

# Elections and the news media

The counting day of the general elections will bring a nice high for news channels. But steady viewership and revenues will require more fundamental changes



**MEDIASCOPE**  
VANITA KOHLI-KHANEKAR

What the Indian Premier League or IPL is to sports channels, elections are to news channels. They bring a happy spike in viewership. For news channels, spikes usually come from an attack, a bomb scare et al. And they can't always be monetised for two reasons. One, you can't predict them.

Two, increasing ad time or doing anything to maximise revenues could put the audiences off. But pushing for better rates and more money during elections can be planned and is kosher.

By tomorrow, we will know the results of the general elections that were just held in India. And the total viewership counting day got.

Meanwhile, to get a sense of what elections does to news viewership Business Standard asked the Broadcast Audience Research Council or BARC for help. It looked at viewership on counting days for the assembly elections in Gujarat and Uttar Pradesh (2017) and in Mizoram, Karnataka, Madhya Pradesh, Rajasthan, Chhattisgarh and Telangana (2018). On counting day for the Rajasthan, Chhattisgarh et al assembly elections, viewership on Hindi channels went from an average of 103 million impressions on the previous four Tuesdays to

403 million on the Tuesday that was counting day. English news channels on the other hand saw it go from 0.4 million impressions to 1.4 million. Overall the rise in viewership was as high as two to six times on Hindi and English news channels, and five to 10 times on regional ones.

In 2012, TAM Media Research, the erstwhile ratings body, had crunched numbers on the viewership spikes from elections versus other events from 1999-2009. The Lok Sabha Elections in 2004 and 2009 pushed the news genre to over 10 per cent and over eight per cent of viewership. But natural calamities and the Mumbai terror attacks brought far bigger spikes. The latter actually led to news channels getting 18 per cent of the overall TV viewership.

But these are just that — spikes. Over the 10 years ending 2018, news viewership has hardly moved. Its share in total television viewership hovers between six

and eight per cent. It ended 2018 with 7.2 per cent of all TV watched in India. Advertising and pay revenues are usually indexed to share in viewership. Little wonder then that news broadcasting remains an unprofitable, ₹3,000 odd crore part of a booming ₹74,000 crore Indian broadcasting industry.

And that brings me to the point of all this analysis.

Sure elections bring a nice little spike in viewership but to sustain it requires much more. It requires solid on the ground reporting, fantastic coverage and loads of investment in journalism. No news channel in India has made that in the last decade. If anything they have cut back on reporters, reporting and on hard, on the ground journalism. News channels today depend more on star anchors and window-paned shouting matches. This cheap format comes with hidden costs — that of sliding quality and rising polarisation. Screaming or

peddling fake facts to support a point of view brings an immediate high in audiences and therefore, revenues. Imagine a film full of item numbers, the stuff that gets audiences in. That is what most of India's 400 news channels have become.

A good chat with their counterparts at entertainment or film channels could help. While the peaks are good, you need the bread-butter programming to keep a steady level of audiences and therefore predictability in revenues. In entertainment programming, the steady viewership comes from soap operas, the peaks come from reality shows or events. On film channels, they come from old films, such as *Sooryavansham*, a perennial hit on Hindi movie channels. They bring the steady revenues while latest blockbusters such as *Dangal* or a *Sultan* bring the spikes.

If the only way you can get your audience every night is by simply confirming their worst fears and prejudices, then you are investing in a model with diminishing returns. Because there are dozens of excellent quality newspapers and now at least half a dozen great news sites that do what news channels forget long back — report the news, all of it.

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## CHINESE WHISPERS

### Kamal Haasan's 'false votes'



While the exit poll results have led to a mad scramble among political parties, one finding in particular has left many baffled. A survey in Tamil Nadu predicted Kamal Haasan's Makkal Neethi Mariam bagging 3-6 per cent of the votes polled in the Kanchipuram constituency. But the problem is that the party did not contest that constituency because the Election Commission of India did not give permission to its candidate to contest. The television channel that commissioned the survey admitted the mistake and said that it was "a human error".

### Who's BJP's MP hero?

Almost all exit polls have shown a thumping win for the Bharatiya Janata Party (BJP). Some polls have given the party as many as 27 of the 29 seats in Madhya Pradesh. The million-dollar question now is: Who will get credit if the party performs so well in the state? Former chief minister Shivraj Singh Chouhan is the favourite as he addressed more than 140 public meetings. If the meetings he attended in other states are taken into account, the count will be more than 220. In the run-up to the election he, on an average, addressed five to six meetings every day. But the leader of the Opposition, Gopal Bhargava, is in no mood to give all the credit to Chouhan. "Shivraj Singh Chouhan might have ruled the state for 13 years but this time we are going to outperform the Congress because of the Modi magic," he told a gathering.

