



External woes

Given the widening trade deficit, urgent measures are needed to boost exports

The estimates for foreign trade showing a sharp slowdown in merchandise export growth in April, to 0.64% from a year earlier, ought to add to concerns about the economy. If one were to strip away the 31% surge in shipments of petroleum products to overseas markets, India's export of goods actually contracted by over 3% in dollar terms last month. In contrast, overall merchandise exports had expanded 11% year-on-year in March, with the growth in shipments excluding petroleum products exceeding that pace by about 50 basis points. The slump in exports was fairly widespread, with 16 of the 30 major product groups listed by the Commerce Ministry reflecting contractions, compared with the 10 categories that had shrunk in March. Worryingly, shipments of engineering goods declined by over 7% after having expanded by 16.3% in March, while the traditionally strong export sectors – gem and jewellery, leather and leather products, textiles and garments and drugs and pharmaceuticals – all weakened. These are all key providers of jobs and any protracted pain across these industries will impact jobs, wages and consumption demand in the domestic market. While the contraction in gem and jewellery exports widened to 13.4% in April, from 0.4% in March, the slump in the leather segment broadened to 15.3% from 6.4%. And the pace of growth of garment exports decelerated to 4.4% from 15.1% in March.

Imports grew by 4.5% to \$41.4 billion in April, accelerating from March's 1.4% pace as purchases of crude oil and gold continued to increase. While the 9.3% jump in the oil import bill, from March's 5.6%, can partly be explained by the rise in international crude prices (Brent crude futures, for instance, advanced 6.4% in April), India's insatiable appetite for gold, as reflected in the 54% surge in imports last month, must give policymakers cause for reflection. Excluding oil and gold, however, imports shrank by more than 2% last month, signalling that import demand in the real productive sectors is largely becalmed. As a result of merchandise imports outpacing exports, the trade deficit widened to a five-month high of \$15.3 billion. The widening trade shortfall will add pressure on India's burgeoning current account deficit, which at a provisional \$51.9 billion in the first nine months of fiscal 2018-19 had already surpassed the preceding financial year's 12-month shortfall of \$48.7 billion. With stronger headwinds ahead in the form of an escalating trade war between the U.S. and China, and its knock-on impact on global growth, the outlook for export demand is far from reassuring. Add the rising military tensions in West Asia and its potential to further push up oil prices, and the scope to contain the trade and current account deficits seems significantly challenging. Clearly, this would be one more pressing concern for the new government to address.

Holding the centre

Europe's mainstream parties must not take fright at the perceived appeal of populism

On May 23, as the results of the Indian elections emerge, in Europe the world's second largest democratic electoral process will get under way. More than 425 million voters are eligible to participate in elections that will take place over a four-day period to select 751 members of the European Parliament for a five-year term. There would have been 705, but for the delays to Brexit, which means Britain will participate too. Thousands of candidates from hundreds of parties as well as independents will seek votes, and the winners will form cross-national groupings in the House based on their political ideology. With turnout usually low (43% in 2014), predictions can be tricky, but expectations are that far-right and Eurosceptic parties will make gains. Last month, Italy's Deputy Prime Minister and figurehead for the far right in Europe, Matteo Salvini, launched the campaign for the European Alliance of People and Nations, alongside allies from Germany to Denmark, on a platform invoking tougher immigration rules and in some cases Euroscepticism, uniting parties that had once been split between groupings. In Britain, the appeal of anti-European sentiment has manifested itself in the success of the Brexit Party, formed in January by former UK Independence Party head Nigel Farage – it is projected to win a 34% share of the vote. In Germany, the right-wing Alternative für Deutschland is expected to make gains, while in France the right-wing National Rally (former National Front) could do better than President Emmanuel Macron's *En Marche*.

There is a risk that centre-right and centre-left coalitions will fail to command a joint majority. The temptation will be for centrist parties to see these elections as yet another sign that populism is on the rise, and a cause they must in one way or another pander to. In Britain, this has certainly been the case with the rightward lunge of the Conservative Party, while in Germany the centre-left SPD has toughened its stance on asylum-seekers. Yet, this would be the wrong message to take. What is under way is vastly more complex. It is certain that people are seeking alternatives amid stagnating wages and living standards, with many shunning mainstream parties in their quest – but to infer that all see populism as the route ahead would be naive. Green parties, for example, are expected to make their best showing yet across the continent, as public support for an agenda that encompasses progressive climate change policies and social justice has grown. European parliamentary elections should certainly trigger alarm bells for the mainstream parties, but should also motivate them to look imaginatively for fresh answers, rather than attempting to rehash decades-old illiberal ones.

A referendum on the Prime Minister?

