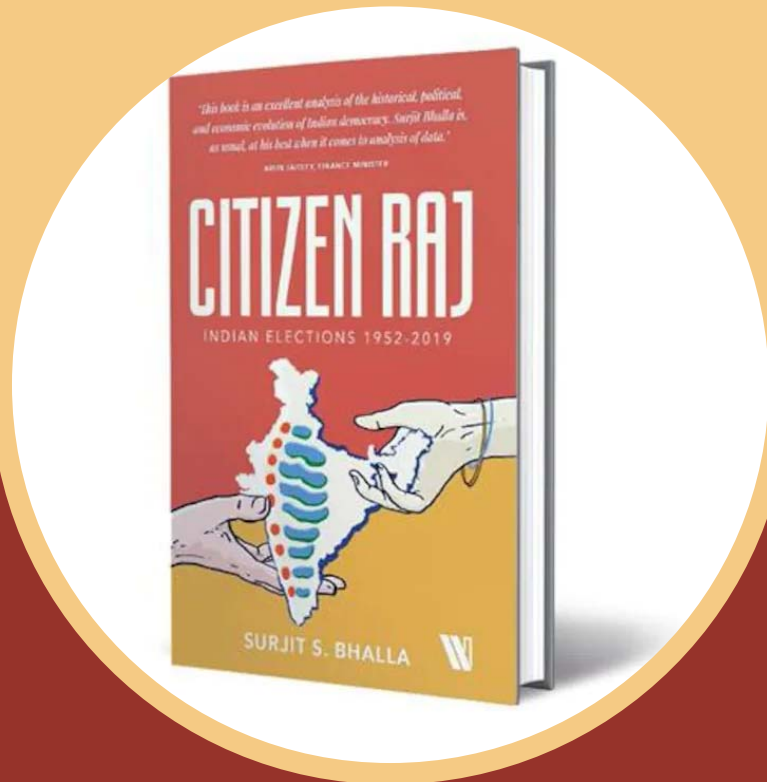




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CITIZEN RAJ

For Civil Services Examination

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ABOUT THE BOOK

Citizen Raj: Indian Elections 1952-2019, the book, examines the determinants of elections in India, with a special focus on the forecast of the 2019 general elections. Written by one of the prominent economists of India, Surjit S. Bhalla, who has unique reputation of having predicted the recent elections in India. However, the larger aim of the book is to become the reference for any aspect of elections in India, or elsewhere in the world. Opposition Unity, How do you measure this, what does it mean, how much of the election outcomes in India are explained by this index/phenomenon; how much role is IOU expected to play in 2019. Does the performance of economy matter for the elections in India i.e. how valid is the Bill Clintons belief, It is the Economy, Stupid, for the Indian Elections. A detailed analysis and recap, of all state elections since 2014, and how do they, individually, as well as collectively, point to 2019 Measurement of economic performance, 1950 to 2019. Whether Caste and Religion assumed to be the determinants of elections in India or not? What role a personality effect plays in Indian Politics starting from Nehru effect to Indira Gandhi effect in 1971 to a Modi effect in 2014. The influence of social media in elections and the prediction of opinion polls is also discussed. This book gives a sneak peek into various aspects and trends of Indian political system since 1950s.

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INTRODUCTION

This book is about the expectations around the winners and losers of the ‘experiment’, and sixteen other experiments that have happened since the first election in 1952. But on a serious note, I do less than justice to India, and to democracy in India, by calling it either a tamasha or a circus. This choice of word was deliberate. I wanted to highlight the change that has already occurred in India over the last seventy years.

Not so long ago, the elections were a grand festive affair with billboards and spectacles galore. As India has become more developed (less poor), the opportunity cost of time (the economist’s description of forced leisure time) has gone up i.e., we have less time for these events as more of us are otherwise occupied.

At the same time, even as time-value has gone up, turnouts in Indian elections have also increased. In Lok Sabha elections, the average turnout—defined as the number of voters as a ratio of the electorate i.e., those eligible to vote—has also increased, from a low of 53.5 per cent in 1975, to a high of 66.4 per cent in the last 2014 general election.

For state elections—referred to as assembly elections—the turnout reached a high of 76.3 per cent in the 2018 elections held in six states. This is just one of the many indicators on offer to suggest that democracy is thriving, and well, amongst the Indian populace.

