

An analysis of the 2004 Indian Parliamentary (Lok Sabha) Elections: Why did the NDA lose?

By

Dr. Desh Gupta, University of Canberra

Introduction

The results of the 2004 Indian parliamentary elections came as a complete surprise to most observers. This is because these elections were held in the aftermath of Assembly elections in which the BJP, apart from Delhi, did remarkably well and the Congress in general ie apart from Delhi did poorly. Moreover, the fundamentals of the Indian economy at the time of polls were looking remarkably good. The farming sector, following good monsoons, appeared in much improved health. The economy, with growth in the last quarter of 2003-2004 exceeding 10 percent, was looking buoyant, even as the manufacturing sector was picking up speed after a lackluster previous year, while the non-performing assets, of the banking sector, following the 2002 Securitisation Act, were headed down at a quick clip. The Securitisation Act had also created a culture of debt repayment and made it securer for the banks to increase their lending activities. This has raised the housing stock between 2002 and 2004 by around 50 percent. The electricity supply, a significant bottleneck in India's growth, particularly if its manufacturing sector, was put on a firm footing of expansion with the 2003 Electricity Act, under which metering was made compulsory and realistic tariffs were being set by independent regulatory bodies, rather than by State Electricity Boards (SEBs), under the thumb of the State governments. Subsidies to the powerful farming lobby had to come, following this Act, directly from the State budgets and not from SEBs, which had been reeling in the past through mountains of debt, as free electricity was the norm adopted by the State governments, because it did not show up in their budgets. The road infrastructure had finally begun to improve at a dramatic pace, following speedy award of contracts for construction and the introduction of Build, Operate and Transfer (BOT) contracts. Though the Mumbai stock market index had after rising rapidly between 2002 and 2003 had fallen from its highs of over 6,000 to around the more realistic level of 5,600, the foreign institutional investors (FIIs) interest in Indian stocks remained strong, while the primary market, through Initial Public Offerings (IPOs) was doing well and allowing companies to raise capital and to expand. In addition, despite the oil price continuing to rise, the balance of payments position of India continued to improve, even as inflation was kept under control. The improvement in the balance of payments was reflected in a rapid increase in foreign exchange reserves. To the BJP leadership and to those looking at India from outside, India was indeed shining. It is not surprising then that the ruling NDA coalition adopted the campaign theme of 'India Shining'.

This short paper in Section One looks at the aggregate of results by the major parties and alliances at the national level, simply to confirm the outcome that the NDA, led by the BJP, lost the election. The question is how much of these results can be termed as a victory for the Congress and its allies, now, termed the United Progressive Alliance (UPA).

In order to understand, the outcome, we really have to look at the results at the State level and more specifically the changing alliances or their lack of effectiveness. This is what this paper does in Section Two, with a brief commentary on the reasons for why the NDA or UPA did well or did not do well in each of the states.

There is also the issue of the developments in the aftermath of the elections and the formulation of the Common Minimum Program (CPM). Section Three briefly looks at the CPM and looks at the problems faced by the UPA government in this context.

Section Four draws together the main reasons for the election outcomes and the main policy issues.

An Appendix has additional information about turnout or participation rate and relative support among Dalits and Adivasis (the tribals or Aborigines), the two groups at the bottom of the social and economic pyramid.

Section One: Aggregate outcome of the elections

As is clear from Table One, compared to the 1999 elections BJP lost 44 seats in the 2004 elections. Its tally dropped from 182 to 138 seats. Though this was a setback for it, the drop in the NDA tally from 299 to 185 (a loss of 114) was much more dramatic. This was, as we shall see in the next section, partly because its allies did badly and partly because it lost some important 1999 allies in the 2004 elections.

The Congress position in 2004 improved over 1999 by 41, from 114 to 145. But it has to be observed that this was only marginally better than 141 that it had won in 1998. The combined position of Congress+allies improved more substantially from 136 to 219 ie by 83 seats. There were also significant gains by the Left Front, from 41 seats to 61 seats; by Samajwadi Party (SP) from 28 seats to 36 seats and smaller gains for the Dalit-based, Bahujan Samaj Party (BSP) from 14 to 19.

Unlike the 1999 elections, when the NDA obtained an absolute majority, the UPA is considerably short of an absolute majority of 271 and has to rely on the goodwill of the Left Front, dominated by the Communist Party of India (Marxist) or CPM, which is still wedded to state ownership and protection of the rights of the small section of formal sector workers. The Left Front has decided not to join the UPA, but to support it from outside.

There is tension brewing between the SP and the Congress Party. This is because the politically important state of UP is currently dominated by the former, even as the Congress wishes to improve its position in that State, if not to wrest control of it. Though such tensions are at present absent between the BSP and the Congress, partly because the former, after a falling off with the BJP, needs the support of the latter to win power in UP, there is major contestability between these two for the Dalit vote (see Section two below under UP, Mahrastra and Punjab and Appendix under F), which makes them difficult bedfellows in the medium to long run. Nevertheless, given that the era of single party governments at the centre is dead and coalitions are the order of the day and in the foreseeable future, skills in forming and managing such coalitions will determine, who

forms the government and whether or not such governments last the full five years of the parliamentary term.