### No to media

The Enforcement Directorate has issued an order on Tuesday, asking all its officers posted in the headquarters and the headquarters' investigation unit to keep away from "unwarranted interaction with the media". "It has been observed that certain information relating to ongoing investigations have been published in the media. This information relating to impending action may jeopardise the interests of ongoing investigations," it said. Henceforth, it said "any officer other than the authorised officer if found interacting with the media should be brought to the knowledge of the principal special director or undersigned (director) immediately". The order stated "any deviation will amount to dereliction of duty and liable for punitive action". It said an earlier circular issued in this regard in November 2018 "has not been followed in right spirit". The ED is a central probe agency that enforces two major laws in the country — the Prevention of Money Laundering Act and Foreign Exchange Management Act — to check high-value economic crimes and black money.

# A crude sweet spot

There are compelling reasons for India not to worry too much about oil prices in the post-sanctions regime

SUBHOMOY BHATTACHARJEE

To what extent would the US sanctions on Iran, disruptions in Venezuela and other controversial developments in the international crude oil market, such as the contamination of supplies from Russia to Europe (a well-cleaning chemical has entered the pipeline that could take months to clean up), impact India's oil import bill?

The unexpected answer is: Not much. That's because India matters in the global politics of oil market as a purchaser, a heft it did not have earlier. First, it is buying far more and the rest of the world (especially Europe) is buying a lot less. India bought 226.6 million metric tonnes in 2018-19. Just 12 years ago, (2006-07) that figure was half at 111.5 tonnes. Among the world's top five oil consumers, India now ranks third. The other four in sequence, are USA, China, Japan and Russia. Except for Japan, the other three are also mega-oil producers. Most oil producers except China (which accounts for 5 per cent of global oil production) need to sell it abroad.

The second reason is that in a world facing an economic slowdown, the oil-producing countries in the Opec cartel need to sell oil to keep their economies in the black. In a global market in which prices of its principal competitor, lithium-ion batteries, which power electrical vehicles, have dropped 85 per cent since 2010, oil producers are unlikely

to push prices too high.

In a world market where investment in renewables even for transport, the mainstay of the market, has now become the norm than an exception, it is looking increasingly difficult to raise prices of oil. True, battery-powered electric cars account for only 2.1 per cent of the global vehicles market or about 2 million. That number could rise by another million in 2019 even as the broader auto market declines. There are optimists and pessimists about electric vehicles. Against a Bloomberg New Energy Finance report of 548 million sales of such vehicles by 2040, Exxon Mobil puts it at only 162 million. But the direction of mobility and the pressure on oil wells is clear either way. Hyundai has announced an investment of \$6.7 billion to develop fuel cells. If Opec or Russia raises oil prices, the returns for Hyundai become even more attractive. Daimler Benz has plans to go fully electric by 2040.

Not surprisingly, then, India can make its displeasure on prices felt among the suppliers. Last week one of those suppliers, the Iranian foreign minister Javad Zarif landed in New Delhi to discuss oil in the light of the end of the US sanctions waiver for India. In May, the six-month grace period the US had given India and seven other countries to wind down their purchases of Iranian sulphur-heavy crude came to an end. President Trump said he will not extend the grace period, which



### FUTURES HOPE

Index	Units	Price (\$)	Daily change	% Change	Contract expiring on
West Texas* Intermediate Crude Futures	USD/bbl	63.73	0.51	0.81	Jul '19
Brent Crude Futures*	USD/bbl	72.39	0.44	0.58	Jul '19
Tokyo Crude Futures*	JPY/kl	46,160.00	-400	-0.86	Oct '19

\*as on 1600 hours India Standard Time May 21

### BRENT CRUDE

Year	Price in \$/barrel
2013	101.0
2014	116.0
2015	42.0
2016	42.0
2017	48.0
2018	80.0
2019*	71.87

\* (as on May 21)

means India has to find other sellers. One should expect this to raise prices. Indeed, prices are up over 4.5 per cent but — and this is the surprising part — the six-month futures price though rising are still lower than spot prices. Spot prices have risen because of the end of the sanctions. But future prices of oil are still down though the six-month Brent crude futures has moved to its highest level in over four years at \$3.31;

in response se, spot prices should have corrected upward but it is below the 2018 peaks (see chart). It is because of this combination that the oil futures market finds itself short of bullish territory. Traders expect oil inventories will be short later this year, but only if the US-China trade battle eases up.