This book is mostly about the evolutionary process of Indian democracy, about where it was at inception in 1950 when the Constitution mandated a democratic form of government, government, about where it is today, and everything that has happened in-between.

1. INTRODUCTION

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- Not so long ago, the elections were a grand festive affair with billboards and spectacles galore. As India has become more developed (less poor), the opportunity cost of time (the economist’s description of forced leisure time) has gone up i.e., we have less time for these events as more of us are otherwise occupied.
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- For state elections—referred to as assembly elections—the turnout reached a high of 76.3 per cent in the 2018 elections held in six states. This is just one of the many indicators on offer to suggest that democracy is thriving, and well, amongst the Indian populace.
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2. DEMOCRACY BEGINS

Introduction:

This book is essentially about democracy, and development, and elections are an integral part of democracy. A legitimate question asked by many scholars since the start of Indian democracy in 1952, when India held its first general election, was: how did India end up being a democratic State? No one gave India a chance to succeed as a democracy; that it did may be more than just luck, or prescient foresight on the part of its founding fathers. In her book, *On How India Became Democratic*, Dr Ornit Shani states that, 'theorists of democracy have conventionally seen the establishment of India's democracy as a product of elite(emphasis mine) decision-making and institutional design. In this view, popular democracy, and the constitution, were endowed from above (emphasis mine) by discerning nationalist leaders and intellectuals.'

Key Ideas:

■ Colonisation and Democracy:

- ▶ Why is India a democracy and why has it remained so? Firstly, India became a democracy because of its 'heritage'. This inheritance consisted of two aspects: it was not only a British colony, but also ethnically and culturally diverse. The former guaranteed the presence of democratic institutions and the latter hinted that there were very few alternatives. Democracy is not only the only form of government that guarantees minority rights, but it also guarantees important roles for different ethnic and cultural groups.
- ▶ The logic of Indian democracy can therefore be summarised as follows: inheritance of British institutions meant a strong, positive, and an initial proclivity towards democracy. The vote empowerment of different social, cultural and religious groups meant that each group, especially the small ones, had a strong stake in democracy. A correlate of this empowerment was the desire among all groups for a united India; for only in a united India would each non-majority group have a stake. Logically therefore, democracy was most likely the preferred choice among most sections of society.
- ▶ For instance, the Indian subcontinent has several democracies, each with its own pattern. The two most ethnically diverse economies in the region are, India and Sri Lanka. Both have stayed the course (albeit with brief forays into dictatorships). The two most ethnically homogeneous economies in the region are, Pakistan and Bangladesh; both have not stayed consistently democratic. Add Myanmar (ethnically homogeneous) and Nepal to the mix and the democracy-diversity story is complete.

■ Does Democracy Hurt Growth?

- ▶ Democracy was, and is, politically correct. But is it economically correct? If elections are broadly about economic performance, then has democracy served the people well? A popular myth in India is that democracy hurts economic growth. This is often cited by experts as the reason why India has failed to equal China's growth after matching it for 480 years between 1500 and 1980. Consistent with this interpretation is the observation that East Asian economies, the ones which have done better than India, were all dictatorships during their period of out-performance. The facts do not support this apology (for India's under-performance). The fault is not democracy, it is us, and the politicians we elect, and the economic policies the elected representatives pursue. While we shall examine economic performance during different election periods, what we need to establish at present is whether democracy has helped, or hindered, economic development in different countries.

■ The Constitution:

- ▶ Democracy and elections are not perfect solutions to the organisation of a society—but they are still better than all other alternatives. Democracy also requires a Constitution—rules about organisation, and custom, and behaviour. Several centuries ago, rules of behaviour were either prescribed by kings or religious leaders, and we all know how that ended up—by yielding to democracy. It is therefore our Constitution that authorises our freedom, and our elections. In 2019, close to a billion people will be eligible to vote. In many ways, and despite several amendments, the Constitution is indeed a proud achievement. But I want to strike a slightly discordant note.
- ▶ Our Constitution, laudable as it is, emphasises the rights of the State rather than the rights of individuals. That is the major reason it is so bulky (the longest written Constitution) and so confusing—for the citizen, the politicians, and even perhaps the Supreme Court.
- ▶ Has the Constitution served India well? The ledger, according to many, is heavily positive; the answer, an overwhelming yes. But we need to ask—what is it in the Constitution that makes it susceptible to frequent change? (124 primary amendments to date—and a pace of replacement faster than the disposable toothbrush.)