Table One: Tally by major parties and groupings

	1999	2004		
Congress	114	145		
BJP	182	138		
Congress+ allies (UPA)	136	219		
BJP+allies (NDA)	299	185		
Left Front	42	61		
SP	28	36		
BSP	14	19		
Others	21	19		

Source: Election Commission of India and various media sources

Though the NDA has lost, the Congress and its allies have not got a mandate from the people. This is not only because the UPA is a minority government, but also because its share of the total votes across the country at 35 percent was somewhat smaller than that of the outgoing NDA. In addition, the Congress and BJP both dropped their share of the vote by around 1.5 percent in 2004 compared to 1999. They are dependent upon the support of regional parties, which are driven by their interest in striking the best deals they can in terms of portfolios as well as resources for their respective states.

As will become clear in the next section, the margin of 34 seats that UPA obtained over the NDA reflects the Congress's success in striking smart alliances in Andhra Pradesh, Tamil Nadu, Bihar and Jharkhand. In Maharashtra, it shed all ambiguity and struck up a prudent pre-election deal with Sharad Pawar's Nationalist Congress Party. The aftermath of the debacle of Congress in the three State Assembly elections in 2003 drove it to work more assiduously and determinedly at these alliances for the 2004 Parliamentary elections. Against this, the victory in the same Assembly elections contributed to a sense of euphoria and arrogance among the BJP leadership. As a consequence, BJP broke an ongoing alliance in Haryana and Jharkhand and changed the partner in Tamil Nadu to its own disadvantage. As we will see below, there were some special factors, which worked against it in the important states of Uttar Pradesh, Bihar and Gujarat. It will become clear from looking at State level developments that there was a general pattern of reaction by the farmers against the State governments. Basically increases in electricity tariffs for farmers, even though these were no longer the responsibility of the State Governments, were penalized. In addition, attempts by the State Governments to reduce the benefits of rations available through the public distribution system also led to a similar response. Given, such reaction from farmers and voters combined with the fiscal crises faced by several states, fiscal consolidation remains a tough ask.

Section Two: State level developments

In order to understand the 2004 election outcome, it follows from the above that we need to understand what has happened at each state level. This is because during the 1970s and 1980s the voters voted in the State Assembly elections as if they were choosing their prime minister, but starting from the early 1990s, they have started voting in the Lok Sabha elections, as if they were choosing their chief minister. This radical shift took place in 1991 and has continued thereafter in every election. The outcome at the national level is a sum total of the State level verdicts. Any party wishing to win a national mandate has to weave its way through the different States and secure a verdict in each of these, through formation of relevant coalitions. We examine below the State level outcomes, in the order of listing in Table 2.

Uttar Pradesh (UP)

As is clear from Table 2, the Congress did not improve its position, but more importantly, the BJP suffered a big set-back. Therefore, what is required is an explanation of why this happened.

Historically UP, given its large population and seats, has been important in the formation of the government at the Centre, but not this time. Congress, which dominated this State until the 1991 elections and BJP, which improved its position, until the 1998 elections, when it bagged a massive 57 seats on the 'Hindutva' wave in the aftermath of the demolition of Babri Masjid, has since gone down to 29 in the 1999 elections and to a paltry 10 seats in 2004. Obviously, a disillusionment has set in among the supporters of Ram Janambumi, who felt let down, when the BJP failed to achieve this end, either through the courts or through negotiations with the Muslim establishment. This is reflected in the less than 50 percent participation rate, with major falls in the traditional supporters of the BJP. Such falls also reflected on the lack of relevance of 'The India Shining' campaign to this state.

The jettisoning from the dominant role in the BJP State legislature and subsequent exit of Kalyan Singh, as an important leader of an intermediate caste, the Kurmis, also weakened BJP's position. His return, before the 2004 Parliamentary elections, failed to help, as tensions within the BJP at State level remained and he was not adequately projected as the leader of the State party. Instead Tandon was given more prominence. The Tandon Birthday Sari disaster, when a number of women were trampled to death also did not help. The BJP, as a party, fearful that the Election Commission may take action against it, as it would have contravened the election rules, did not take responsibility and apologise to the public. Even though its leader, Vajpayee wept and apologized, there was apathy and disillusionment against the BJP.

In seeking to broaden its base and get support from the Muslim voters, some leaders of the BJP obtained the public endorsement of Jama Masjid's Imam Bukhari, who called on

Table 2: Parliamentary Results by States, 2004 and (1999)

State	BJP	Congress	BJP all.	Congress all.	Left Front	Others
UP =85	10 (29)	9 (10)				SP 36 (28); BSP 19 (14); RLD 3(2)
Maharstra =48	13 (13)	13 (10)	12 (15)	NCD 10 (4)		
AP = 42	0 (7)	29 (5)	TDP 5 (29)	TRS 5	2	
W.Bengal =42	0 (2)	6 (3)	1 (8)		35 (29)	
Bihar =40	5 (7)	2 (2)	7 (19)	RLD 21; LJS 3		1
TN =39	0 (4)	10	0 (22)	DMK 15; PMK 6; MDMK 4; IUML 1	4	
MP =29	25 (21)	4 (8)				
Karnataka =28	18 (2)	8 (18)		JDS 2*		
Gujarat = 26	14 (20)	12 (6)				
Rajasthan =25	21 (16)	4 (9)				
North east =25	7 (4)#	11 (14)			2	AGP 2; Ind. 1
Kerala=20		0 (8)	1		18	IUML 1
Jharkhand =14	1 (11)	6 (2)		JMM 4; RJD 2		
Punjab = 13	3 (1)	2 (8)	Akali Dal 8(2)			
Chattisgarh = 11	10 (8)	1 (3)				
Harayana =10	1 (5)	9 (0)	INLD 5 (0)			
Delhi =7	1 (7)	6 (0)				
J & K =6	0(2)	2 (0)		PDP 1		NC 2 (4)
Orissa =21	7 (9)	2	BJD 11 (10)	JMM 1		

* Post election alliance ; # includes allies

Source: Election Commission and various media sources

Muslims to support the BJP. It is obvious that Bukhari does not have much sway among Muslim voters. In fact, the call by BJP's Advani on the Muslims to support Mulayam Singh Yadav's Samajwadi Party (SP) was probably more effective. SP consolidated and expanded its support base in UP. The support of 'wavering' Muslims for SP, fearful of the BJP, in the aftermath of the Godhara carnage, was strengthened not only by Advani's call, but also, by the Supreme Court's strictures against Gujarat's Modi Government in the Best Bakery case. The latter development coming as it did just before the elections created some disillusionment among supporters of the Ram Janambuni movement, who felt that the outstanding Ram Mandir case is unlikely to go in their favour.