Hindutva nationalism as embodied by Narendra Modi has remained the dominant narrative of the Lok Sabha polls



VARGHESE K. GEORGE

Ramesh and Rajesh, two brothers in Atari Khejra, around 50 km from the Madhya Pradesh capital Bhopal, could be counted among the so-called aspirational generation that supported Prime Minister Narendra Modi in 2014. In their mid-20s and wiser by five years now, they laboured to explain their continuing support for Mr. Modi, who they want in office for a second term. The brothers run a tea shop by the highway and their backward caste Kurmi family owns some land. Their farm incomes remain non-remunerative, material life remains as tough as ever, and they are not beneficiaries of the several welfare schemes launched by the Modi government. But finally they came up with one reason that they sounded fully convinced about: "India has become number 1 in the world under Mr. Modi."

Jettisoning economic issues

A widely popular explanation for Mr. Modi's 2014 success was that he had jettisoned Hindutva for reforms/development. There was no evidence to support this theory – in fact, evidence suggested the opposite, as he declared himself a "Hindu nationalist" ahead of the campaign and repeatedly raised cow slaughter, "infiltrators", etc. through the 2014 campaign. But this had become justification for a segment of his elite supporters. Mr. Modi never promised a list of reforms, though he did promise

jobs. So the difference between 2014 and 2019 has not been that Mr. Modi has returned to Hindutva, but the complete removal of jobs and development from the agenda by systematically blocking or contaminating official data on these topics. If 2014 was about seeking economic progress through Hindu consolidation, in 2019 national glory was itself the end.

Core Modi voters are convinced that India is a superpower, that his strident rhetoric has scared Pakistan and China. In a particularly jaw-dropping moment of adulation for Mr. Modi, a young tourist guide in Agra, a Jat, who by conventional wisdom should be a supporter of the anti-BJP coalition of the Samajwadi Party, Bahujan Samaj Party and Rashtriya Lok Dal in Uttar Pradesh, said: "Who in the world knew Manmohan Singh? Donald Trump stands up when he meets Narendra Modi." His financial situation is worse than it was in 2014, but he believes that demonetisation has done a world of good for the nation. To ask about the promises of 2014 itself has become an anti-national act. "To talk about jobs, we need to have a country first, right?" Mr. Modi's supporters retort. This suspension of logic and rational thinking and the intangible abstract of national glory can be found across the Hindi heartland. This is not to deny the existence of a cohort of transactional voters who rooted for Mr. Modi – the recipients of the subsidised cooking gas and houses, for instance.

This euphoria disconnected from self-admitted reality is borne out in the Centre for the Study of Developing Societies' pre-poll survey, in which more people thought employment opportuni-



SANDEEP SAXENA

ties had reduced, prices had gone up, welfare had shrunk, social disharmony had risen and corruption had spiked, but still wanted a second term for Mr. Modi. Only on one question, more people thought Mr. Modi has done well: "India's image in the world".

This kind of support for Mr. Modi cuts across caste, though upper castes are its fulcrum. But this support could be mobilised only when the question was specifically framed whether they want a second term for Mr. Modi, sidestepping all local questions and daily experience. Mr. Modi's attempt has been to make the entire election into a referendum on him, and his success will depend on whether or not he managed to push a critical mass of the voters to look beyond their material well-being.

The Congress challenge

The Congress under Rahul Gandhi challenged this delusional populism by questioning the militarism and ultra-nationalism underlying it and promising a minimum income guarantee for all under a scheme called NYAY (Nyuntam Aay Yojana). While this fuelled some hope for the party's resurgence, its impact as a pan-India alternative to Hindutva has been limited. This is primarily due to the patronising tone of the party's

messaging, as opposed to the empowering tone of Hindutva.

Therefore, the Congress's performance will depend largely on its ability to amplify local factors, the performance of its governments where they exist, and better management of elections compared to 2014. In Chhattisgarh, the Congress has achieved this objective in significant measure. "Mr. Modi's campaign in 2014 was economy plus emotions, but this time he was only emotions. Our campaign was only economy and lacked emotions," a Congress functionary summed it up. "In 2004 we beat the BJP when we both talked about material aspects."

The U.P., Bihar narrative

The Hindutva narrative has been challenged the most in U.P., followed by Bihar, and among two communities everywhere: Muslims and tribals, who were not vocal. West Bengal is in a different category as the BJP is still trying to expand its footprint. Bihar and U.P. are extremely critical in 2019: 93 of the BJP's 282 seats in 2014 came from these two States. The critical mass of the Muslim electorate and the deep-rooted history of social justice politics that has offered a counter-polemic to the Hindutva agenda makes these States distinct. This unique combination of demographic and historical factors makes the Gujarat model of Hindutva – to reduce to irrelevance Muslims and tribals, and win an overwhelming majority among the rest – difficult in these States.