■ Economic Criteria for Reservations:

- ▶ In the last session of parliament (December 2018) and barely a few months away from the general elections, the Modi government introduced a major new initiative to help the bottom seventy per cent—reservations for the economically backward. More precisely, a ten per cent quota in education and jobs for Indians not presently covered by any law pertaining to reservations; a quota for the Economically Weaker Sections (EWS) of society.
- ▶ It is safe to surmise that this is the first law in India that explicitly benefits the economically underprivileged, and does so neither on a caste nor on the basis of religion. This is in a series of ‘bombs’ (amendments) on reservations in the last seventy years. Amendments that have had political and electoral consequences.
- ▶ The first reservation bomb exploded with the Constitution, when after considerable debate in the Constituent Assembly, it eliminated the use of an economic criteria for special favourable discrimination on the part of the State. A good beginning was aborted before we even had a Constitution to guide us. This was possible (aborting the much-needed economic criteria) due to the active support of both Jawaharlal Nehru and Dr B.R. Ambedkar. Incidentally, the EWS recommendation brings back to policy the original spirit of the Constitution.
- ▶ Reservation policy should have been in the first place based entirely on an economic criteria—as per the original design of those who wrote the Constitution. An economic-based criteria would have been consistent with the liberal ethics of both Dr Ambedkar and Pandit Nehru. It is very likely that the two learned men realised that they were introducing an economic and moral wrong—in the first flush of independence, which had come after a long drawn-out struggle, they may have omitted to foresee the intended and unintended consequences seventy years hence. But that in no way means that no subsequent government, however far removed in years and ideology, should not take a serious re-look at this important aspect of social and economic policy.

3. THE IMPORTANCE OF NEHRU

Introduction:

Citizen Raj was ushered in under the leadership of Jawaharlal Nehru in 1952. Owing to his indisputable stature, what Nehru emphasised became policy, and law. However, our concern in this chapter is with the important role that he played in setting the tone and content of India's economic policy. As must be obvious by now, this book considers economic policy and its outcomes as the most important feature of a democracy. Political rights of citizens are sacrosanct; but no human being can live by rights alone. Except for two years when Lal Bahadur Shastri was prime minister, and the three years of Janata Party rule, the first forty-two years of independent India were ruled by members of the Nehru-Gandhi family. These were formative years for a young nation, and it is important to understand the economic legacy of Nehru.

Key Ideas:

- At the time of India's independence, the world was emerging out of the double whammy of Depression and the Second World War. Meanwhile Nehru, who was in the midst of India's freedom struggle, was also influenced by the goings-on in the erstwhile USSR and China. Not only had Russia ostensibly defied Western imperialism and grown rapidly, it had also adopted economic totalitarianism as its weapon of success. On the other hand, China had led a 'poor-people's' revolution.
- The ideologues, led by the liberal Indian Prime Minister Jawaharlal Nehru, were so impressed by the economic trajectory of the Soviet Union that they saw no contradiction between the simultaneous practice of heightened political freedom and deep economic controls at home. Nehru was convinced that only the State could efficiently 'enforce' economic development, and in this context, there really was very little difference between the temples of destruction in Russia, China, or India.
- **Nehru Was a Socialist Because of the Times:**
 - ▶ An alternative 'explanation' for Nehru's socialism is that the intellectual environment had made him turn against his liberal instincts. Hence, it wasn't a 'mistake'. If that be the premise, then we must also accept the fact that our leaders were not leaders, but followers. But even this argument is only partially valid. There were prominent dissenters to the socialist order—for example, B. R. Shenoy and Milton Friedman. And the intellectual giant that Nehru was, he did not pay much heed to any of the prescient observations on the consequences of socialism laid out by the future Nobel Prize winner, Friedrich von Hayek in his 1945 treatise, *The Road to Serfdom*.
 - ▶ The man who was the main architect of Indian planning and controls was none other than P.C. Mahalanobis, a brilliant statistician who had Prime Minister Nehru's support. In this context, some scholars still maintain that Nehru was essentially a liberal and a reformer, and if India went astray under his watch, then it was due to his advisers, in whom he placed his trust. There is an interesting comment about planning and Mahalanobis by Milton Friedman, one of the several advisers to India on economic policy.
 - ▶ In a memo on his advisory visit to India, Friedman wrote about Indian planning as follows, "Mahalanobis began as a mathematician and is a very able one. Able mathematicians are usually recognized for their ability at a relatively early age. Realizing their own ability as they do and working in a field of absolutes, tends, in my opinion, to make them dangerous when they apply themselves to economic planning. They produce specific and detailed plans in which they have confidence, without perhaps realizing that economic planning is not the absolute science that mathematics is."

