



India

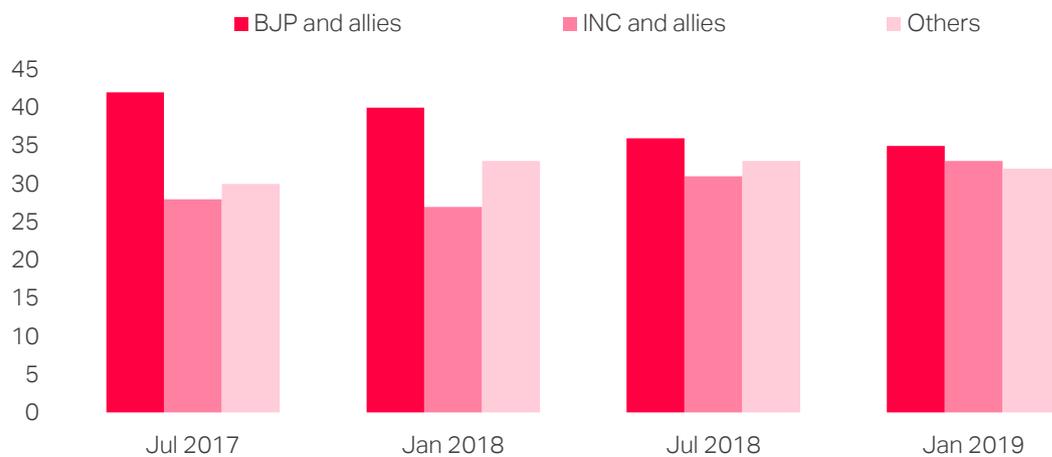
REGIONAL ALLIANCES TARGET BJP

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Political manoeuvring around the April/May general election is intensifying, as opinion polls show a narrowing of the vote gap between the ruling coalition and the opposition. We consider the latest opinion polls show and how parties are responding to the shifting sands.

- **Opinion polls place the ruling BJP and main opposition in a statistical dead heat.**
- **A regional party alliance in India's largest state will hit the BJP's national standing.**
- **But political differences will likely prevent the opposition from completely dominating the election.**
- **Bold BJP policy initiatives may buttress its support base but are unlikely to pay off this close to the election.**
- **A broader ruling coalition appears the most likely election outcome.**

Chart 1: Projected party vote share (%)



Source: India Today-Karvy Insights Mood of the Nation polls

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A close contest

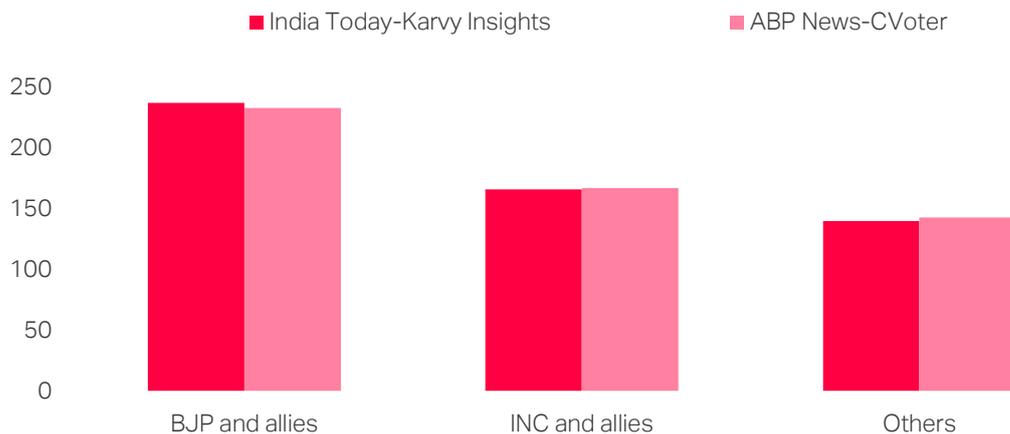
The national political contest is wide open. The latest round of national opinion polls released in January reinforce this view, that we had stated in our 14 December 2018 note [The return of competitive politics](#). The biannual India Today-Karvy Insights Mood of the Nation poll, conducted in early January 2019, shows that the vote gap between the Bharatiya Janata Party (BJP)-led alliance and the Indian National Congress (INC)-led alliance has narrowed to 2 percentage points, a statistical dead heat. The gap was as large as 13 percentage points a year ago (see Chart 1 above).