The BJP achieved that feat in 2014, and hopes to repeat it in 2019. A shared existential threat from the BJP united Yadavs, Dalits and Muslims in U.P. and Bihar and

their numerical heft offers the strongest pushback to Hindutva in 2019. The BJP has the solid backing of the upper castes and non-Yadav backwards, and a section of Dalits in Bihar. That may not be good enough to match the 2014 figures in U.P., but Bihar offers better prospects for the party. The BJP's performance therefore will depend on whether and to what extent it has lured Yadavs, and in U.P. non-Jatav Dalits and Jats. That will depend on the extent to which Mr. Modi could make it a referendum on himself in U.P. and Bihar. Unlike the Congress, the BJP has been relentlessly reaching out to all backward castes and tribals.

Traders, the traditional social base of the BJP, expressed resentment over demonetisation. Muslims and tribals offered but did not as much vocalise their opposition to Hindutva. There were no fatwas calling on the Muslims to vote in any particular direction in 2019. BSP chief Mayawati, representing Ambedkarite Dalits, mobilised her supporters on a staunchly political platform, but her refusal to accommodate the Congress in the U.P. alliance may have cost the alliance. Trinamooli Congress chief and West Bengal Chief Minister Mamata Banerjee has fought the Hindutva plans for West Bengal in the streets. All told, in regions where the BJP is strong, Hindutva nationalism personified in Mr. Modi remained the dominant political force in 2019. Any public desire for his removal from his office, if it exists, has not been an outcry. The Congress's gains will be proportional to the impact of local factors, and not on account of any national alternative that it has put forward.

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Charting a clear course in the Indo-Pacific

The Indo-Pacific wing in the Ministry of External Affairs gives strategic coherence to India's Look East policy



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Though the term Indo-Pacific has been gaining traction in Indian policy circles for some time now, it achieved operational clarity after the Indian vision was presented by Prime Minister Narendra Modi in his keynote address at the Shangri-La Dialogue in June 2018. His speech underscored that for India the geography of the Indo-Pacific stretches from the eastern coast of Africa to Oceania (from the shores of Africa to that of the Americas) which also includes in its fold the Pacific Island countries.

Many mechanisms

India's Act East policy remains the bedrock of the national Indo-Pacific vision and the centrality of ASEAN is embedded in the Indian narrative. India has been an active participant in mechanisms like the Indian Ocean Rim Association (IORA), in ASEAN-led frameworks like the East Asia Summit, the ASEAN Defence Ministers' Meeting Plus, the ASEAN Regional Forum as well as the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation and the Mekong-Ganga Economic Corridor. India has also been convening the Indian Ocean Naval Symposium,

in which the navies of the Indian Ocean Region (IOR) participate. India has boosted its engagements with Australia and New Zealand and has deepened its cooperation with the Republic of Korea. Through the Forum for India-Pacific Islands Cooperation, India is stepping up its interactions with the Pacific Island countries. India's growing partnership with Africa can be seen through the convening of mechanisms like the India-Africa Forum Summits. India's multi-layered engagement with China as well as strategic partnership with Russia underlines its commitment to ensuring a stable, open, secure, inclusive and prosperous Indo-Pacific.

India views the Indo-Pacific as a geographic and strategic expanse, with the 10 ASEAN countries connecting the two great oceans. Inclusiveness, openness, and ASEAN centrality and unity, therefore, lie at the heart of the Indian notion of Indo-Pacific. Security in the region must be maintained through dialogue, a common rules-based order, freedom of navigation, unimpeded commerce and settlement of disputes in accordance with international law. More connectivity initiatives impinging on respect for sovereignty, territorial integrity, consultation, good governance, transparency, viability and sustainability should be promoted.

A natural corollary

The setting up of the Indo-Pacific wing in the Ministry of External Affairs (MEA) in April 2019 is a natural corollary to this vision. Given



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how the term Indo-Pacific has been gaining currency and how major regional actors such as the U.S., Japan and Australia are articulating their regional visions – including this term in their official policy statements – it was becoming imperative for India to operationalise its Indo-Pacific policy. The renaming of the U.S. Pacific Command to U.S. Indo-Pacific Command as well as the Asia Reassurance Initiative Act in December 2018 showcase Washington's more serious engagement with the Indo-Pacific. The Free and Open Indo-Pacific concept was unveiled by Japanese Prime Minister Shinzo Abe in 2016, and Australia released its Foreign Policy White Paper in 2017, which details Australia's Indo-Pacific vision centred around security, openness and prosperity.

Given the huge geography that the Indian definition of Indo-Pacific covers, there was a need for a bureaucratic re-alignment to create a division that can imbibe in its fold the various territorial divisions in the MEA that look after the policies of the countries which are

part of the Indo-Pacific discourse. This wing provides a strategic coherence to the Prime Minister's Indo-Pacific vision, integrating the IORA, the ASEAN region and the Quad to the Indo-Pacific dynamic.