That is why oil producers are hunting for buyers. Closer home Zarif's prompt visit, just days after the end of the US

sanction waiver, was unusual. Iran has been in the sanctions crosshairs several times earlier. The latest of those was on December 31, 2011 when Washington DC imposed sanctions on the Central Bank of Iran as well as third-country banks if countries importing Iranian oil did not significantly reduce their imports within six months. India was immediately impacted. But Zarif's first visit to India materialised only in February 2014.

Between 2012 and 2014 to get around the sanctions India created an in-country escrow account in state-owned Uco Bank favouring the Iranian government to be able to pay for the sales in rupees. But Iran protested since the entire basis of the US-led sanctions was to cut its access to dollars. Tehran kept pressuring India to find ways to pay in dollars for the oil, and offered no cutback in the price. The pressure only ebbed somewhat once Mangalore Refinery and Petrochemicals, which imported about \$12 billion of crude from Iran annually, began to cut back purchases because no insurance company was willing to give cover for the shipments. Since 2015, Zarif has visited India every year.

And just like Iran, Saudi Arabia has made Aramco discover a lot of business interests in India. It has already offered an extra 2 million barrels every month to Indian Oil and plans to buy over 20 per cent stake in Reliance's refining and petrochemicals business. It is also investing in state-run refineries at Bina and a greenfield project on the west coast. The rising investment contrasts with the stiff headwinds Saudi Aramco faces in both USA and Russia, its traditional dominant markets. Both countries are now huge energy exporter. How much can oil prices rise against Indian interests in this environment?

## INSIGHT

# The coat needs alterations



KAYATVANI SHANKAR BAJPAI

Whither India? The election results would doubtless make discussion more realistic, the gun is jumped deliberately to emphasise that the basic problems run so deep, we are down to grim alternatives no matter who next misgoverns us. At its root, the apparatus and methodology of government we adopted on independence have become increasingly unsuited for our needs or to their own true spirit. We have driven ourselves into facing either authoritarianism or anarchy — or both. Can we avoid them?

Montesquieu, Hamilton, among other fathers of democracy, noted "government must be fitted to a nation as a coat to an individual, what may be good in Philadelphia may be bad in Paris and ridiculous at Petersburg". Nowadays all governments, in all countries, are struggling, unable to cope with people's expectations or even basic needs. We Indians, indeed most peoples, came to look upon Britain's system as a model of good governance. Nobody has made a worse mess of itself than Britain today. The other great example, America, now suffers frightening influences. Not least of many reasons is the changed nature of their electorates: the coat needs alterations.

In India, this has long generated urg-

ings of presidential systems, sometimes also proportional representation. Advocates of either change don't realise, unless legalising dictatorships, they seek forms negating their objectives: Presidential executives, separated from legislatures, provide diluted authority, not the strong governance really sought (for instance, America, even France); PR inevitably encourages more parties, not more decisiveness or cooperation (vide Europe). Some changes could make for better governance — for instance, no-confidence motions against existing rulers should, as in Germany, also name the successors, not just horse-trade in destabilisation. But marginal reforms cannot cure the fundamental causes of our system's decay: the way we think, act, look upon and deal with each other — all the considerations that determine our management of our affairs, these are what vitiate our 1950 system.

Damnable colonialist canards about subject peoples being unready to govern? Consider how — and why — all our institutions, our legislatures, judiciary, administration, have decayed, shedding any standards of probity or professionalism. The usual blaming of our Constitution is no reasoning: just changing institutions or laws won't change ways of functioning, but how to match the former to the latter? All societies, cultures, individuals, have their strengths and weaknesses. China developed one of the world's greatest civilisations, but nobody looks to it for music or for metaphysical subtleties. The Cartesian mind developed governance in France markedly different from England's. Islam's correlation between religion and state inevitably distinguishes Islamic states' political behaviour. It is thus natural that Indian ways should shape ours. But while our apparatus and

methodology of government must suit our nature, they must also suit our needs; and that is where we are in crisis. The world and times we live in pose challenges which never enter our consciousness, let alone get attention.