The average of this and the ABP News-CVoter Desh ka Mood poll (conducted between late December and late January) shows the BJP alliance ahead by 4 percentage points, still within the error margin.

The two polls present a remarkably similar picture in terms of seat projections (see Chart 2 below). The BJP alliance is projected to slide some 100 seats and fall 35-40 seats short of a majority. The INC alliance will be much further behind, short of a majority by about 105 seats. However seat projections under India’s first-past-the-post electoral system are not always accurate.

This scenario obviously gives the BJP alliance the edge, but the “others” category will become crucial. Here the INC has some room to manoeuvre, and could make up its 100 seat deficit by bring in parties like the Samajwadi Party (SP) and the Bahujan Samaj Party (BSP) from Uttar Pradesh and the West Bengal-based Trinamool Congress party, all strong BJP opponents.

Chart 2: Projected parliamentary seats



Source: India Today-Karvy Insights Mood of the Nation poll, ABP News-CVoter Desh ka Mood poll

Advantage BJP, but uncertainty is high

Battle for Uttar Pradesh heats up

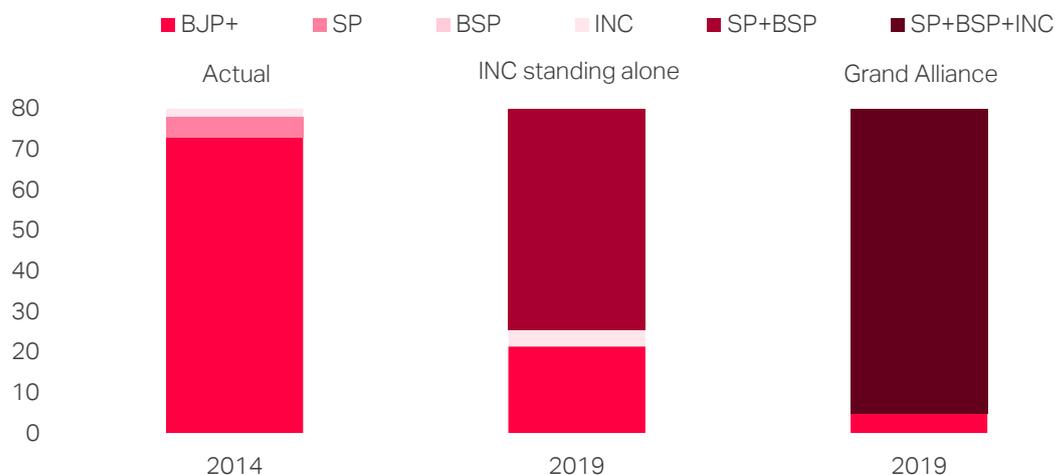
The prospect of an opposition grand alliance in India's largest state Uttar Pradesh (UP) poses a major threat to the BJP's prospects. The BJP had won 71 of 80 parliamentary seats from the state in 2014 – a quarter of its national tally of 282. It was this outperformance that gave the BJP India's first single-party majority in three decades.

UP's two regional parties – the SP and the BSP – announced an alliance on 12 January 2019 that mostly excluded the INC. The parties declared that they would each contest 38 of 80 UP seats, leaving only two for the INC and two for other allies. BSP leader Mayawati complained at a press conference that the INC had benefitted disproportionately from previous alliances with her party, which is why she was opposed to a grand alliance that included the INC.

In response, the INC said that it would contest all 80 seats in UP on its own. On 23 January, the party announced two appointments for its UP campaign: Priyanka Gandhi Vadra, Congress President Rahul Gandhi's sister, as General Secretary (Uttar Pradesh East) and Jyotiraditya Scindia, previously a contender for chief minister in neighbouring Madhya Pradesh state, as General Secretary (Uttar Pradesh West). Gandhi Vadra's appointment will energise INC workers who have long called on her to enter active politics. Given the INC's long absence and withered organisation in UP, this is a move that suggests the party is willing to play for higher stakes rather than accept being sidelined by the SP and BSP.