Jawaharlal Nehru made two major economic mistakes:

- First, he failed to expand primary and secondary education. Instead, he chose to build somewhat elitist models of wisdom (the IITs). No one denies the importance of higher institutions of learning. Equally, all should appreciate that for a poor and illiterate economy, a broad-based expansion of education was of utmost importance. This would have been both equitable, and productive. Instead, as mentioned in the previous chapter, Indian policy makers tried to compensate for their extremely short-sighted policy on education with a bad short and long-sighted policy of reservations.
- Then there were two major economic mistakes which were initiated by Nehru's daughter, Indira Gandhi, and since then followed by every Indian prime minister, and as result of which the poor are still paying a heavy price. The first was the nationalisation of banks which allowed banks to be brought under political and bureaucratic control, rather than the discipline of the market. This led to inefficiencies, losses, and the accumulation and burden of large Non Performing Assets or NPAs. The system was hollowed from within with rampant corruption.
- The second major policy error was a classic in-the-name-of-the-poor policy—the Public Distribution System or PDS which was initiated by her and expanded significantly by Sonia Gandhi in 2013 via the national Food Security Act (FSA). One manifestation of that initial policy and the FSA was large-scale corruption with half of the food meant for public distribution not reaching the public. There were other policy blunders which heavily influenced Indian economic policy for at least forty-odd years. Such blatantly erroneous policies were the result of an ideological outlook, a philosophy, which emphasised State intervention over private initiative—also known as socialism.

4. DOES THE ECONOMY MATTER?

Introduction:

Is the Indian political landscape changing? Has our collective concern moved away from caste, temples, religion to economic matters—housing, jobs, nutrition, and welfare? In the first quarter of 2019, the government reclaimed the deed to the disputed land around Babri masjid in Ayodhya, so the Ram temple issue is not going away anywhere. But what has also dominated the airwaves is farmer distress, high real interest rates, a slowing economy, and low inflation. Not to forget NPAs of banks or the value of the rupee.

Key Ideas:

■ Elections 1-4: 1952 to 1967:

- ▶ The first four general elections in India can be considered as ‘grace period’ elections. The Congress party won repeatedly, but with a very low growth record. The average GDP growth during the twenty-five-year period was just 3.5 per cent a year.
- ▶ The well-known economist and teacher, Raj Krishna had mischievously and correctly dubbed it as the ‘Hindu rate of growth’. The per capita GDP growth, the one that really matters for welfare, grew at a paltry 1.5 per cent a year. Droughts were a big story for two successive years, 1965–1966 and 1966–1967, with the percentage deviation from long-term mean recording -19.1 per cent, the largest rainfall deficit in the history of independent India.
- ▶ There was little improvement (read change) in people’s lives, yet the Congress was the preferred party. Therefore, economy did not matter in the least. What did matter was political freedom—people were grateful that the nation was finally free. In a newly-independent nation, economic freedom and economic performance were eclipsed and perhaps rightly so by the collective relief and euphoria of the people, and the Congress was viewed as the party which had fought the most for freedom.

■ Election 5: 1971

- ▶ The 1971 election can be characterised as the first election when the economy really mattered. Indira Gandhi fought the election with the evocative slogan, *garibi hatao*—remove poverty, a sure sign that the Indian voter was moving away from tradition, and most importantly, caste.
- ▶ She won with 43.7 per cent of the vote, a significant three ppt improvement over the 40.8 per cent of the vote she gained in 1967. In terms of seats, Indira Gandhi won 352 seats out of the 441 she contested. Her strike rate of 43.7 per cent was only marginally lower than what her father had achieved in the first three elections. Conclusion: Indira Gandhi had arrived and on her own.

■ Election 6: 1977, The ‘Emergency’ Election

- ▶ The sixth Lok Sabha election was due in March 1976. But on 12 June 1975, Justice Jagmohanlal Sinha of the Allahabad High Court stunned the nation by delivering a verdict against Indira Gandhi which barred her from holding any high office for six years. Even as she had obtained a stay order,

she in turn stunned democratic India by imposing an Emergency the next day, 25 June 1975. The Supreme Court overturned her guilty verdict a few months later on 7 November 1975. But when election happened Indira Gandhi was ousted and Janata Party came to power.

