues typically act as a filter for most voters as they elect their members of parliament. This explains why so many regional parties do quite well in national elections, even though their presence is highly localized and often restricted to one state (or even one subregion within a state). The state-level configuration of political parties, patterns of social cleavages, and electoral calendar shape the playing field for national elections. For instance, research has shown that there is a correlation between the timing of state elections and the results of national polls. When state elections are held less than two years before national elections, the party that received the most seats in the state election typically repeats this performance in national polls.

Because India's states have a profound impact on national politics, many observers are keenly watching the upcoming



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elections in four large states (Chhattisgarh, Delhi, Madhya Pradesh, and Rajasthan) plus the smaller state of Mizoram in the northeast. Currently, the opposition BJP is predicted to win the elections in Chhattisgarh, Madhya Pradesh, and Rajasthan. In the capital of Delhi, however, the BJP's attempts to unseat the incumbent Congress government have been complicated by the emergence of a third party—the Aam Aadmi Party—led by anti-corruption campaigner Arvind Kejriwal. Right now, the BJP is locked in a tight three-way race in the state. If the BJP does well in these four states, it will gain additional momentum headed into the national polls. On the basis of pre-election opinion polls favoring the BJP in these state elections, many political analysts have already updated their 2014 predictions by forecasting a higher share of seats for the BJP. Should the BJP falter, it will be a big blow for its prime ministerial candidate—the chief minister of the state of Gujarat, Narendra Modi—who has been crisscrossing the country vigorously campaigning for the party. These elections represent his first test since the party high command elevated him to the top spot in September. Furthermore, the Congress party stands to gain from a poor performance by the BJP—even if by default—because the elections in Chhattisgarh, Madhya Pradesh, and Rajasthan are all bipolar contests between the two national parties.

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Do you expect factors like caste, ethnic identity, and class to sway voters toward certain parties and candidates as has been the case in past elections?

Caste and identity considerations continue to play an important role in Indian elections. For starters, a significant amount of political mobilization still occurs along caste or ethnic lines. This is most glaring in north Indian states such as Uttar Pradesh and Bihar, where the rate of ethnic conflict is among the highest in the country. The recent riots between Hindus and Muslims in the Muzaffarnagar district of western Uttar Pradesh are a case in point. Here politicians from the ruling Samajwadi Party (which counts Muslims among its core constituency) as well as the opposition, pro-Hindu BJP have perceived it to be in their self-interest to foment sectarian strife in order to rally their respective ethnic bases.

Yet political mobilization by caste identity is not at all confined to the relatively poor parts of north India; parties across India rely on such rhetoric to mobilize and cater to voters. In the southern state of Andhra Pradesh, for instance, the two largest parties in the state—the Congress party and the Telugu Desam Party—won a majority of votes from the rival Reddy and Kamma communities, respectively. The Congress today is on pins and needles because in 2011 it suffered the defection of one of its biggest Reddy leaders, Jagan Reddy, and now must fight with Jagan's splinter party—the YSR Congress—to keep the Reddy community in its fold.

Research based on the 2009 general elections confirms that caste is still a leading influence on voter behavior—especially when one disaggregates national results and examines state-by-state patterns. In many states, a majority of voters belonging to a given caste voted in favor of one political party.

Having said that, there has been a subtle shift in the reliance on identity politics. In recent years, we are seeing a greater emphasis on class identity, which cuts across caste lines. For instance, the BJP prime-ministerial candidate Narendra Modi has been campaigning tirelessly on a platform of catering to what he calls the “neo-middle class,” or those recent migrants from rural India who have moved to urban cities in search of employment and upward mobility. In a recent speech in Bangalore, Modi extolled the virtues of the IT sector, talked up the need to invest in “skill development,” and attacked the Congress party for ignoring the youth demand for gainful employment. Right now, Indian politics

is a nuanced amalgamation of identity-based appeals and rhetoric about good governance (*sushasan*) and development (*vikas*). One way of thinking about this shift is that identity politics is now a means to a larger end, whereas in the past it served as both the means and the end.

India's economic growth is at its lowest level since 2009, and the price of onions and other food staples has sharply increased. How will these developments influence voters?

India's heady economic performance of the early 2000s has weakened considerably over the past few years. Economic growth, which once nearly reached double digits, is expected to hover around 5% this year. At the same time, inflation remains high, especially with respect to the price of food, which hits average consumers extremely hard. In recent months, the value of the rupee has depreciated sharply against the dollar, adding further turbulence to the economic scene.