The INC is projected to win a modest four of 80 parliamentary seats in UP contesting alone this time, according to opinion polls (see Chart 3 below). This is still two more than what the SP and BSP are willing to give it, and far short of the 21 it won from the state as recently as in 2009. Gandhi Vadra's appointment is likely an effort to either push this number up closer to what it won in 2009 or to force the SP and BSP to accommodate it. Gandhi has left the door to an alliance open. In press interactions he spoke respectfully about Mayawati and SP leader Akhilesh Yadav, making it clear that an electoral understanding is still an option.

Chart 3: Projected 2019 parliamentary seats in Uttar Pradesh under different scenarios



Source: Election Commission of India, India Today-Karvy Insights Mood of the Nation poll, ABP News-CVoter Desh ka Mood poll

The BJP's tally in the state is likely to fall substantially whether or not UP's regional parties accommodate the INC. Chart 3 shows opinion poll projections for both scenarios: an SP-BSP alliance that excludes the INC and one that includes it. A grand alliance would completely dominate the BJP, leaving it with some 5 seats. If the INC contests separately, the BJP would win some 22 seats, still down a substantial 50 from its 2014 tally.

The SP and BSP will be under pressure to eventually accommodate the INC. If that does not happen, we expect a modest improvement in the INC's UP tally given its organisational weaknesses there. But if the party's new appointments were to succeed in generating momentum in the coming weeks, its impact would be unpredictable. One view is that a resurgent INC helps the BJP by drawing away votes from Dalits, Muslims and other groups that would otherwise have gone to the SP-BSP alliance. Another is that the INC would also draw votes from disgruntled upper castes and agrarian groups that went with the BJP in 2014, and thereby help the SP-BSP alliance. Either way, a vigorous INC campaign could increase the uncertainty around the UP outcome.

The BJP's strategy

Having absorbed its shock setback in the recent state elections, the BJP has reacted in the following ways:

Concessions to allies. The BJP has become more accommodating to its allies (as we analysed in our 30 July 2018 note [BJP fights to woo regional parties](#)). In Bihar, the second biggest Hindi-speaking state, the BJP accommodated the Janata Dal-United (JDU) by giving it 17 seats to contest, keeping another 17 for itself and 6 for the smaller Lok Janshakti Party (LJP). In 2014, the JDU had won only two seats fighting separately, while the BJP and LJP had respectively won 22 and 6 fighting together. This is clearly recognition that the BJP needs all the allies it can get.

Upper-caste reservations. On 7 January, the Modi cabinet approved a constitutional amendment bill to grant a 10% reservation in government jobs and state-run educational institutions for economically weaker sections not belonging to the scheduled castes (SC), scheduled tribes (ST) and other backward classes (OBC) who already have a 50% reservation. The bill was enacted on 12 January with the support of most opposition parties.

The issue is an emotive one for those outside the SC, ST and OBC categories – mostly upper castes and religious minorities – and the BJP is clearly hoping to bolster its upper-caste vote base. The problem is that the move comes very close to the election and could appear opportunistic. More significantly, it appears to violate a 1993 Supreme Court judgment that placed a 50% cap on reservations, and is already being challenged in the courts. Indeed this judgment had blocked an INC attempt to pass a similar reservation at the time. And SC, ST and OBC voters will be wary of having to cede space to the new quota in the event the 50% cap is upheld. For these reasons, the constitutional amendment's political impact is difficult to quantify.

Possible cash transfers to farmers and citizens. There has been much discussion of replacing India's plethora of expensive and often poorly targeted subsidies with direct cash transfers, either to farmers or to citizens as a whole. Fiscal constraints mean that a universal basic income would likely be too small on a per capita basis to make a meaningful political impact. Targeted cash transfers to farmers of the kind that helped reelect the ruling regional party in Telangana state could have a bigger pay off, but again run the risk of coming too late in the day to materially help the BJP.

Conclusion

With the contest becoming close, the most likely outcome is a broad coalition led either by the BJP or the INC. The numbers still favour the BJP, but this is offset by the likelihood that strong regional parties in Uttar Pradesh and West Bengal are likelier to ally with the INC. Furthermore, the political momentum is clearly against the BJP, with its substantial vote lead having eroded over the past year in opinion polls.

Prime Minister Narendra Modi and the BJP still believe that voters will prefer a strong government, and that his image as a decisive leader will overcome any headwinds or disappointment with the economy. At this point the contest is poised on an edge, and the coming campaign will prove crucial.

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