■ Elections 7&8: 1980 & 1984, The Family Returns

- ▶ Given no glue to hold together a clutch of satraps, the Janata Party coalition collapsed within two years of its grand formation and the Indian voter brought back Mrs Gandhi with near identical vote share (and seats) as in 1971 which she had won on the back of the garibi hatao slogan.
- ▶ It is interesting to note that both the 1980 and 1984 wins were under exceptional circumstances—the former because of the ignominious collapse of the Janata Party, and the latter because of Indira Gandhi's assassination. The 1984 outsized victory was obviously because of a sympathy wave for Indira Gandhi and unfortunately also because of the anti-Sikh riots which followed immediately thereafter.

■ Election 9: 1989, The Beginning of the End of Nehru-Gandhi Dynasty?

- ▶ In 1989, Rajiv Gandhi lost his re-election bid against his own party member-turned-Finance Minister-turned-rebel, V. P. Singh. The Congress' vote share fell to a respectable 39.5 per cent, just marginally lower than the forty-three per cent share of 1971 and 1980.
- ▶ However, the seats fell dramatically as well—to almost half the 1971 and 1980 levels. This was the first big sign of a major change in voters' behaviour and attitudes. Throughout the 1980s, per capita GDP growth averaged a healthy 3.2 to 3.5 per cent, and CPI inflation had fallen back to its long run equilibrium value of around 7.5 per cent. Ideally, these two important economic indicators shouldn't have led to Rajiv Gandhi's defeat in 1989.
- ▶ In retrospect, there are two possible explanations for this:
 - ◆ Some fallback was expected from the outsized 1984 victory.
 - ◆ Growth was good, and recorded a significant acceleration; inflation was contained and close to the international median for developing economies. But most importantly, the out-sized loss had to do with the voters' impatience with the Congress party, and in their willingness to try out something new. And not only did they find an anti-corruption messiah in V.P. Singh, but the sixty-four crore Bofors gun deal scandal provided the ideal ignition for an anti-corruption victory.
- ▶ Finally, the Indian economic voter had arrived just when the education levels were higher, the country was less poor, and the influential middle class had increased to a double-digit level. As mentioned earlier, the first forty years after independence did not matter, but there was a palpable change four decades after.

■ Election 10: 1991, Beginning of the Coalition Era

- ▶ Bill Clinton won the 1992 election with the slogan, 'It is the economy, stupid.' In India however, economy had begun to affect politics a year earlier. By the time of the 1991 election, GDP growth had slowed to a crawl—the three-year GDP growth path in 1989–1990 was 6.1 per cent; and 5.3 and 1.4 per cent respectively in 1991–1992. Oil prices had doubled in 1990 because of the Kuwait war, and globalisation and its full impact was felt by all economies across the globe.
- ▶ Much like the 1984 election, the 1991 election was also fought under the cloud of an assassination. Rajiv Gandhi was killed a day after polling began while on a campaign trail to Tamil Nadu, in Sriperumbudur. The Congress party soldiered on despite a great tragedy and won the election led by P.V. Narasimha Rao, with 232 seats.

- ▶ Meanwhile, after his spectacular victory in 1989, V.P. Singh lost the 1991 election in the aftermath of Rajiv Gandhi's assassination. It needs to be mentioned here that the 'messiah-politican' Vishwanath Pratap Singh attempted to establish an alternative for the monolithic Congress and was at the helm of a coalition called the Janata Dal (under the National Front umbrella), a combination of many parties, including the BJP. The Janata Dal also went the Janata Party way—lasting just a year; Chandrashekhar, the 'young turk' was prime minister for a mere seven months before Rajiv Gandhi pulled the carpet from under his feet and sent him home.