One hackneyed question tells it all: revolutions, regime changes, wars civil and international, famine and 'Cultural Revolution' — notwithstanding such a turbulent century, how could China shoot so far ahead? Barely three decades ago, we and China were practically equal. While China made itself the second largest economy and military power, overtaking the USA in major scientific-technological fields, we, admirable achievements notwithstanding, lag ever further behind. (Symbolically, even our national obsession, the IPL, is sponsored by a Chinese firm!) The hoary excuse — they are authoritarian, we a democracy — is simply fooling ourselves. Leaving aside what we have done to our democracy, plenty of democracies do quite well. The real difference is twofold: having a sense of purpose, and choosing the right purpose — not right in moral terms, but in choice of objective. In a nutshell, China chose modernisation; we prefer looking backward.

Obviously, government choices are crucial: "To govern is to choose", observed French premier Mendes-France. But you cannot blame the form of government for wrong choices — or none. Institutions are worked by people, so back to us: we as a people have not done right. The way we think, behave etc, as mentioned above, determines governance. Doesn't that make reform hopeless — how do you change a people? The people of successful countries are not better than us — far from it; ours actually have the inestimable innate advantage of producing the finest brains. Others do better for two reasons:

they realise they have to live together, which means mutual accommodation; and they have kept changing with the times, meaning constant modernisation. Governments must lead right.

With us, modernisation has become a dirty word, like liberal in America. Often equated with westernisation, it is what many want to get away from (while dying to send kin West) — seek our future in our glorious past. Just why our glories passed mustn't be asked. We knew everything when Westerners were primitives. Modernisation I use to mean simply using changes in knowledge to improve things. Certainly we were once ahead of the West in knowledge and its uses; they burned you as heretics for thinking the world is round, but they also then leaped ahead in science, technology, industrialisation. We reject their example of using new knowledge for new thinking, new ways of doing things. That is where China has beaten us: modernisation, rapid and wholesale. They aimed to reach the back of Mars; we aim to (re)build temples.

Which is not to enter the banal shouting-match about secular vs Hindutva. How can multi-hundred million Hindus not want to order their lives according to their faith? But who defines that faith, what about other faiths with similar desires? The obvious questions have got lost in the slogan-mongering; worse, those professing secularism have not only failed to formulate any meaningful message, many deserve the sneer of "pseudo". Worse still, roughly like-minded leaders and parties give narrow group interests priority over the fundamental necessity of cooperating to move India into the future. It is horrendously difficult. Put on that path 100 years ago: Turkey today finds obscurantism negating the Atatürk revolution. But one has to keep trying. Anyone know how?

The author is former secretary, external affairs ministry, and ambassador to Pakistan, China and USA

## LETTERS

### Road map for Opposition Last minute scramble

Exit polls are out and the Opposition parties are once again blaming electronic voting machines (EVMs). It shows that they still have not come to terms with the reality. Prime Minister Narendra Modi's rise in 2014 has been a very significant development in the political landscape of our country. This is no small change by any standards considering it pushed the Congress party, a party considered the natural choice for governance for long, to the margins. This was made possible by a wide acceptance of the alternate narrative set in motion by Modi.

Today, the Opposition needs to dispassionately analyse the current political scenario. Just harping on EVMs would not take them anywhere. What is required on their part is introspection on what went wrong and what lies ahead. The Opposition needs to present an alternate vision and programme that has the potential to take the country to newer heights. Individual bashing or making the EVM the fall guy would not yield any result.

If they mean business, all Opposition parties should build a common front, choose a leader to represent them in the coming Lok Sabha, and chart out their plan and policies. This would certainly put a new government on its toes. Who wins if that happens? Clearly, our democracy.

Sanjeev Kumar Singh Jabalpur

The entire nation and the media is waiting with bated breath for May 23. Ahead of the exit polls and opinion surveys, many non-NDA allies are teaming up to form their strategies for a post-poll alliance. The move by Opposition parties seem to have been inspired by the exit poll results. The scenario has led to intense speculation but this is yet another a learning curve for the media.

It should be noted that in a democracy, any party can form a government either through a majority or through coalition. There is no harm in some of the Opposition party leaders calling for a meeting to form a possible post-poll alliance. The moves of the various Opposition parties should be accepted as fair, especially by the media since the results are yet to be declared. For a voter however, it will be interesting to see how various Opposition parties scramble to find a quick solution post the announcement of results with regard to both forming a post-poll alliance and projecting a leader as a PM candidate.

