India’s 2004 National Elections

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Summary

U.S. relations with India depend largely on India’s political leadership. India’s 2004 national elections ended governance by the center-right coalition headed by Prime Minister Atal Bihari Vajpayee and brought in a new center-left coalition led by Prime Minister Manmohan Singh. Following the upset victory for the historically-dominant Indian National Congress Party led by Sonia Gandhi, Gandhi declined the post of Prime Minister in the new left-leaning United Progressive Alliance (UPA) coalition government, instead nominating her party lieutenant, Oxford-educated economist Manmohan Singh, for the job. As Finance Minister from 1991-1996, Singh was the architect of major Indian economic reform and liberalization efforts. On May 22, the widely-esteemed Sikh became India’s first-ever non-Hindu Prime Minister. The defeated Bharatiya Janata Party now sits in opposition at the national level, led in Parliament by former Deputy Prime Minister Lal Advani. A coalition of communist parties supports the UPA, but New Delhi’s economic, foreign, and security policies are not expected to be significantly altered. The new government has vowed to continue close and positive engagement with the United States in all areas. This report, which will not be updated, provides an overview of the elections, key parties, and U.S. policy interests.
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The United States views India as a “strategic partner” on the world stage. In January 2004, the United States and India formalized an initiative to deepen relations in the so-called “quartet” areas: expanded cooperation on civilian nuclear activities, civilian space programs, and high technology trade, and expanded dialogue on missile defense. This Next Steps in Strategic Partnership effort compliments an ongoing bilateral Defense Policy Group forum, as well as joint military exercises, counterterrorism cooperation, and a variety of U.S. assistance programs for India. While U.S.-India economic and commercial ties have grown significantly in recent years, they still are viewed as being far smaller than is both possible and desirable, due in large part to what the United States sees as excessive regulatory and bureaucratic structures in the Indian economy. The United States has lauded India’s recent efforts to reform its once quasi-socialist economy, although there continues to be U.S. concern that movement has been slow and inconsistent.¹

The sea change in U.S.-India relations after the Cold War accelerated after a March 2000 visit to India by then-President Clinton, and became even more apparent in the wake of September 2001 and India’s offer of full cooperation with U.S.-led counterterrorism efforts. Much of the progress in bilateral relations came through U.S. engagement with a center-right coalition government in New Delhi led by former Prime Minister Vajpayee. In May 2004, this coalition was ousted by a surprise resurgence of the Indian National Congress (hereafter “Congress”), which now leads a center-left coalition that includes the support of communist parties. Despite the new government’s appointment of Indian officials associated with India’s “nonalignment” policies of the past and with sometimes vocal criticism of U.S. foreign policy, early indications are that the Congress-led coalition will make no major changes to India’s economic, foreign, and security policies. The United States likely will closely monitor New Delhi’s future approaches to economic reform, relations with neighboring Pakistan (including the unresolved Kashmir issue), defense posture and weapons proliferation, and human rights protection.

Overview

India is a federal republic of more than one billion inhabitants. The bulk of executive power rests with the prime minister and his or her cabinet (the Indian president is a ceremonial chief of state with limited executive powers). Most of India’s prime ministers have come from the country’s Hindi-speaking northern regions and, until 2004, all but one had been upper-caste Hindus. The 543-seat Lok Sabha (People’s House) is the locus of national power, with directly-elected representatives from each of the country’s 28 states and seven union territories. A smaller upper house, the Rajya Sabha (Council of States), may review, but not veto, most legislation, and has no power over the prime minister or the cabinet. National and state legislators are elected to five-year terms. The previous national election was held in October 1999. Although India’s political stage is crowded with numerous regional and caste-based parties, recent years have seen an increasingly dyadic battle between two major parties that vie for smaller allies in a system that now requires coalitional politics (no party has won a national election outright since 1984). Since 1998, the Bharatiya Janata Party (BJP) had led a ruling National Democratic Alliance (NDA) coalition of more than 20 parties working under the leadership of Prime Minister Atal Bihari Vajpayee. The October 1999 Lok Sabha elections solidified the BJP’s standing. The key opposition party during this time was the Congress Party.