■ Elections 11-14: 1996–2004, Maturing of Non-Congress Coalitions

- ▶ It would take nearly twenty years before India would witness a majority government at the Centre. Within a space of four years, three elections were held in 1996, 1998 and 1999 and each one was a coalition government with the United Front forming the government in 1996, and the BJP in 1998 and 1999.
- ▶ Atal Bihari Vajpayee became the prime minister at the head of a minority government in 1996 and left after a short thirteen-day stint. The next to take centre stage in the coalition drama was H.D. Deve Gowda, the Karnataka strongman at the head of the United Front government. However in the midst of hastily cobbled coalitions and frequent adjustments for political gains, the BJP had succeeded in registering its presence as a major player; it may be recalled that this was the same party which had won a meagre two seats when the Congress had surged forward in 1984.
- ▶ The vote shares of the two major parties in these four elections (1996, 1998, 1999, and 2004) tells an interesting story—an average of only 4.3 ppt separated the two polls of coalitions. And the Congress had the higher vote share of 27.4 per cent. Thus, the real kingmakers were the alliance partner(s).
- ▶ The Vajpayee administration took forward the economic reforms initiated by Narasimha Rao and Manmohan Singh, and gradually, trade, monetary and exchange rate policy began their ascent to the centre of economic policy. It was at this juncture that India made a word fashionable—disinvestment, i.e., partial privatisation, which meant that the share of government in State-run enterprises began to be reduced.
- ▶ During this period, 1999–2003, per capita GDP growth averaged four per cent which was the highest for any prior five-year period. (The previous highest five-year average was 3.2 per cent witnessed during 1985–1988.) The inflation record was truly spectacular—an average of only 3.8 per cent, a steep decline of nearly five ppt from the levels prevailing in the previous four decades.

■ Elections 15 & 16, 2009 & 2014: Outlier Elections?

- ▶ The 2009 election was a cakewalk for the UPA alliance—the Congress won 206 seats on its own with 28.6 per cent of vote share. The BJP's vote share during this election was ten ppt lower.
- ▶ Five years later, the BJP won 282 seats with a thirty-one per cent vote share, while the Congress recorded its worst ever vote share, which was below twenty per cent, and managed only forty-four seats.
- ▶ Going into 2019 elections, analysts have to decide which of these two elections was an outlier. Economic determinants of voting are consistent with both the 2009 and 2014 results. For election 2009, GDP per capita growth (average between 2004 and 2008) at 6.6 per cent per annum was the highest ever recorded in India, and inflation was at a reasonable average of 5.9 per cent. The 1.12 growth/inflation ratio was also higher than before, and marginally exceeded the 1.05 ratio recorded in 1999–2004. The real interest rates also favoured the incumbent UPA—an average of just zero per cent; rainfall at three per cent below the long-term average was also normal; agricultural growth was low, just 2.8 per cent per annum, and growth in real agricultural wages was zero. In the 2009–2013 period (as input into the 2014 election), the average GDP growth declined to only 5.3 per cent per annum.

- ▶ The real shock for the economy (and the Congress) was an acceleration in the inflation rate to 9.7 per cent per annum—the highest for any election period in history, even when compared to the OPEC-induced domestic and worldwide inflation of the 1970s. High inflation was one of the three most important economic factors explaining the 2014 Congress debacle.
- ▶ The other two—corruption to an unprecedented level, along with per capita GDP growth falling to 5.3 per cent from the 6.6 per cent average that had lent the Congress the unexpectedly large seat gain in 2009.

■ Election 17: May 2019

- ▶ Let us dive straight away into the economic record for the last five years. The per capita average GDP growth is fifty basis points higher at 5.8 per cent, and the average inflation is more than 500 basis points lower. The GDP/inflation ratio at 1.32 is almost 2.5 points higher than the low 0.55 level recorded during 2009–2013. However, what is glaring is that the real bank rate at 3.4 per cent is the highest level since the early 1980s.
- ▶ Growth in real agricultural wages at 0.6 per cent per annum is low, but considerably higher than was obtained in the five years preceding the Congress' victory in 2009. The government, through various redistribution schemes (transfers for housing, toilets, provision of gas cylinders for the poor etc.) has supplemented the incomes of the poor.
- ▶ These in turn have raised the expectations of those who have not yet got the transfers (in particular, for the construction of toilets and houses) and therefore there is a new uncertainty—the arrival of the revolution of rising expectations. Therefore, what one needs to ask is whether those who have not obtained transfers be inclined to vote more for the Opposition or for the BJP? There are of course other determinants of elections—most importantly, sentiment and in a multi-party ecosystem and the nature of electoral alliances.