Varun S D Bengaluru

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## HAMBONE



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## Questions over Huawei

India needs to protect its 5G rollout

The US government's ban on US-based companies doing business with Huawei (as well as multiple other Chinese corporate entities) has far-reaching consequences for the global telecommunications industry and the mobile handset market. The ban also has very disturbing implications for India's national security. The privately-owned Chinese multinational corporation is the world's largest telecom network equipment provider and the second-largest handset manufacturer. It had over \$105 billion in revenues in 2018. The ban has been "temporarily relaxed" for 90 days to prevent network disruptions in the US. But Google, which provides the Android Operating System and runs the Google Play app store, has already cut ties with Huawei. So have other key US-based MNCs such as Intel, Qualcomm and Cisco, which supply components to the Chinese MNC. Android holds nearly a 90 per cent market-share in the global smartphone market (with well over a 90 per cent market-share in India). Huawei sold over 200 million handsets in 2018 including the Huawei and Honor brands, and all of these ran on Android. This business will be crippled unless Huawei can create an alternative OS and convince users to migrate to it. That is a tall order.

What is of even greater importance is that Huawei is, by far, the world's largest supplier of telecom network equipment. The company's supply chain will be severely disrupted as Intel, Qualcomm, Cisco, and other US-based component-makers have cut ties. Once its inventory runs out, it will be hard to repair and maintain existing networks. Creating new infrastructure will be even harder as Huawei will have to find alternative sources for key components, which are protected by Intellectual Property rights. Policymakers in India and elsewhere, who are relying on Huawei to supply a critical chunk of planned 5G infrastructure, must consider the potential for network disruption. Other network equipment suppliers such as Ericsson and Nokia are smaller, more expensive and not capable of matching Huawei in terms of scale. But they are also not likely to be hit by a spares crunch.

The stated reasons for the ban are even more disquieting. The US security establishment believes that Huawei has deep ties with China's military. It is alleged that Huawei equipment could have "backdoors" that give Chinese agencies access to sensitive data flowing across networks. There are also concerns that networks could be deliberately disrupted in the case of a conflict with China. Six different US security agencies have also issued public statements asking US citizens not to use Huawei phones (along with other Chinese brands such as ZTE) due to privacy concerns. The concern about insecure network infrastructure has been cited repeatedly by American security agencies, and it is certainly technically feasible to build backdoors into phones, or telecom networks. The alternative conspiracy theory — that the US is using Huawei to gain leverage in the ongoing trade war with China — is hard to verify. Given India's somewhat fractious relationship with China, the ban, along with the cited reasons, provides sufficient cause for policymakers to review Huawei's status as a 5G vendor. Policymakers and users need to be satisfied that India's 5G rollouts will happen on schedule and that networks will remain completely functional despite the ban. There can also be no compromise in terms of the future security of 5G networks, so Huawei should be asked to address those concerns as well.

## A cut that heals?

Price caps on drugs should be weighed carefully

Last week, the National Pharmaceutical Pricing Authority (NPPA) imposed a trade margin cap on nine cancer drugs, which is expected to lead to an MRP reduction of up to 87 per cent in some cases. The new list is in continuation with the government's efforts to curb what it calls profiteering on these vital drugs. In March this year, the NPPA capped the prices of 390 non-scheduled cancer drugs. Justifying the move, the government has argued that the average out-of-pocket expenditure for cancer patients is 2.5 times that for other diseases. It has also been argued that this move will benefit 2.2 million cancer patients in the country and will result in annual savings of around ₹800 crore to Indian consumers. For instance, according to reports, the latest cuts will drastically reduce the maximum retail price of chemotherapy injection pemetrexed (500 mg) from ₹22,000 to ₹2,800. Similarly, a 100-mg injection will now cost ₹800 instead of ₹7,700. The list of price-controlled medicines has been expanding for a few years. The Drug Price Control Order 2013 widened the list of such medicines to about 350 drugs and another 650 formulations, from less than 100 earlier.

The government and the drug regulator can perhaps take heart from a recent study by Bhanu Duggal, head of Cardiology, All India Institute of Medical Sciences (AIIMS). In reference to the capping of stent prices by the Maharashtra government in 2013, the study found that price caps drastically improved the affordability and access of stent among patients. According to the study, the number of patients undergoing heart procedures with stents rose by 43 per cent after the prices were slashed. Another surprising finding was that, contrary to the apprehensions that the use of drug-eluting stents, which are more sophisticated and manufactured by foreign companies, would go down, their use went up from just about 40 per cent to over 70 per cent within a year of the price cap coming into effect.