There is no question that India's economic troubles will have a direct impact on voters. In the last national election, as well as in recent state elections, there has been a greater correlation between the economic records of governments and their electoral performance. At least as far as state governments are concerned, since 2000 voters are increasingly judging incumbents on the basis of objective measures of economic performance rather than relying exclusively on considerations of identity or local patronage. In my judgment, this is an irreversible trend that signals a kind of maturation of Indian democracy.

The most reliable pre-election survey to date, carried out by the Centre for the Study of Developing Societies in July 2013, suggests that economic factors will loom large when voters cast their ballots for their next members of parliament. When voters were asked to identify the single most important issue shaping their decision in 2014, the most commonly stated factors were related to the economy—for example, inflation and a desire for development and economic growth. This, in turn, has shaped the campaign messages of the major parties. Opposition parties have taken to staging rallies wearing garlands of onions (a staple of the north Indian diet whose prices have spiked), while the ruling Congress party has responded by touting the myriad social development schemes it has rolled out during its decade-long tenure, from guaranteed rural employment to direct cash transfer schemes.

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If no party wins a majority of seats in parliament, the leading party will form a coalition government. How are coalition dynamics shaping up in advance of this election?

Every government elected since 1989 has been a coalition of multiple parties. This will be the case for the foreseeable future, given that neither of the two national parties is currently strong enough to form a government on its own. There are three groupings to keep in mind.

The first is the Congress-led United Progressive Alliance (UPA), which has governed India since 2004. Over the past few years, the UPA has lost several key allies—such as the Trinamool Congress of West Bengal and the Dravida Munnetra Kazhagam (DMK) in Tamil Nadu (which together account for 37 seats)—over differences in policy. Today, the Congress-led UPA is made up of eight core parties; aside from the Congress party, however, the remaining seven parties are quite small in terms of their seat share.


The second grouping is the BJP-led National Democratic Alliance (NDA), which governed India from 1999 to 2004 and has led the opposition since then. The NDA too has suffered defections over the past several years, most recently the high-profile departure of the Janata Dal (United) of Bihar, which was the BJP's most significant ally (with nineteen seats in the Lok Sabha). At present, the NDA only has three members left in its fold—the BJP, Shiv Sena, and Akali Dal.

Finally, there is a loose grouping of regional parties—commonly called the “third front.” In the 1990s, India saw third-front governments come to power in New Delhi, and there is always the possibility it could happen again in 2014. As the two leading alliances have lost key partners, the ranks of this alternative grouping have swelled. However, the constituent elements of this group are far from a united force; in fact, many so-called third-front parties have greater problems with each other than they do with the two national parties. Examples include the tension between the rival DMK and All India Anna Dravida Munnetra Kazhagam from Tamil Nadu or the Bahujan Samaj Party and Samajwadi Party of Uttar Pradesh.

There is still not much clarity on what the various pre-poll alliances will be headed into 2014. It is likely, however, that many key regional parties will prefer not to establish pre-electoral alliances with the UPA or NDA in the hopes of maximizing their bargaining leverage once elections are over. Several key regional players in large, populous states such as Tamil Nadu, Uttar Pradesh, and West Bengal perceive national parties to be of declining relevance in their states. These regional parties believe that if they hold out and win big in 2014, they will be able to name their price when it comes time to form a coalition with one of the two big parties. In fact, many regional party bosses also have their eyes on the prime minister’s job in the event of a fragmented verdict in which the national parties fail to meet expectations.

Do you have anything else to add?

There are very few certainties about the electoral outcomes in 2014. We know there will be a coalition government. We know the BJP will likely gain seats, while the Congress party will lose seats. Beyond that, it is tough to predict who will form the government and what that government will look like. The possibility of a fragmented verdict and a wide-ranging coalition has sounded alarm bells among many of India’s external partners (both governments and investors). Yet some of this pessimism is unwarranted. From 1947 to 1989, with one brief exception, India had a single-party majority government controlled by the dominant Congress party. During this period, the country suffered from lackluster economic performance—derisively termed the “Hindu rate of growth.” Since then, India has witnessed rapid economic growth under robust multiparty coalition governments.

Hence, such coalitions are not necessarily inimical to economic dynamism. Many observers would have predicted that the UPA’s second stint in power, which saw a larger Congress presence (206 seats post-2009 compared with 145 seats in the coalition’s first term between 2004 and 2009) and a less unwieldy coalition, would have generated better economic performance. Alas, the experience has been just the opposite. Research on India has shown that coalitions, while perhaps bad for enacting new structural reforms, also stand to benefit from “institutionalized gridlock,” because the latter forces compromise and make back-sliding on macroeconomic basics much harder. Irrespective of the makeup of the next government, India is thus not likely to deviate from what economist Montek Singh Ahluwalia has termed a “strong consensus for weak reforms.” 

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