5. THE FIRST REFORMERS

Introduction:

The election of P.V. Narasimha Rao as prime minister was a breakthrough for the Indian polity, and a departure from the socialist norms under which Indian economy had laboured for the previous fifty years. A point which needs to be reiterated: the reason it was an important first was because Rao wasn't a Nehru-Gandhi. The last time this had happened was post Jawaharlal Nehru's death on 27 May 1964, after which Lal Bahadur Shastri became prime minister (I am not taking into account the short stints of Gulzarilal Nanda in this context). While on a tour to Tashkent in 1966 in the former USSR, Shastri passed away after suffering a heart attack, which was one year before the next scheduled election. Post Rajiv Gandhi's assassination in May 1991, the 'natural successor', Sonia Gandhi abstained from taking on any political role, and Narasimha Rao was elected the leader of the party, and won the mandate in the same year with 232 seats (of the required 273 for a majority).

Key Ideas

- Rao's personality, ideology, and inclination was heavily in the socialist-communist mould. In time, Rao-Singh became the most famous doubles pair in Indian political-economic history, so much so that their names have become synonymous with economic reform the world over.
- As it should be, for in quick-time, they set about dismantling the all-obtrusive license raj. A regime where firms were required to take a license (read bribe) from the government for most investment projects that they wanted to undertake. India began to rely more on the (dreaded) market; and State-sponsored socialism became less of an influence. In the main, the target of reforms was liberalisation of the industrial economy, the area where blind State intervention had been the highest.
- The Rao-Singh regime deserves major credit for the beginning of the change in the mindset. A mindset change is a long-term project, and India is still undergoing transformation in this regard.
- For instance, the one sector, which also happens to be the most important, which was neglected by the Rao-Singh reforms was agriculture—it continued to be planned, controlled, and corrupt. This lack of agriculture reform since then has gone on, although the first steps towards dismantling a corrupt, and wrong, agricultural policy began to be undertaken post 2014.

■ Vajpayee: 1999–2004

- ▶ Atal Bihari Vajpayee became the first NDA prime minister in 1998, and subsequently in 1999. The Vajpayee administration was witness to a continuation of economic reforms—the trend of trade reforms accelerated, and monetary and exchange rate policy began their ascent to the centre of economic policy.
- ▶ During his regime India contributed a new word to the English language—disinvestment, i.e., partial privatisation. The share of government in State enterprises began to be reduced.
- ▶ The Vajpayee era could easily be described as the beginning of the golden age of Indian economy. Economic reforms continued (started in 1991) and these were in large part responsible for the acceleration in GDP growth between 2004–2009. His government moved towards a realistic exchange rate and a realistic real interest rate policy.

6. OPINION POLLS, VOTER ATTITUDES, AND LIES

Introduction:

- Perception affects opinion, and opinion results in votes. And votes help win elections. That is the reality, though one might like to think otherwise. Closely linked to opinion is the recent viral phenomenon called fake news. How does the public know about the prevailing opinion? Via opinion polls. But are opinion polls accurate?

Key Ideas:

- At one level, psephology seems like the easiest job in the world. Just go out and ask some people what they think. Forget what they think. Just ask them who they will vote for, and ask who they voted for the last time.
- Tabulation of these responses should give you the right answer. But obviously, it often does not. If it were so easy, then the oft-repeated question to a pollster would not be—‘So, what happened? Where did you go wrong?’
- There are several possibilities of ‘errors’ between prediction and reality. First and foremost, the preference for a particular candidate can change. Indeed, this is the most common explanation given by pollsters when their forecast goes awry. Second, a non-scientific sample may have been chosen; not representative of the underlying population in terms of its composition i.e., age distribution, propensity to vote, sex, income, occupation etc. Third, there might have been errors in the choice of constituencies chosen for an aggregate state or national level forecast.
- People lie. Not all the time, and not even most of the time. Possibly, they lie very rarely. But when they do, it can cause serious errors. And given the high price of going wrong, it pays pollsters to heed, and calculate, a ‘lying index’. The back-to-back surprises of Brexit and Trump has brought a new urgency to assess the magnitude of this lying. Not all people lie, but some do, and perhaps in a systematic way—but who is lying (apart from the answer to the existential question of why they are lying), is an important part of the puzzle.

7. THE BIRTH OF THE FAKE & FAULTY TWINS—NEWS & ANALYSIS

Introduction:

- One of the biggest transformations in the world of the last decade is the explosion of instant information and dissemination. This phenomenon is met by the rise of Internet usage, and use of smartphones. It is now an accepted norm that the current US President only communicates via Twitter, and in India, the Finance Minister writes blog posts. A decade ago, this would have not only been considered as breaking protocol, but also an impossibility. Everyone is in the same game. Winning friends and influencing people has been converted into convincing people to vote for you (or buy your not-so-different product).