Congress, despite the entry of the young and attractive brother-sister team of Rahul and Priyanka Gandhi in the campaign in UP, failed to improve its position. Sonia Gandhi's unconditional offer of alliance and support for Mrs. Mayawati's Bahujan Samaj Party (BSP) was spurned by the latter. BSP improved its position from 14 to 19. The consolidation of the Dalit vote for BSP worked against the Congress. Since there is

competition for power in UP between SP, an intermediate caste based party, and BSP, the Dalit based party, Congress can either support BSP or SP, but not both. The same applies to BJP. At the same time support by either of the national based parties for the state based ones, leads to an erosion of support for them. SP, because of the support of Muslim voters, is currently better placed than BSP to have the dominant role in the state. It has improved its position from 20 in 1998 to 28 in 1999 to 36 in 2004. Given the tensions between it and Congress, it is tending to lean towards the BJP in the aftermath of the formation of the UPA government. Essentially the SP has been shunned by Congress in the formation of the Common Minimum Programme (see Section Three).

Maharashtra

It is not surprising that continuation of the state based alliance between Sharad Pawar's Nationalist Congress Party (NCP) and Congress improved the position of both in 2004 from 4 and 10 respectively in 1999 to 10 and 13. In 1999, NCP was formed, as a splinter from Congress, because of Pawar's opposition to Sonia Gandhi becoming Prime Minister. Given the poor performance in the 1999 elections of both, but more so of the NCP, it was clear that a three-cornered context would not help either. Nevertheless, the dominance that the Congress had before the split in 1999 in this state – in 1998 the undivided Congress had won 33 seats - was clearly not evident in 2004, when the combined tally of NCP and Congress came to 23 out of 48. In fact the BJP held its ground. This is at least in part because Mrs. Mayawati's BSP provided a three-cornered contest and took away the Dalit vote from Congress and NCP.

Andhra Pradesh (AP)

Chandrababu Naidu's Telegu Desam Party (TDP) and BJP alliance, with 36 of the 42 seats, had a near enough clean sweep in the 1999 elections. Given the international status of Naidu as a computer savvy Chief Minister, this alliance was expected to do well in 2004. In fact the 2004 results have reversed the 1999 outcomes, with Congress amassing 29 seats and its alliance partner, Telengana Rashtra Samithi (TRS) obtaining 5 seats. There were a number of reasons for this result. The Congress presented a united image, its alliances, including understandings with the Communist parties, reduced three-cornered contests, which in the previous elections had worked against it. The appeal of TRS, which fought on the platform of a separate state for Telengana region of AP, obviously helped TRS. Apart from the importance of these alliances, there was an arrogance among the TDP functionaries, which led to their disconnect between the ground realities and their assumption that what they and the World Bank thought was good governance, would lead to victory. The TDP failed to show any sympathy for distressed farmers, who had been affected by drought conditions and falling incomes, and some 3,000 of whom committed suicide. TDP did not provide to families of such farmers arguing that the farmers had committed suicide so that their families would receive compensation. There was also the related argument that if compensation was paid to their families, more farmers would commit suicide. Raising electricity tariffs for farmers, though necessary to contain the state's burgeoning debt, and to improve technical and environmental efficiency, alienated them from TDP. The TDP failed to explain that following the 2003 Electricity Act the tariffs were being set by an independent regulatory body and given the State's budgetary problems, it could not provide free electricity to

farmers. The Congress, which promised 'free electricity', obviously benefited handsomely as a consequence.

In the aftermath of the elections, such 'free electricity' will make it extremely difficult for a highly debt ridden State to improve its social indicators, such as health and education, which lag considerably behind the other States in the South.

West Bengal

Compared to the 1999 elections, when the NDA ie BJP and its ally, the Nationalist Trinamul Congress (NTC) led by Mamata Banerjee, had 10 seats (2 and 8 respectively), in 2004, only 1 seat, that by NTC, was retained. Against this, Congress improved its position from 3 to 6, while the Left Front improved its position from a dominant 29 seats to an overwhelming 35 seats. The Congress spilt and the consequent tri-angular contest has obviously benefited the Left Front, which is much better organized in Bengal and where land reforms have obviously benefited the ordinary farmers. The erratic behaviour of Mamata Banerjee, with its off again on again alliance with the BJP, as well the lack of unity among NTC, contributed to the NDA's poor performance. Both the Congress and the Left Front were beneficiaries of such antics and the lack of cohesion among the NDA partners, as well as of disunity within the NTC.