During April and May 2004, India held a four-phase national election to seat a new Lok Sabha. The NDA called elections six months early in an apparent effort to capitalize on perceived momentum from positive economic news and from three convincing state-level victories over Congress in December 2003. Some 380 million Indians cast ballots at nearly 700,000 polling stations. When results were announced on May 13, nearly all observers and participants — including Prime Minister Atal Bihari Vajpayee — were surprised by the upset defeat of the NDA, and by a simultaneous resurgence of the Congress Party led by Sonia Gandhi, the Italian-born widow of former Prime Minister Rajiv Gandhi, which had forged strategic and unprecedented alliances with powerful regional parties. On May 18, Gandhi stunned her supporters by declining the position of prime minister in a new United Progressive Alliance (UPA) coalition government, instead nominating her party lieutenant, Oxford-educated economist Manmohan Singh, for the job. As Finance Minister from 1991-1996, Singh was the architect of major Indian economic reform and liberalization efforts. On May 22, the widely-esteemed Sikh became India’s first-ever non-Hindu Prime Minister.

Poll results also were notable for the best-ever showing of a leftist alliance led by the Communist Party of India (Marxist), which won a total of 62 seats, nearly all

2 Hindus account for about 82% of India’s population, but a Muslim minority of some 145 million (about 13%) gives the country a Muslim population second only to Indonesia’s. Sikhs and Christians each account for about 2% of the population.

3 In 1999, the BJP and its allies won 296 Lok Sabha seats, while Congress and its allies took 134. Key NDA members — mostly ethno-linguistic regional parties — include the AIDMK of Tamil Nadu, the Telugu Desam Party of Andhra Pradesh, the Akali Dal of Punjab, the Shiv Sena of Maharashtra, and the Trinmool Congress of West Bengal.
of them from West Bengal and Kerala. Although this Left Front is not part of the new UPA government, it is supporting the UPA from outside. Investor fears that a new coalition government including communists might curtail or halt India’s economic reform and liberalization process apparently led to huge losses in the country’s stock markets: Bombay’s benchmark Sensex index lost 11% of its value on May 17, the second-largest daily loss ever, and the value of India’s largest companies reportedly declined by some $40 billion over seven days, with state-owned businesses slated for public sale taking the greatest hits. Market recovery began after Congress Party leaders offered assurances that the new government would be “pro-growth, pro-savings, and pro-investment.”

Numerous analysts weighed in on the meaning of the complex electoral results. A long tradition of anti-incumbency was only partly apparent in 2004, as many states re-elected sitting parliamentarians. It also is notable that the BJP-led coalition received slightly more total votes than did the Congress-led alliance. However, huge reversals for the incumbent NDA-allied Telugu Desam Party of the Andhra Pradesh state — as well as for the BJP, which fell from 181 seats in parliament to only 138 — were seen by many as evidence that India’s rural poor were not persuaded by the NDA’s “India Shining” campaign that sought to highlight the country’s economic gains (Andhra Pradesh’s capital, Hyderabad, has been touted as an information technology boom-town). It may be that voters found the NDA insufficiently attentive to the core issues of “bijli, sadak, pani” (power, roads, water) and voiced a rejection of neo-liberal economic reforms that were seen to benefit India’s middle- and upper-classes only.

Other analysts saw in the results a rejection of the Hindu nationalism associated with the BJP (just days after a December 2002 state election victory in Gujarat, the BJP’s president declared that his party would “duplicate the Gujarat experience everywhere” as it represented a “mandate for the [Hindutva] ideology”). Sonia Gandhi’s foreign origin had become a key point of criticism for these groups and it is likely that her decision to pass on the prime ministership was in part a result of her not wanting to become a subject of controversy, as Hindu nationalist groups had threatened to launch a nationwide protest campaign if she took the prime ministership. It also is widely held that Gandhi’s action was driven by a perceived interest in establishing circumstances in which her son Rahul, who ran for and won a parliamentary seat for the first time this year, can assume the family “dynasty” mantle later in the decade.