The integration of the IORA means that attention will continue to be focused on the IOR. This can be a result of the growing Chinese footprint in the Indian Ocean and Chinese diplomacy in the region. The Ministry of Defence and the Indian Navy also are also taking note of the developments in this region and this wing can work in coordination with these two organs as well. Given New Delhi's stakes in its immediate neighbourhood, a more focused and integrated approach is needed.

Additionally, ASEAN forms the cornerstone of India's Act East policy and Indo-Pacific vision. As ASEAN now enters into deliberations to carve out its own Indo-Pacific policy, it underscores a shift in the stand of the sub-regional organisation towards the Indo-Pacific concept. Initially there was a lurking fear within the grouping that the Indo-Pacific concept might just overshadow ASEAN's centrality and importance. Visualising the ASEAN region as a part of the wider Indo-Pacific shows an evolution in the region's thinking, opening new possibilities for India's engagement with the grouping.

Challenges ahead

India's bureaucratic shift is an important move to articulate its regional policy more cogently, cohe-

rently and with a renewed sense of purpose. There are still challenges for India, especially how it will integrate the Quadrilateral initiative which got revived in 2017 with its larger Indo-Pacific approach. It will also be important for the new MEA division to move beyond security and political issues and articulate a more comprehensive policy towards the region. Commerce and connectivity in particular will have to be prioritised if India is to take advantage of a new opening for its regional engagement.

While India has been consistently emphasising "inclusiveness" in the Indo-Pacific framework, it will be challenging to maintain a balance between the interests of all stakeholders. There are differences between India's vision and the U.S.'s strategy for the Indo-Pacific even as countries like China and Russia view the Indo-Pacific with suspicion. As geopolitical tensions rise between China and the U.S., the MEA's new division will have its task cut out if India's long-term political and economic interests in the region are to be preserved. A bureaucratic change was indeed needed, but going forward the challenge would be to see how effectively this change manifests itself in managing India's growing diplomatic footprint in the Indo-Pacific.

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LETTERS TO THE EDITOR

Letters emailed to letters@thehindu.co.in must carry the full postal address and the full name or the name with initials.

A wise decision

The Congress's decision points to the importance of regional parties in forming coalition governments ("Congress will not insist on Prime Minister's post: Azad", May 17). Actually, announcing the prime ministerial candidate ahead of an election is to rely on the charisma of an individual rather than bank on the policies and manifesto of the party. The Prime Minister should be appointed by the party holding a majority in the Lok Sabha, not be elected by the voters directly. Personality cults are harmful to nations. KSHIRASAGARA BALAJI RAO, Hyderabad

A shameful remark

The BJP, which nominated the terror accused Pragna Singh Thakur to contest the Bhopal seat as if there was no other worthy person in the party to be fielded, should hang its head in shame for the encomium paid by its 'sadhvi' nominee to a murderer ("Pragna calls Godse 'patriot', whips up storm", May 17). If the saffron party is truly 'national' and respects the Father of the Nation, it should not allow her to contest the election. She has lost all moral right to be a Member of Parliament. SHALINI GERALD, Chennai

revered leaders not just in India but in the world. He is the symbol of our nation. It is deeply upsetting that the assassin of Gandhi has been called a patriot. I also can't understand why politicians are talking about past events when there are so many issues in the country today to debate. VIDHYA B. RAGUNATHI, Thanjavur

A partisan Commission

The Election Commission's actions are partisan ("West Bengal tango", May 17). All its recent one-sided decisions show that the EC has a lot to answer for. The 10 p.m. deadline to end campaigning in West Bengal was clearly intended

to allow the Prime Minister's rallies there. How can anyone believe in democracy when a constitutional body entrusted with ensuring the largest democratic exercise loses credibility? V. PADMANABHAN, Bengaluru

Liberal talk

The concern of liberals about the erosion of institutions and the change in the 'idea of India' in contrast to the immediate concerns of the people is a topic that is woefully under-examined ("Is the future of Indian democracy secure?", May 17). World over, the trend of 'strong leaders' grasping power

and riding populist waves points to the alarming erosion of the liberal consensus that had once dominated the post-war world order. However, discussions in the English media focus mainly on these 'liberal issues'. Instead, there is a need for closer examination of whether the institutions of the liberal project have delivered equity and social justice in India. HARIKRISHNA VARMA, Ernakulam

Principles of coalition

There are three factors which determine the effectiveness of coalition governments in India ("Is coalition government worse

than single-party rule?", May 17). One, the alliance should be of likeminded parties, at least on critical issues. Two, it should be led by a leader who has wide appeal across the nation. Three, post-election alliances are not only detrimental to the proper functioning of a government, but are a mockery of democracy as parties that fight against one another come together to form the government later. If the coalition is formed on a pre-election agenda, it would add to its strength and longevity. Y.G. CHOUSKEY, Pune

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