Bihar

Despite the lack of progress in terms of power, roads and water, the strategy adopted by Rashtriya Janata Dal (RJD) supremo, Laloo Prasad Yadav (Yadav) worked wonders for the UPA. It almost reversed the position that the NDA had achieved in the 1999 elections, when BJP had won 12 seats, while its allies led by Janata Dal (United) or JDU had won 19. In the 2004 elections, the BJP was left with 5 and the JDU with 7. Basically Yadav's strategy was to combine the lower castes and the Muslims into a formidable electoral force in the state. This included his brilliant stroke of providing, the important Dussadh community's leader Ram Vilas Paswan, who had become disaffected with the BJP/NDA, and his Lok Janshakthi Party (LJP) with 8 seats to contest. Even though the LJP got only 3 seats, its (Dussand community's) support played a crucial role in RJD improving its position substantially from 6 seats to 21. The bitterness that has developed, in the aftermath of the 2004 Parliamentary Elections, between Paswan and Laloo Yadav over the Railways portfolio, which the latter got after throwing tantrums, means that this alliance is too fragile to last and RJD is likely to do less well in the next elections, whenever they are held.

In addition, by getting the Communists onside, the UPA avoided a three-cornered contest. The lack of economic progress in the State was blamed on the discrimination by the Centre against the state. Such lack of economic progress meant that the economic gap had widened by much less in this state and therefore there was no disaffection against the ruling RJD party in the state. In addition, 'India shining' could genuinely be shown by the UPA to have no basis in ground reality in Bihar.

Again, like UP, there was some disillusionment among the supporters of Ram Janambumi movement. This was reflected in a less than 50 per cent turnout and mostly among the traditional supporters of BJP.

Tamil Nadu (TN)

In the 1999 elections Congress had formed an alliance with Jayalalithaa's All India Anna Dravida Munnetra Kazhagam (AIADMK) and had not done too well. The BJP had done rather well with its alliances, comprised of Karunanidhi's Dravida Munnetra Kazhagam (DMK) and other state based parties. But mesmerized by its belief in the 'India shining' campaign, BJP took offence at DMK's criticism and opposition to the Prevention of Terrorism Act or Pota, which had been misused by the Chief Minister Jayalalithaa against her political opponents. Therefore, the BJP broke off this alliance. Moreover, the BJP felt ideologically closer to AIADMK, as the latter supported POTA and the construction of Ram Temple, enacted an Anti-conversion bill, and banned slaughter/sacrifice of animals and birds near/in temples. This forced DMK and other State-based parties to form an alliance with Congress. By getting the Communists onside, the UPA was able to avoid a three-cornered contest.

In 2004, the NDA did not get a single seat in TN. This was because AIADMK had alienated not only the minorities through its Anti-conversion bill, but more significantly had antagonized the farmers and hut dwellers by scrapping the 'free electricity' scheme available to them. Although this was subsequently restored through a money order scheme, the ruling party had lost trust among these voters, as a number of them did not get these money orders. There was also a flip-flop on the ration available through the public distribution scheme. There was a reduction in the amount available and then the amount was restored. The tough stance of the Chief Minister against the State employees alienated the workers. In addition, the arrogance and authoritarian behaviour in the selection of candidates by the Chief Minister led to apathy among party workers and supporters.

Thus the BJP in its arrogance, misjudged the mood of the electorate in TN, and broke off alliance(s), which had served it well and gave Congress an opportunity to form highly fruitful alliance(s).

Madhya Pradesh (MP)

This is one of the few states, in which the BJP improved its position and virtually got a landslide.

The momentum of the assembly landslide victory for BJP in December 2003, which had reflected poorly on the performance of the then ruling state Congress government, was translated in an improved performance for the BJP in the 2004 Parliamentary poll. The reason for Congress's debacle in MP was connected with increases in power tariffs for farmers in 2001 and 2002 and the disconnection in power supply to those farmers, who did not pay their electricity bills by the then State Congress government. By 2003, half of the 1.2 million connections had been stopped. Again, as in the case of other states,

the ruling party had failed to explain to the farmers that following the 2003 Electricity Bill, metering had become obligatory and nonpayment would result in dis-connections.

After its victory in the Assembly elections, the BJP poured in resources and effectively managed a slim ministry to keep the electorate onside. Consequently, it won 25 out of the 29 Parliamentary seats.

Karnataka

This was the only state in the South, where the BJP/NDA did much better than it expected. BJP increased its tally from 2 in 1999 to 18 in 2004, while the Congress dropped from 18 to 8.

The lack of pre-poll alliance between the Janata Dal (Secular) or JDS worked against the Congress in the three-cornered contests. Essentially the alliance between JDU and BJP worked to the latter's advantage. The defection of former Chief Minister S. Bangarappa just before the election from the Congress to the BJP weakened the former and strengthened the latter. It reflected on the disunity, which existed within the Congress. Therefore, despite the Congress obtaining a larger share of the votes than BJP, it did poorly in terms of the number of seats.

Essentially, 'India shining' made much more sense in this state, because Karnataka had gained much more from the growth of the IT services than any of the other states. The benefits of this went to the BJP/NDA rather than the ruling Congress Party. There was popular discontent against Congress, particularly among the farmers. This was because of the inadequacy of support for drought relief to the farmers and increases in power tariffs and severe shortages of water.

The dismantling of the public distribution system on the assumption that poverty had literally disappeared affected a number of people adversely and added to the discontent against Congress.

Gujarat

The BJP lost ground, from 20 seats to 12, while the Congress improved its position. This also appeared contrary to expectations, especially in the aftermath of the 2003 Assembly elections, in which the BJP did exceptionally well, in response to the hard-line stance of the Hindutva forces, following the Godhara train massacre, in which Hindus were burnt to death. The subsequent program of terror and violence unleashed against the Muslim minority led to a resurgence of support for the BJP, including among the Dalits and the Adivasis.

