

Related research releasing soon: Part II of our election series profiling key political players in India's elections.

Of cabals and kings—1. An election is nigh. It is moot whether this will be in October 2008 or May 2009. We thought it would be interesting to line up politicians who are likely to play a key role in determining the next government and some faces of the future. Coalition governments are a fact of Indian politics and our gallery includes several kingmakers who have control of crucial seats in a game of numbers.

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Foreword

Elections in India are a festival. The government declares a holiday on poll day, schools are closed (frequently schools are where the ballot boxes are kept) women put on their finery to celebrate the rare occasion where they can speak their mind, the air is imbued with tension, suppressed excitement and everyone wears an air of authority: it is the one day when all the frustration and pain of carrying the Indian State on ones shoulders pays off.

That time should be on us in May 2009 if general elections in India are held on time, a little earlier if elections are advanced. 542 seats in the lower house of the Indian Parliament—the Lok Sabha—will be contested. The party—or set of parties—closest to the 272 (simple majority) mark in a first-past-the-post election will be called upon to govern India (see *pgs 51-53 at the end of this report for India's election process*). That an election, usually rigging-free, can take place and deliver democracy to every Indian's door, steaming hot and fresh, is no small miracle.

Nor is it anything less than a miracle that from the alphabet soup of Indian political parties, a government eventually gets to be formed. Balancing region, caste and religion with the governing talents of incumbent MPs represents a challenge most Prime Ministers have to meet head on. And thus India's democracy marches on, along a path no SatNav system can plot or predict.

Except the individuals who run the system. Some are quixotic, others are super-efficient, still others owe their rise to caste or religion. But they are united in one objective: either running a government or trying to unseat those doing so.

By Indian standards, at 60, Sonia Gandhi is still a youngish Indian leader, the widow of assassinated Congress President Rajiv Gandhi who, after seven cloistered years after her husband's death, came out to claim her mother-in-law and husband's legacy to lead the Congress party in politics. Rather than lead the government herself, she did all the heavy lifting for the Congress party, campaigning feverishly long hours, and managed to bring the Congress tally to 145 Lok Sabha seats, but in a gesture of dramatic renunciation, handed the prize—the prime ministership—to former Finance Minister and close Congress colleague, Manmohan Singh. Saubhadra Chatterji's profile of Sonia Gandhi discusses the growth and development of a housewife of Italian origin as one of India's most important political leaders.

Jairam Ramesh was one of Gandhi's backroom boys, educated abroad but driven by the need to contribute to public life in a secular, catholic intervention. He got the chance to do so when he was hired as advisor to some of the country's most influential political figures, including Finance Minister P Chidambaram. The profile discusses how Ramesh's steering of the Congress' campaign plank and the 2004 election helped it come to power. Ramesh got his chance of active intervention in policy-making (he was appointed junior minister of Commerce and then Power) and used this to introduce a political element in dry-as-dust policy formulation.

Much was said about the younger generation of politicians, many of whom came to the Lok Sabha for the first time in 2004. Rajiv and Sonia Gandhi's son Rahul was one such. Saubhadra Chatterji talks about the political voyage of a foreign-educated young man, his grandmother and father assassinated when he was a child, his efforts to create a personal political base and the persona of a possible future Prime Minister of India.

Among the younger MPs is another, a thoroughly modern maharaja. Jyotiraditya Scindia from a royal lineage decided to join the party his father (killed in a flying accident) opted for. Ironically, the Scindia family lost a part of their fortune because of the anti-royalty measures the Socialist-inclined Congress put in place in the 1960s and 1970s. Nistula Hebbar talks about the family pressures on Scindia and the mingling of tradition and modernity. In another piece, she discusses the evolution and growth of another royal, Vasundhara Raje, Jyotiraditya's aunt, who opted to join the Bharatiya Janata Party (BJP) and is currently Chief Minister of Rajasthan. How Raje reviewed and rewrote public policy in a state better known for endemic drought and creeping desertification is a story of grit and stubbornness.

Another Chief Minister who is trying to reconcile antediluvian ideology with challenges of the market economy is Buddhadeb Bhattacharjee, ruling West Bengal on behalf of his party, the Communist Party of India-Marxist. Saubhadra Chatterji's article describes Bhattacharjee's struggle to realize his dream of a modern industrialized state despite the imperatives of ideological orthodoxy.