While this is a good outcome, the fact is that price caps should not be enforced arbitrarily. For example, in February 2017, the NPPA had, in a widely debated move, cut prices of coronary stents from ₹45,000 for bare metal stents to ₹7,400 and from upwards of ₹1,20,000 for drug-eluting ones to just around ₹30,000. In the immediate aftermath of the move, anecdotal evidence suggested two ways in which the market coped with price cuts. One, the hospitals tried to recoup the margin by charging extra under some other head in the overall bill. The other was reflected in the desire of the stent manufacturers wanting to pull out their best products from the Indian market. As a general rule, it is a bad idea for governments and regulators to use price caps as a way to resolve any public policy issue — be it costlier flight tickets or pricey medicines. That's because more often than not price caps actually end up hurting the very people that they are intended to benefit. It is nobody's case that windfall gains should be allowed, but it is equally true that unless weighed carefully, price caps can take away drug producers' room to innovate and produce more.

ILLUSTRATION: BINAY SINHA



## Do 'jobs' even matter in politics?

Some conventional wisdom about how economic outcomes affect politics will be tested on May 23

The verdicts in most recent general elections have always been interpreted on the basis of one or another set of economic factors. When Atal Bihari Vajpayee's edition of the National Democratic Alliance was not elected after the "India Shining" campaign of 2004, most believed it was because of substantial rural distress, which followed two failed monsoons in its five years. (Inflation was also relatively low in its tenure.) Then, when Manmohan Singh won re-election in 2009, it was supposed that this was thanks to the strong growth record of the first United Progressive Alliance government. And, finally, when UPA-II was voted out in 2014, many pointed to the sharp slowdown in growth after 2011 as a reason — even though, in its last year, a cyclical revival had already begun.

What economic factors could explain whatever results the Indian electorate throws up on May 23? There will be much punditry after the fact, but perhaps it's better to throw out a few hypotheses and see which will match the facts that we are presented with once the votes have been counted.

First: An old rule in Indian elections is that they are all about inflation. Prices have always been the most potent concern of voters, whether that concern is expressed through surveys or vox pops. The second UPA government in particular had to deal with spiralling inflation, partly due to historically high fuel prices. But, on the other hand, the Vajpayee NDA had presented a better record on inflation. So the record here is mixed in the past. The current dispensation, led by Prime Minister Narendra Modi, has been both fortunate and careful with regards to

inflation. Fortunate because oil prices have come down sharply in the time since Mr Modi took office, easing inflationary pressure and allowing him to finance government spending without missing deficit targets too much. And careful because administered agricultural prices have not seen big increases in spite of the need to address rural distress. If there is unexpected high support for the incumbent, then it will be additional evidence for the inflation theory of politics.

Second, the notion that support for farmers is the determinant of the rural vote. There was never the strongest of evidence that it was a shift in the rural vote that actually dethroned the Vajpayee government, but politicians have gone out of their way to signal devotion to the farmers' cause. The word "farmer" dominates many word clouds of the current prime minister's campaign speeches, for example. Yet there have been considerable signs of farmer distress. Maharashtra saw massive mobilisation and multiple marches by farmers to cities. Vegetable prices have often been unremuneratively low. The early part of Mr Modi's term was hit by sub-par monsoons. A promise to ensure that farmers receive 50 per cent above their costs does not appear to have been met in full measure. Cow protection policies were frequently mentioned by farmers as cutting into their production and their income security. Data shows unambiguously that rural wages were stagnant for much of Mr Modi's term. And, as mentioned earlier, minimum support prices have seen only moderate increases. Although the government towards the end of its tenure controversially announced income support for farmers in an interim Budget, the



### POLICY RULES

MIHIR SHARMA

## A pitfall and an opportunity

Expectations from the next government at the Centre have run very high. Going by the exit polls on the seven-phase general elections for the 17th Lok Sabha, which ended last Sunday, Narendra Modi will get another five-year term as prime minister with the Bharatiya Janata Party (BJP) securing a majority on its own. A rise of almost four per cent in the benchmark stock indices on Monday is an indication of the high hopes the markets have reposed in the new government. The stock rally is perhaps also a signal of the markets' sense of relief that the next government will be stable and not suffer from the weaknesses associated with alliances.

In such a situation, it is incumbent on those who will form the next government to be mindful of what they need to focus on and what they need to avoid. Here is an attempt to outline one opportunity the new government should grab and one pitfall they should avoid at any cost.

First, the pitfall that the new government must avoid. The Centre's fiscal consolidation efforts between 2014 and 2019 have been one of the highlights of Mr Modi's first five-year tenure. These could have been better, but bringing down the government's fiscal deficit from 4.5 per cent of gross domestic product (GDP) in 2013-14 to 3.4 per cent of GDP in 2018-19 shows a steady improvement even though the pace of correction slowed down considerably after 2017-18. Critics will also point out that the quality of fiscal deficit reduction has been suspect, but the overall trend has been reassuring.