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7 “India’s BJP Sets Hardline Agenda,” BBC News, December 23, 2002. “Hindutva,” or “Hindu-ness,” is a political philosophy that seeks to revitalize awareness of India’s Hindu roots and the fundamentally Hindu nature of the country.
8 Rasheed Kidwai, “Crashing Welcome to Sonia,” Telegraph (Calcutta), May 18, 2004; (continued...)
Key Parties

Indian National Congress

The dynastic Congress Party of Jawaharlal Nehru, his daughter, Indira Gandhi, and her son, Rajiv, had dominated India’s political stage for 45 of its first 56 years of independence, but did not hold the prime ministership after May 1996. Never before had Congress been out of power in New Delhi for such a long period (although it continued to hold power in 11 states). After 1998, Congress’s national leader was Rajiv’s widow, the Italian-born Catholic Sonia Gandhi, who took to politics only with reluctance. Factors in the decline of support for Congress included neglect of its grassroots political organizations by the leadership, a perceived lack of responsiveness to such major constituent groups as Muslims and lower castes, the rise of regional and issue-based parties, and allegations of widespread corruption involving party leaders. Gandhi herself, while enjoying the loyalty of most party leaders, came under fire for allegedly poor campaign skills and for her foreign origins.

In the wake of three surprise state-level losses in December 2003, Gandhi called on India’s secular forces to close ranks in resisting the BJP’s “development” emphasis, insisting that it was merely a cover for the BJP’s ongoing “agenda of hatred and divisiveness.” Motivated by a belief that secular forces would hang together or be hanged separately, Congress began actively seeking alliance partners. Many analysts had argued that Gandhi represented a net liability for the party, a long-running and contentious debate that likely was settled by the outpouring of affection for her in May 2004. Still, some analysts are concerned that Gandhi’s significant and “extra-constitutional” influence bodes poorly for the future stability both of the UPA and of the Congress Party, itself. The new Prime Minister’s top four cabinet ministries (Home, External Affairs, Defense, and Finance) are being headed by Congress stalwarts.

Bharatiya Janata Party

The BJP, associated with Hindu nationalist groups, had enjoyed rapid success in national politics. Riding a crest of rising Hindu nationalism, it increased its strength in Parliament from only two seats in 1984 to 181 seats 1999. Some

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In June 2003, India's Central Bureau of Investigation filed conspiracy charges against Advani and seven others for their role in the mosque's destruction and rioting that killed more than 3,000, but, in September, a court ruled that Advani would not stand trial.


**Selected Election Results**

<table>
<thead>
<tr>
<th>Top Parties</th>
<th>Seats Won</th>
<th>% of Seats</th>
<th>% of Vote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indian National Congress + allies (UPA)</td>
<td>145</td>
<td>27%</td>
<td>26.7%</td>
</tr>
<tr>
<td>Bharatiya Janata Party + allies (NDA)</td>
<td>138</td>
<td>25%</td>
<td>22.2%</td>
</tr>
<tr>
<td>Communist Party of India - Marxist (UPA supporter; mainly West Bengal and Kerala states)</td>
<td>43</td>
<td>8%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Samajwadi Party (independent; Uttar Pradesh state)</td>
<td>36</td>
<td>7%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Rashtriya Janata Dal (UPA member; mainly Bihar state)</td>
<td>24</td>
<td>4%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Bahujan Samaj Party (independent; Uttar Pradesh State)</td>
<td>19</td>
<td>3%</td>
<td>5.4%</td>
</tr>
<tr>
<td>Dravida Munnetra Kazhagam (UPA member; Tamil Nadu state)</td>
<td>16</td>
<td>3%</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

**Source:** Election Commission of India; “The Big Picture,” *Hindu* (Madras), May 20, 2004.

**Left Front**

Although the Communist Party of India (Marxist) seated the third largest number of parliamentarians in 2004, its vote bank is almost wholly limited to West Bengal and Kerala (the Left Front coalition holds about 11% of all Lok Sabha seats). Communist parties have in the past been bitter rivals of the Congress in these states, but a mutual commitment to secularism appears to have motivated their cooperation against the BJP in 2004. Early alarm was sounded that the influence of communists in New Delhi might derail India’s economic reform efforts, however, Indian industrial leaders have sought to assure foreign investors that Left Front members are not “Cuba-style communists,” but can be expected to support the UPA reform agenda. The communist Chief Minister of West Bengal has himself actively sought corporate investment in his state.

**Regional Parties**

The power of regional and caste-based parties has become an increasingly important variable in Indian politics; the most recent poll saw such parties receiving nearly half of all votes cast. Never before had the Congress Party entered into pre-poll alliances at the national level, and numerous analysts attributed Congress’s

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success to precisely this new tack, especially thorough arrangements with the Bihar-based Rashtriya Janata Dal and Tamil Nadu’s Dravida Munnetra Kazhagam. The influence of large and smaller regional parties, alike, is seen to be reflected in the UPA’s ministerial appointments, and in its professed attention to rural issues and center-state relations.