Narendra Modi, the hardline Chief Minister of Gujarat became the spokesperson and a mascot of the Hindutva movement. The victory, he engineered for the BJP, created a degree of arrogance in him. He doubled the electricity tariffs for the farmers, installing meters in line with the requirements of the 2003 Electricity Act, to ensure that the bills were paid and failed to listen to the farmers protests. Though a compromise was brokered by BJP's central leadership, the farmers were alienated.

Once the emotions, in the aftermath of the violence against Muslims, had abated, most people realized that they had gained little from violence. In fact, there was flight of capital from the affected areas and lack of investment in such areas. The Supreme Court's strictures, just before the elections, against the Narendra Modi government over the Best Bakery gave confidence to the Muslims to vote in favour of Congress. This Court action, for the same reasons, as UP, affected the participation rate adversely. Turnout in Gujarat was below 50 percent against the overall average of 58 percent in India (see Appendix Table 2a).

Congress also recovered its traditional support from the Adivasis, which it had lost in the Assembly elections.

Rajasthan

The BJP improved its tally to 21 in 2004 compared with 16 in the 1999 elections, while the Congress dropped to 4 from 9. This was in line with developments in the 2003 state Assembly elections, in which the Congress did poorly.

BJP had worked actively to negate the effects of the drought and therefore continued to retain support among the farmers and workers. The Congress campaign was luke-warm, with Sonia Gandhi not making an appearance. There was, also, disunity among the Congress, with the former Chief Minister Ashok Gehlot, working against other Congress candidates.

North east

The population-wise small northeastern States of Assam, Meghalaya, Manipur, Arunachal Pradesh, Nagaland, Tripura and Mizoram dependent as they are on the largess of the Centre, did not change their verdict by much between the 1999 and 2004 elections. The CPM retained its two seats in Tripura, while in the rest the combined tally of Congress was 11, down from 14. The BJP and its allies improved their position from 4 to 7. This was partly the result of the former Speaker of Parliament, Sangma, joining up with the Nationalist Trinamul Congress, after he fell out with Sharad Pawar over NCP's alliance with Congress. Adivasi support for the BJP in general is up in this election by 5 percent points. BJP has been cultivating this vote for some time, though the Congress continues to have a lead for the Adivasi vote in most States (see Table 5a in the appendix) and overall of 9 percent over the BJP.

Kerala

Kerala has a United Democratic Front (UDF) State Government, led by Congress's Anthony.

The UDF suffered a major setback in the 2004 Parliamentary elections. It failed to win, a single seat, while the Left Front amassed 18 out of the 20 seats. In 1999, UDF had won 12 seats; out of which Congress had 8.

There was factional infighting in the Congress, partly because of the dynastic ambitions of Karunakaran and an attempt by the Congress leadership to appease him, but also because of disagreements over policy.

There was considerable disaffection among the farmers, who faced severe water shortages as well as increases in electricity tariffs and who did not find adequate support in the face of the worst drought in Kerala's recent history. There was considerable discontent among the youth, who had difficulty in finding employment in the face of the moratorium of the UDF government on public sector employment. Targeting of public distribution of rations in an attempt to reign in the budget deficit alienated those who did not receive such rations. Attempts to open the economy to foreign investment through ill-thought through MoUs with foreign investors also led the UDF to lose support. Antipathy against foreign investment is stronger in Kerala than most other Indian states. In fact the State's anti-capitalist stance makes it difficult for it to improve its economic performance despite its excellent social indicators.

Jharkhand

The BJP suffered a major setback dropping from 11 seats to only 1. The UPA improved its position significantly taking 11 seats.

The BJP, in its arrogance, refused to share any seats with its NDA partner JDU and in the process lost seats, because of the tri-angular contests. Against this, Congress struck up a valuable alliance with Jharkhand Mukti Morcha (JMM) and kept its alliance with RJD. Therefore, there was no splitting of votes among the UPA.

Punjab

BJP and its ally Shrimoni Akali Dal (SAD) improved their position from 3 to 11 seats; while the Congress suffered a major setback.

The public airing of differences between the Congress Chief Minister Amarinder Singh and his Deputy Chief Minister Rajinder Kaur Bhattal did not help the Congress. Amarinder Singh wasted energy and resources pursuing SAD's Badal over corruption charges, even as the relative economic position of Punjab continues to deteriorate. In addition the Maywati's BSP spilt the Dalit vote, which favoured the NDA. Congress only won 2, as against 8 seats in the 1999 elections.

Unlike the 1999 elections, when there was a split between Badal and Tohra factions, this time there was unity in SAD.

The introduction of electricity tariffs for farmers, as in the case of other states, also worked against the ruling Congress party.

Chattisgarh

BJP lost two seats and dropped from 10 to 8, while the Congress improved its position from 1 to 3. But the change is too small to warrant comment.

Haryana

The NDA suffered a major setback, dropping from 10 seats to 1, while the Congress improved its position from 0 to 9. The Indian National Lok Dal (INLD), which governs the state, is seen to be quite corrupt. BJP's attempt to put some distance between itself and INLD by breaking the alliance helped neither the BJP nor the INLD. It split their votes. The BJP's vote share came down considerably, while that of INLD was not affected.

Electricity tariffs, which had been raised by the INLD government, like other State governments, played a part in the defeat of that party and by association of the BJP.

Delhi

The good governance of the Sheila Dixit State Congress government helped the Congress to reverse the 1999 Parliamentary results, when it did not get a single seat. This time it won 6 out of 7.