What Mr Modi must avoid in his second five-year tenure is any relaxation in the government's fiscal consolidation efforts. The goal of reducing the fiscal deficit to 3 per cent of GDP by 2020-21 must be achieved without any pause in between as had been applied on more

than one occasion not just in the last five years, but also during the previous government's tenure.

In July 2014, Finance Minister Arun Jaitley had the option of junking the fiscal deficit target of 4.1 per cent of GDP set in the interim Budget that the Manmohan Singh government had presented earlier in February 2014. He could have blamed the previous government and its unrealistically ambitious deficit target and given himself room for some more expenditure. But Mr Jaitley avoided that path and instead accepted the difficult challenge of sticking to the target set by his predecessor from a different government. That set the momentum and direction of the Modi government's fiscal consolidation efforts.

Now, in 2019, there is even greater need for fiscal consolidation. Not only should the next government stick to the deficit target of 3.4 per cent of GDP for 2019-20, as set in the interim Budget presented earlier in February, it should also aim at lowering the deficit even further by striving hard to cut revenue expenditure and improving tax administration and compliance. More importantly, it should set a clear and realistic timetable for achieving the desirable goal of three per cent deficit by next year.

A strong resolve on fiscal consolidation is necessary as there will be a huge demand on the government to increase spending with the objective of boosting growth. True, there is need for more investment to counter forces of an impending economic slowdown. But there are two dangers in adopting such a strategy. One, the government in the name of increasing expenditure may actually give a fillip to wasteful, inefficient and poorly targeted spending like that on subsidies and doles. Two, an increase in expenditure will mean higher government borrowing. This will crowd out the private sector from the borrowing market and even push up interest rates. Both the dangers are avoidable.



### NEW DELHI DIARY

A K BHATTACHARYA

## Rescuing Ayodhya



### BOOK REVIEW

C P BHAMBHRI

Valay Singh has focused his attention on the history of the city of Ayodhya to find an answer to the eternally contentious issues: Was there a Hindu temple where the mosque stood and was the birthplace of Rama in Ayodhya? He is quick to clarify that the "book does not set the record straight" but explains that he seeks to rescue this ancient city from its current controversy. As he writes, "it is an injustice to define Ayodhya's history to suit contemporary and often self-serving narratives". Ayodhya is roughly 3,300 years old and has the author divides its history into phases: so many retelling and so many versions.

the first 1,200 years, the 18th century (the East India Company epoch), and the contemporary period up to the present. Ayodhya's ancient history, he says, demonstrates its transformation from "an insignificant outpost to a place sought by kings, fakirs, renouncers and reformers". This antiquity has influenced generations of pilgrims but it has also provided politicians opportunities to manipulate history to suit their political interests.

This study consists of two interrelated books. Book I offers a panoramic view of religio-cultural and political aspects of India's multiple *Ramayanas*. Book II consists of five chapters beginning with Independence to the temple-mosque controversy. The author is on firm ground when he explains the story of many *Ramayanas*, such as those of Valmiki, Buddhists, Jains, Tulsidas, Tamil, from Thailand and so on. Commenting on the plurality of the *Ramayana*, the author says, "There is arguably no other epic in the world that has so many retelling and so many versions.

The hydro-headed nature of the story is what lends itself to so many narratives that shift with time." For devotees, however, "it is of little concern that the *Ramayana* is an epic or mythology and scripture and not a historically verifiable document". This is why "the epic continues to be 'lived as virtually it was first imagined by Valmiki".

But the author makes the significant point that scripture or myth can also be used to legitimise a "perfect" past in which there is no need to challenge the statement that Rama's Ayodhya "was the best capital in the world". But he introduces a caveat. "Ram worship was not and is not restricted to Ram's supposed birthplace alone. Ram has been identified with Ayodhya as a whole, not a particular spot in Ayodhya". During the 18th century, Ayodhya had emerged as an important Vaishnava pilgrimage. The dispute over the Babri Masjid was an offshoot of a dispute over the nearby Hanuman Garhi temple, the construction of which was facilitated by the Muslim rulers of Oudh. Hanuman Garhi was completed

in 1799. In 1855, a dispute over Hanuman Garhi arose between a section of Sunnis and the successors of the *bairagi* (hermit) to whom the land was donated by the second Nawab of Awadh. The controversy arose over the demolition of an old mosque by the *bairagis* as part of a move to enclose the area they claim was donated. In the turmoil that followed, in which the British played an infamously perfidious role, Hanuman Garhi's mahants extended their claims to the Babri Masjid and a civil suit was filed on January 29, 1885.

