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India's States Forge Leadership

State elections show regional parties more in touch than national ones.

By RUCHIR SHARMA

Nearly 100 million Indians cast their votes in state polls over the past month, and the results announced yesterday emphasized how elections in this country are becoming ever more local in nature. State identities are rising and the national consciousness is waning. While the two main national parties, the Congress Party and the Bharatiya Janata Party, or BJP, continue to lose electoral space, the winners once again were the various regional parties that are playing a growing role in shaping India's future.



Opinion Journal: Investors will benefit as voters start rewarding good governance and economic policy in state elections, says the Wall Street Journal Asia editorial page writer Abheek Bhattacharya.

The election in the gargantuan state of Uttar Pradesh was emblematic of this trend. Indeed, of the five Indian states that went to the polls, all the attention was centered on Uttar Pradesh, which accounts for almost one-fifth of the country's population. This is the state where both the national parties have been trying to reclaim lost ground, particularly the Congress Party, and their poor showing emphasized the point that these two parties are not able to adapt to the trend of greater regionalization.

The two national parties rule just half of India's 10 biggest states, down from eight in the 1980s and all 10 in the 1960s. Uttar Pradesh seemed like fertile ground for the national parties to stage a comeback given the widespread resentment against its outgoing authoritarian Chief Minister Kumari Mayawati and also the not too distant memories of the state's lawless plight under the previous regional satrap, Mulayam Singh Yadav, in power from 2002-07.

Instead, Mr. Yadav was able to stage a stunning victory with the help of his 38-year-old son Akhilesh who helped refurbish the party's image as an accessible and modernizing force. The aggressive campaign in U.P. of Congress's heir apparent Rahul Gandhi further demonstrates how out of touch the country's oldest party is with the new emerging India. For one, Congress continues to have a highly centralized command and control structure, making it difficult for any other mass-based leader to come forth outside the Gandhi family.

The Gandhis seem wary of any strong state-based leaders since they could be a potential threat to their hold on power. As a result, the party had to completely rely on Rahul Gandhi to deliver the goods. In such an environment, not having a strong local leadership in Uttar Pradesh did not cut it with the electorate and the voters were not going to cast their lot with a national leader who just dashes in and out of the state at irregular intervals.

The electorate had other problems with Congress's strategy in U.P. The party engaged in a largely

cynical campaign, pushing the message that the affairs of the state are so bad that its people are being forced to go begging for jobs on the streets of Mumbai. Congress promised to expand its welfare net to keep the youth from emigrating. The party also pandered to the minorities by offering job reservations to the Muslims of the state. It was all about how to divvy up a small pie rather than how to grow it.



Associated Press

Indian voters stand in a queue to cast their votes outside a polling station on the outskirts of Ghaziabad, in Indian state of Uttar Pradesh.

The voters were looking for an agenda on how to close the income gap with India's richer states rather than some maudlin narrative. The per capita income of Uttar Pradesh is half of India's already low average of \$1,500. While much is made out of how U.P. on its own would rank as the fifth most populous country in the world, its economy would not even make the list of the world's top 50 largest economies; rather it would find itself along the likes of Morocco and Angola with a GDP of around \$100 billion.

The star of the election, Akhilesh Yadav, repositioned his party—despite its socialist roots—as a natural home for not just the farmers in the

hinterland but also for the aspiring youth in the urban areas. He ran a campaign both the old style way, addressing a dozen rallies a day, and also through social media forums such as Facebook and Twitter. He sent a strong message down the ranks that the party would no longer brook the thuggish behavior it had shown during his father's rule and so did not give tickets to the high profile mafia dons who were once part of the outfit.

Akhilesh Yadav is now being included in the rising number of regional stars emerging from the states. The list already includes chief ministers such as Nitish Kumar in Bihar and Naveen Patnaik in Orrisa. And the pantheon should only grow bigger as voters look less and less to the central government for answers to their problems. Increasingly the momentum for economic change comes from state leaders.

Regional parties seem to understand the popular sentiment better as they are closer to the people. In some ways, India is returning to its long history of being a commonwealth of states, as was the case during centuries of Mogul and British rule, rather than a homogenous entity typical of the modern nation-state.

Mr. Sharma is head of emerging markets at Morgan Stanley Investment Management and the author of "Breakout Nations," which is being published this April.

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