Jammu and Kashmir (J & K)

The alliance between Congress and People's Democratic Party (PDP) helped both. They won 3 out of 6 seats. The split between the National Conference (NC) and BJP led to reversals for both. NCP's seats declined from 4 to 2, while the BJP did not win any, compared to 2 in the 1999 elections

Orissa

The Biju Janata Dal (BJD) and BJP combine did almost as well as in the 1999 elections by winning 18 out of 21 seats. They had 19 seats in 1999. Congress, which has been tainted by its past policies in the state paid less attention to it, while the NDA, through the presence of both Vajpayee and Advani, paid considerable attention to it. More resources had also been poured into this state in the aftermath of the drought and this ensured continued support for the ruling combine.

Section Three: Common Minimum Programme (CMP)

The coalition nature of government has led to the adoption of a CMP. The following six guiding principles adopted by UPA are unexceptionable and commendable:

1. Preserving, protecting and promoting social harmony and resolutely opposing communalism.
2. Ensuring sustained, employment-oriented economic growth.

3. Enhancing the welfare of farmers, agricultural labourers and workers.
 4. Empowering women and promoting gender equality.
 5. Ensuring equality of opportunity for socially disadvantaged groups and religious minorities.
 6. Unleashing creative energies and promoting productive forces.
1. The strictures of the Supreme Court against the Narendra Modi government and the transfer of this case from Gujarat to Mumbai, has put the Hindutva forces on the back foot. Therefore, the scope for promoting social harmony has increased. But this will require the Muslim establishment to take the initiative and seek a settlement over the Ram Mandhir/Babri Masjid issue. The unresolved nature of this issue does not help the Muslims. It is also an issue which will not go away, even if the Supreme Court gives the judgment in favour of Muslims. Moreover, it is not a legal issue and therefore to expect the Courts to resolve it is unreasonable. Similarly, accepting that Muslims in India should be governed by a separate civil code will be a source of rancour for some Hindu fundamentalists. Again the adoption of a common civil code will help. The Supreme Court has indicated that this should happen. It is now up to the UPA to ensure that it does. At the same time an active policy of punishing those who instigate and commit communal crimes are necessary. The UPA government is more likely to move actively in pursuit of such cases and the Supreme Court has shown in the Best Bakery case that it is willing to act, even where the State Government (in this case that of Gujarat) is remiss in its duty.
 2. The second principle is tied into the provision of 100 days employment to at least one able-bodied person in every rural or urban poor and lower-middle class household. This is certainly commendable as the food-for-work program can be tied into asset-creating public works program. But whether or not this will be taken up effectively remains to be seen. In addition, if it is effective in drawing labour, then there will be serious resource costs, though if properly administered there can be offsetting benefits. Given the high indebtedness of State governments and the high wage bills of State governments, it is not clear how these are likely to be funded. One proposal is for the Centre to write off the States' debts, but this will increase the liabilities of the Centre, which means that the Centre has to raise resources. How it will do so is not clear. Moreover, writing off such debts can create a moral hazard problem ie it can create an incentive for State governments to be profligate. Given the combined fiscal deficit of the Centre and State Governments is around 10 per cent of GDP, any such profligacy can be disastrous.
 3. The third principle relates to the foreshadowed review of the provisions of the 2003 Electricity Act. This Act was brought into being in the context of the unsustainable losses of the State Electricity Boards and with only 55 percent of the households in India having access to electricity. Where electricity is available the supply is unreliable and intermittent. The Act made metering mandatory, made provisions relating to theft of electricity more stringent and allowed independent setting of tariffs by regulating authorities, rather than by the State governments. Where the subsidy was to be provided by the State governments, it had to be paid for through their budgets. Though the State governments had the option to blame the Centre or State Electricity Regulatory Commissions (CERC and SERCs respectively) for the increase in tariffs, nevertheless under pressure from the farmers lobby and in fear of losing elections they

have continued to increase subsidies as tariffs have been increased and thus continued with problems of increasing State indebtedness. In the aftermath of the recent State and Parliamentary elections, both AP and Karnataka have reverted to the policy of providing free electricity to farmers. This will add to the problems of these governments, which are hamstrung by a mountain of debt. While the CMP talks about an increased role for the private sector in power generation and even power distribution, the history of Enron does not bode too well for this development. The public sector is the only effective instrument of expanding supply of electricity and it needs resources. After a spurt in power generation in 2003-04, the process is likely to slow down in 2004-05, as uncertainties about electricity policy have been created. Given Prime Minister Manmohan Singh's statement that he favours user charges, it is unlikely that there will be any change in policy. Instead of State governments favouring free electricity, they can increase public sector investment in agriculture, which has declined since the 1990-91 recession.

The third principle also relates to workers, most of whom are in the informal sector. This is because formal sector employment has hardly expanded, constrained as it is by archaic labour laws and by the absence of effective bankruptcy legislation. The opposition of the Left Front to any changes to these laws is unlikely to help in the expansion of formal sector employment in the private sector. But it is not clear what the Government can do in the expansion of formal sector employment, given the serious fiscal constraints on the state. Therefore, expanding employment will remain a motherhood statement, unless the growth momentum of the economy can be sustained. In this context, the UPA has set itself a sustained growth rate of 7-8 percent. The capitalist confidence which has been dented by statements opposing privatization and labour reforms by the Left Front, will have to be restored, if this target is to be achieved.