The history of the dispute over the temple-mosque, then, begins from 1885 and it is this story that the author takes up in Book II. When the rest of the country was celebrating independence, the *bairagis*, the Hindu Mahasabha and the Mahant of Hanuman Garhi had "vowed to capture, the Babri Mosque by force" and "tried to impose restrictions on Muslims offering namaz in the mosque".

An added layer of complexity was that Govind Ballabh Pant, Chief Minister of Uttar Pradesh and a Hindu Mahasabha sympathiser, and the state bureaucracy played a role in strengthening the cause of the Hindu claimants. In 1948, a by-election

was held in Uttar Pradesh in which Pant chose a Sadhu Baba Raghav Das over the socialist Narendra Dev as the candidate from Faizabad constituency, within which Ayodhya fell. Das led a communally vitriolic campaign and won. "This was the first time that Ayodhya's religiosity was harnessed in a democratic election," the author points out.

It was not to be the last. Both Rajiv Gandhi and P V Narasimha Rao wielded their executive power to the cause of communal politics, taking fateful steps that encouraged the Hindu mob led by the Rashtriya Swayamsevak Sangh to demolish the mosque in 1992. The background is this: In April 1984, the Vishwa Hindu Parishad (VHP) called a meeting of religious scholars. This "dharma sansad" asked Rajiv Gandhi "to unlock the Babri Mosque and liberate lord Rama". The Indian state surrendered and the next step was a march from Somnath to Ayodhya in September 25, 1990 to the demolition of Babri Mosque on December 6, 1992 and a country-wide bloodbath.

The author has performed yeoman's service in mobilising solid historical evidence to assert that the

amounts being paid are not considered very large. If, in spite of this, the Modi government sees robust or even increased support in the most affected agricultural areas — such as interior Maharashtra or parts of Madhya Pradesh — then it will be almost impossible to maintain the notion that support for farming is central to the practice of Indian politics.

Third, that overall GDP growth is what matters, explaining why the UPA was first re-elected and then thrown out in 2014. Unfortunately, this election will not provide sufficient support for either side of this theory, since the current GDP numbers are no longer taken seriously as an indicator and are certainly not comparable with those that came before. The trajectory of other high-frequency data that usually moves in tandem with GDP, however, indicates that India has slowed. It is unlikely that a success for the incumbent on May 23 will be seen as a reinforcement of the notion that actual GDP growth helps political victories by anyone serious.

Fourth, that "job creation" is central to how electorates view government performance. This has certainly been the assumption of the opposition Congress party, which has continually attacked the prime minister's record on job creation. The latter is unquestionably dismal, as demonstrated by the leaked NSSO numbers. It is worth noting that this emphasis on "jobs" is relatively new in our politics. It is a product, perhaps, of the demographic profile of North India, with its massive youth bulge, as well as of the growth of the private sector, the spread of education, and the falling labour-intensity of production in many sectors (driven by technical change and bad policy). In other words, it is the younger, peri-urban, aspirational voter who is supposed to be most worried about "jobs" as a political issue. If Mr Modi appears to retain the support of this floating voter, which he won overwhelmingly in 2014, then it will be hard to retain the notion that "jobs" even matter as a political issue. This has a disturbing corollary. If future Indian leaders invest in job-creating policy, it will be as an aside, not as a top priority.

Overall, a strong return to power by the incumbent government will weaken all the four "economic theories of politics" I have listed above, except for the inflation one. A relatively weak performance by Mr Modi would have the opposite effect.

What is most likely, of course, is that many elections are not fought on economic issues at all. It is unlikely in retrospect, and particularly if Mr Modi wins by a similar margin to 2014, that that election was a verdict on the UPA's economic performance — regardless of what my incensed fellow-columnists in the pink press would have liked to believe. Hidden social mobilisations and polarisations were likely a more important political factor then, and they are coming into the open now. This is the truth behind common voters' justifications such as "I may not have benefited under Mr Modi, but he is good for the country". It is perhaps best to abandon the notion that economic outcomes are a major determinant of politics in India. Of course, it remains true that politics is a major determinant of economic outcomes. Unfortunately, this one-way traffic is not good news for the choice of economic policy by politicians going forward.

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AYODHYA: City of Faith, City of Discord  
Valay Singh  
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