Key Ideas:

- Fake news and its twin faulty analysis may be siblings, but there is an important distinction between the two. Fake news is used to move sentiment against the incumbent or the person in 'lead' position. For instance, the US election, via Cambridge Analytica, seems to have been genuinely affected by the wild accusations against Hillary Clinton, which were absorbed by an ever-willing electorate eager to fall for the narrative.
- There has now begun a clampdown, and self-regulation, by organisations in both the US and India. In what seems to be a concerted effort, companies such as Google and WhatsApp etc., are 'controlling' the spread of fake news. But what this also suggests is that fake analysis will spread, and indeed has already been used extensively in India.
- A majority of fake news and/or fake analysis centres around the economy—and somewhat not coincidentally, fake news involves the conclusion that the economy under Narendra Modi is doing no better than it was under UPA-I and UPA-II. The Opposition feels that if the public is made to believe in this simple 'fact', then the political objective of winning the next election is more than half achieved.

8. BATTLE OF THE ELITES

Introduction:

- A very important structural change is presently happening in India—what can easily be termed as a historic battle. The changing of the elite, a rare occurrence in any society, even as the old elite, quite naturally, is loath to give up on its privileges.

Key Ideas

■ The New Elite-The Middle Class:

- ▶ Who is the middle class? Definitions differ, but the poverty line in advanced economies may be the best starting point. Conventionally, we think of the world as having three classes — the poor, the middle class and the rich.
- ▶ By definition, the line defining the poor is also the line defining the beginning of the middle class. The line defining the rich is the top of the middle class and the beginning of the rich. In present prices, the middle class begins at approximately one lakh rupees per person per year.
- ▶ In 1950, the middle class was a minuscule one per cent of the Indian population, but today it has grown to be close to fifty per cent. There is little doubt that this class is currently the quintessential elite — it is new, it is educated, and it has a modern outlook. And yes, unlike the old, it is heavily disposed towards merit.
- ▶ Expansion of the middle class is crucial to the overall development of a nation, and particularly the political process. When this change occurs, the established old elite has to make a choice — either be co - opted and allow itself to be ‘ruled ’ by the newly educated, technocratic, and empowered middle class.

9. DEMOCRACY HELPS USHER IN A NEW INDIA

Introduction

- Our study of India reaches the one big conclusion, also reached by many students of history, politics and of course, economics — India is one big, noisy, messy democracy. As with all democracies, over time and space, the feeling of some is: Armageddon is here — or as we say in Hindi, ‘Ab marr gaye,’ (Now we are dead). But we deal with it, life goes on, India marches forward. The rest is secondary.

Key Ideas:

- When India goes to the polls, this is what we celebrate — change amid diversity. Despite several doomsday predictions, I believe and always have that our country has many assets. It is an ancient civilisation, and for reasons for historians to ponder over, it is a beautifully diverse one. Over centuries, people migrated to India, and settled here.
- At one time, I am sure, India had more gods and faiths than people. India is also a country in transition, and the change here is not just a fall out, but in addition to the change that the world is witnessing. This is therefore, double change, which sometimes, not incorrectly, gets translated into double trouble.
- The transformation across the world is peaking at an all - time high, which is magnified by the all - embracing effects of climate change. The domestic transformation is the handing over of the baton from the old elite to the new. From an economy dominated by an influential socialist elite to an educated, technocratic, middle class elite.
- The hegemony of the new elite is a reality that the world has come to acknowledge. However, the manner in which it has occurred elsewhere is different from the way it has unfolded at home. It has primarily to do with the pace of change — in most advanced economies, it is glacial and seamless. In India however, it has been rapid, as is bound to occur in any economy transiting from a very poor economy (circa 1980) to a lower middle - income economy (circa 2018). A country which shifted from 276 US dollar per capita in 1980 to 2016 dollars per capita in 2018 showed an annual growth of 5.2 per cent per annum for thirty - eight years.
- This economic transformation has brought about a political transformation , and this is what is most troubling to the old, established order. The new elite is not as sophisticated, and definitely not as professional as the old .

Conclusion:

India is exciting, troublesome, entertaining, and full of hope for a brighter, more shared, future. This is India—as the slogan of Air India had said so evocatively in a tourism ad some forty years ago—‘Come to India. It is not just another country, it is another world.’