4. The fourth principle relates to introducing a bill to have a minimum quota of 30 percent for women in Parliament. Most of the opposition for this is likely to come from the intermediate castes, the Dalits and Adivasis, who are likely to seek a quota within a quota. A similar bill did not get through the last Parliament. Whether or not it has a better chance this time remains to be seen. As is clear from Appendix, under E, currently no Party has more than 11 percent of women candidates, while the Left parties have only 7 percent of women candidates.
5. In the context of fifth principle, there is some suggestion to introduce quotas in employment in the private sector as well. Given globalisation and increased competition from China in manufacturing and the requirements of highly skilled labour in software and other expanding services, it is not clear if this will help employment.
6. In any case the above is in conflict with the sixth principle, which is more effective in the context of greater competition and a more open economy.

Some other comments: The slow down in privatization will reduce the ability of the States and Centre to reduce their fiscal deficits (which combined have remained around 10 percent of Gross Domestic Product over the last two years) or alternatively to fund the expansion of health and education and to improve social indicators in the process.

In the aftermath of the launch of CPM, the Indian stock market has remained below 5,000 and the Foreign Institutional Investors (FIIs) remain wary. This implicitly means that the cost of capital in India has gone up. Without energizing the capitalists, it is unlikely that the 7-8 percent target that the UPA has set for itself will be achieved.

Nevertheless, it has to be remembered that the current Prime Minister Manmohan Singh is a known reformer and had been instrumental in bringing down the fiscal deficit, when he was Finance Minister in the Rao Government in the early 1990s. He has been concerned with its subsequent increase. Therefore, fiscal consolidation will require him not only to continue with the important reforms, such as the Electricity Act and Securitisation Act that have reduced the demands on the budget for power subsidies, despite some backtracking by State governments, and for recapitalisation of banks, but also other reforms, where the user pay principle is applied. Even if privatization slows down, corporatisation, under which state owned businesses are run on commercial lines, as they are in Singapore, will become the order of the day.

Section Four: Conclusion

The Parliamentary elections presented a fractured mandate. The NDA lost, because it had become arrogant in the aftermath of its victory in the three State Assembly elections in 2003 and because of good economic news. Nevertheless it was not a clear-cut victory for the Congress and its allies or UPA. The Congress's vote share fell somewhat (as did that of the BJP), while the combined share of UPA was somewhat smaller than that of the NDA.

The poor results of Assembly elections and NDA's 'India Shining' campaign, which appeared on the surface to be working initially, galvanised the Congress into a pro-active stance on seeking alliances and forced it to shed its assumption that it could come to power on its own. The outcome of the 2004 Parliamentary elections clearly demonstrate that the 'India Shining' campaign failed to deliver much mileage for the BJP. Though Vajpayee's image as a national leader was considerably better than that of Congress's Sonia Gandhi, in the end it probably did not make much difference to the outcome. It was the success and failure of the alliances, combined with individual State based factors, which decided the outcome somewhat more in favour of the UPA and substantially against the NDA.

The Congress entered into politically rewarding alliances in Andhra Pradesh, Maharashtra, Bihar and Jharkhand and took advantage of NDA's state of disarray in States like Haryana, where BJP broke an existing alliance and Jharkhand, where it arrogantly treated its NDA partner by not sharing any seats with it. The continued growth and consolidation of the lower caste based parties, RJD, BSP and SP, worked against the BJP in the populous states of UP and Bihar. Paswan's Dussand community support was critical for UPA in Bihar and getting it on-board was a master-stroke of brilliance on the part of Laloo Yadav. But keeping Paswan onside will be difficult, as the NDA found out after the 1999 elections. It also means that BJP will have to demonstrate more humility in its dealings with its election partners, if it wants to win the next election. The same applies to Congress.

The strictures of the Supreme Court just before the elections against the Narendra Modi Government in Gujarat, gave more confidence to the Muslims to vote against the NDA and it reduced the participation rate in the important states of UP, Bihar and Gujarat, particularly of the supporters of BJP and the Ram Janambuni movement.

Essentially the parliamentary elections represent a revenge of the farmers on the ruling State governments, be they NDA or Congress, who had been forced to raise electricity tariffs and install meters for farmers in the aftermath of the 2003 Electricity Act. Some states had also attempted to cut back on ration subsidies to consumers. This was because of mounting fiscal deficits at the state level and the consequent inability of the states to raise resources for expanding social services and power supplies. Though free electricity was a foolish economic policy, partly because it has constrained the expansion of electricity and partly because of its adverse impact on the water table, reversing it has proven to be difficult, especially where opposition parties are willing to promise free electricity, if elected. Nevertheless, with the enactment of 2003 Electricity Act, the State Electricity Boards (SEBs) are independent entities and if the State governments want to provide free electricity, they have to compensate their SEBs. Obviously the situation of the farmers in the aftermath of the severe 2002 drought was difficult and the lack of consultation with the farmers was politically risky. In addition improvements in terms of more reliable power supply or greater investment in agriculture or improved road infrastructure or schooling and health were not shown as offsetting benefits. The newly elected Prime Minister Manmohan Singh, a person with formidable persuasive skills, which he demonstrated as Finance Minister in the Minority Rao Government in the early 1990s, will have to hold his nerve and not reverse the basic tenets of the Electricity Act. Given that he is committed to reducing the fiscal deficit, he cannot afford to do so, especially because receipts from privatization will slow down in the face of the Left Front's opposition to such privatization. The Left Front's anti-reform stand has also created a capitalist strike. Reversing the capitalist's sentiment or 'animal spirits', which is necessary for economic growth, will require at the very least fiscal consolidation. User pay principle will have to spread from electricity to other areas, including possibly higher education. Corporatisation will become more widespread, even if privatization slows down. This is because without additional resource mobilization and higher growth rates, the objectives of providing a 'massive food for work program' and improving social indicators and physical infrastructure, which are part of the Common Minimum Programme will not be realized.