Economic, Foreign, and Security Policy

Prime Minister Singh has insisted that development will be a central priority of the UPA government, with reforms aimed at reducing poverty and increasing employment. He also emphasizes that privatization is not part of UPA ideology and that major public sector concerns will not be sold off. The appointment of Harvard-educated lawyer and economic reformer Palaniappan Chidambaram to head the Finance Ministry, and a UPA Common Minimum Program (CMP) emphasizing economic growth and increased investment, have been welcomed by most business interests, even if the pace of privatization and labor reform efforts may slower. The UPA’s first budget, released on July 8, generally was lauded by Indian industrial groups as “progressive and forward-looking.”

Both Prime Minister Singh and his new External Affairs Minister, career diplomat Natwar Singh, have given indications that their initial foreign policy focus will be on India’s immediate neighbors. This may mean a deeper diplomatic engagement in the Sri Lankan conflict, along with more energetic efforts to assist the Nepali government in its struggle with communist rebels. Perhaps most significantly, the India-Pakistan peace initiative begun in April 2003 suffered no apparent damage from the change of government in New Delhi, with both sides insisting that the process will continue. The UPA has indicated that it will make the 1972 Simla Agreement between India and Pakistan the basis of its relationship with Islamabad, even as it will abide by all subsequent accords. Since the new government was

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20 “Text of Foreign Secretary Shashank’s Statement,” Hindustan Times (Delhi), June 1, (continued...)
seated, India and Pakistan have agreed to increase bilateral counternarcotics cooperation; to establish a hotline to reduce the threat of accidental nuclear war; to continue mutual notifications of missile launches; to return their respective embassies to full strength; and to re-establish consulates in Bombay and Karachi. New National Security Advisor J.N. Dixit has been assigned to take the lead role in relations with China, replacing his predecessor, Brajesh Mishra, and the world’s two most populous countries have vowed to bolster defense and trade ties while moving forward on efforts to resolve outstanding territorial disputes. India also agreed to increase bilateral defense ties with Japan through periodic ministerial-level interaction.

The new Prime Minister has vowed to repeal the controversial 2002 Prevention of Terrorism Act that some have called a tool for discrimination against religious minorities and opposition political figures. Statements about the necessity of preventing a repeat of the communal violence seen in Gujarat in 2002 have encouraged those who hope that a secularist, left-leaning government will do more to both oppose such divisiveness and bring to justice those who encourage it through lawless means. It remains unclear how the UPA intends to address roiling separatist violence in several of India’s northeastern states. On military issues, the UPA states an intent to hasten India’s modernization efforts and to maintain a “credible nuclear weapons program” while pursuing confidence-building measures with its “nuclear neighbors.”

**India-U.S. Relations**

It is as yet unclear how, if at all, the Congress-led government might differ from its predecessor in terms of relations with the United States. Many of Prime Minister Singh’s top lieutenants were steeped in the non-alignment policies of the Congress Party during the Cold War. External Affairs Minister Natwar Singh and National Security Advisor J.N. Dixit have in the past been highly critical of such issues as U.S. involvement in Iraq, U.S. nonproliferation policy, and U.S. designation of Pakistan as a “major non-NATO ally.” Their criticisms often went far beyond similar concerns raised by the outgoing BJP-led alliance. The Congress-led government continues to state that it has no plans to contribute Indian troops for service in Iraq.

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20 (...continued) 2004.


although U.S. officials are reportedly seeking to “overcome” Indian reservations.25 The possible influences of communist parties have added to concerns that New Delhi may become at least somewhat more critical of and less cooperative with the United States on bilateral and global issues. However, early statements from the UPA, including sections of its Common Minimum Program, indicate that the Congress-led government will seek “closer engagements and relations” with the United States, even as it will “oppose all attempts at unilateralism” in world affairs. A June meeting of the U.S.-India Defense Policy Group — the first between high-level U.S. officials and the UPA government — and a five-day India-United States conference on space science and commerce in Bangalore brought joint statements that cooperative bilateral relations will continue.26