A. Why ‘India shining did not work’?: The choice of India Shining and Feel Good as the campaign themes was part of BJP’s grand strategy of creating a media-led hawa through the country. It seemed to work initially but backfired in the last instance. Once its novelty wore off in this long campaign, this advertising theme served to keep the focus on the economic conditions of ordinary people. This did not bring any additional gains to the BJP and its allies among the so-called middle classes, a euphemism for the wealthy classes that were already backing it up. But it may have invited a backlash, thus creating a psychological context for forging an alliance of the lower orders of society. The Congress and its alliances provided an avenue for political expression of this emerging social alliance.

The long drawn out campaign gave this alliance the space to work itself out. This also ensured that the media blitz unleashed by the BJP could not continue to dominate the elections. In this sense, this election proved that in a large and diverse society like India, there are limits to what micro-management and spin doctoring can achieve.

B. The competing name brands: Though the Vajpayee brand had a much greater and broader acceptance than Sonia Gandhi; the Gandhi brand had equal recognition. The entry of Rahul and more so of the teligenic and charismatic Priyananka offset the handicap of the ‘Sonia’ brand, as a foreign product.

In the aftermath of the elections, Sonia Gandhi, by recognizing this handicap, trumped the ‘Swadeshi’ lobby by promoting Dr. Manmohan Singh, the highly respected economist who does not have a strong political base, to the PM’s position.

C. Turnout or Participation Rate: The turnout was low, but not alarmingly so. The falls compared to 1999 were greater among the Dalits (Scheduled castes) or SC and Adhivasis (Scheduled Tribes or ST). this is apparent from Table 1a

Table 1a

General seats only a little higher than reserved			
	Seats	Turnout %	Change on '99
Reserved SC	79	57.9	-2.2
Reserved ST	40	55.9	-1.6
General	420	58.5	-1.7
All	539	58.3	-1.7

Source: Suhas Palshikar and Sanjay Kumar , “ The Big Picture”, *The Hindu*, 20th May 2004.

Nevertheless in Gujarat, Bihar, Uttar Pradesh it was below the 50 per cent mark. Participation rate is higher among villagers than urbanites (see Table 3a).

Fluctuation in turnout evident over the period, but turnout in 2004 much lower than in 1998; though considerable higher than in 1991 (see Table 2a).

Table 2a.

One of the lowest turnouts in recent times	
Lok Sabha Elections	Turnout %
1952	45.7
1957	47.7
1962	55.4
1967	61.3
1971	55.3
1977	60.4
1980	57.2
1985	64.1
1989	61.9
1991	55.9
1996	57.9
1998	62.1
1999	60
2004	58.3

Source: Suhas Palshikar and Sanjay Kumar , “ The Big Picture”, *The Hindu*, 20th May 2004.

D. Voter apathy?

Much of that refers to the indifference in the urban centres that have been recording lower turnouts than in rural areas for the last two decades. This time it was the same story, except that the rural areas saw a greater fall in turnout compared to 1999. India shining had much less relevance for the rural areas.

Table 3a: Villagers vote more than urbanites, but less than before

Rural/Urban	Number of Seats	Turnout (%)	Change in turnout (relative to 1999)	
Rural	465	59.2	-2.1	
Urban	74	53.6	-0.1	

Source: Suhas Palshikar and Sanjay Kumar , “ The Big Picture”, *The Hindu*, 20th May 2004.

E. Gender gap:

The gender gap was also evident in the candidatures. In States such as Orissa, Kerala, West Bengal and Madhya Pradesh, there was a little more than average representation of women candidates. The parties that had talked loudly of reservation for women in legislatures, did not bother to field more women. The Congress led in this: it had 11 per cent women candidates as against the BJP's eight per cent, the Samajwadi Party's 10 per cent and the Left parties' less than seven per cent.

Table 4a

Male / Female Turnout		
	Turnout	Change on '99
Male	62	-2
Female	53.6	-2

Source: Suhas Palshikar and Sanjay Kumar , “ The Big Picture”, *The Hindu*, 20th May 2004.

F. Support among Adivasis:

Table 5a

All India lead for Congress alliance over BJP alliance among Adivasi voters	
Congress leads among Adivasis in	
Maharashtra	34
Jharkhand	28
Andhra Pradesh	19
Orissa	18
Chhattisgarh	13
Meghalaya	13
Rajasthan	12
Madhya Pradesh	8
But the BJP and allies take the lead over Congress in	
Arunachal Pradesh	-20
Assam	-13
West Bengal	-3
Gujarat	-1

*Note : All figures in percentages.
Based on data from NES 2004.*

Source: Sanjay Kumar and Alistair Mcmillan , “ The Big Picture”, *The Hindu*, 20th May 2004.

As one goes beyond the caste Hindu order, the territory now belongs to the Congress. It establishes a huge lead among Dalits by securing 35 per cent votes, while the NDA trails at 23 per cent. If the Congress does not manage to get the sort of lead here as the NDA gets among the upper castes, it is only because the BSP takes away nearly 30 per cent of the Dalit vote across the country. There is major contestability between BSP and Congress for the Dalit vote. The Congress leads among the Adivasis as well, but only by nine points. This is one section that the BJP has consciously and successfully wooed in the recent years. While the NDA has lost votes all over the country and across all social segments, it has actually improved its votes among the Adivasis by five percentage points. That is a warning to the Congress.