Those Marxists who felt the CPI (M) sold the Revolution down the river and loathe 'collaborators' like Bhattacharjee, tried to run a genuine urban— and rural— revolution. The Maoists in India are today a force to reckon with, especially in the southern State of Andhra Pradesh. In the piece on Andhra Pradesh Chief Minister YS Rajasekhara Reddy, I have described his efforts to first win over, then crush, a militant, armed movement that the Indian Prime Minister has described as India's biggest security challenge. In another piece, I discuss the strategies that Reddy's bête noire, Chandrababu Naidu, adopted to put India firmly on the global IT map and the mistakes he made.

Indian Maoists make feudalism their focus of attack. But in India, social inequality is as pervasive as economic differentiation. Two leaders are held up as examples of how they were born into low castes but became icons of their community. I have discussed the two representatives of caste empowerment and the challenges they face in governance: Uttar Pradesh Chief Minister Mayawati and middle-caste leader and Railway Minister, Lalu Prasad.

Delhi and Mumbai (Maharashtra) are two of India's most famous cities. Both face a problem of migrating populations, huge economic disparity and pressures of governance. Delhi Chief Minister Sheila Dikshit, described by Nistula Hebbar as everyone's favorite aunt, is nevertheless sheathed steel. In the article on Maharashtra Chief Minister Vilasrao Deshmukh, I have talked of what it is like to be the chief executive of a state that is at once prosperous and progressive but run by a coalition. Harit Mehta, in another piece, relates the rise and rise of the controversial Narendra Modi, Chief Minister of Gujarat and a BJP candidate for Prime Minister one day.

Finally, the economic triumvirate that actually govern India— Chief of the Planning Commission Montek Singh Ahluwalia, Rhodes scholar and holder of a congratulatory first from Oxford; the Harvard-educated Finance Minister of India, P Chidambaram; and the powerful Mumbai politician, Petroleum Minister Murali Deora— are described by Siddharth Zarabi and myself. They represent the epiphany— or otherwise— that comprises the Great Indian Economy.

All the articles come together as pen portraits of those who have, and will continue to change India. It is not that it is just India that is changing. Its leaders are, too.

Aditi Phadnis
Political editor, Business Standard



Sonia Gandhi: Making sure the center holds

By Saubhadra Chatterji

Earlier this year, Sonia Gandhi became the first president of the 123-year-old Congress party to have stayed in office for 10 years. By all appearances, she can retain the post for as long as she wants, for she has no challenger in India's largest political organization. If this suggests that the Congress is now a creature of the party president, more than at any time in the past, that is not true. In the half century before Sonia, the most important person in the party was usually the prime minister. Jawaharlal Nehru was the head of government for 17 years, and Indira Gandhi for 16 years in two stretches. Both dominated the party in their time, even as party presidents came and went.

That difference shows what has changed. The Nehru-Gandhi family used to consider the prime ministership in New Delhi as its family seat, having provided the head of government for 38 of the first 42 years of free India. But no member of India's most illustrious political family has been prime minister for the next 19 years. Instead, the family seat has become the

Congress presidency. As the country has moved from virtual single-party rule in a multi-party democracy to frequent changes of (usually coalition) government, the Gandhi family mission now is to buttress and build the Congress as a cohesive political force, while prime ministers come and go.

Still, Sonia Gandhi's political ascendancy is one of the unlikeliest of stories in the modern world. Born into a family of average means in the Italian village of Orbassano, 80 km from Turin, Sonia Maino went to Cambridge as an au pair, to learn English. There, at a restaurant, she met Rajiv Gandhi, son of India's prime minister. They fell in love, and were married in New Delhi in 1968. Sonia was 21.

She retained her Italian citizenship till her husband joined politics in the early 1980s, but showed no interest in the family profession, focusing instead on her two children and her mother-in-law's household. When Rajiv was killed in 1991, the Congress offered her the party president's post. She turned it down, remaining a private citizen but now with a new interest in the party and how it was faring. Seven years later, in the run-up to general elections, the party seemed to be falling apart under nondescript leadership. Under constant pressure from partymen to step in and fill the breach, she finally did that and has been party president since.

Gandhi is the third woman of foreign origin to become president of the Congress, after Nellie Sengupta and Annie Besant (both of whom served their terms before India won independence in 1947). She is also the fifth person from the Nehru-Gandhi family to lead the party. But she began hesitantly, reading out speeches at public rallies in a thick accent (prompting the wisecrack that she was a reader more than a leader) and feeling her way through the thicket of party politics.

At an election rally for the 2001 Assembly elections in West Bengal. Sonia Gandhi saw her alliance partner, the Trinamul Congress' Mamata Banerjee, lead her supporters in performing Mexican waves while shouting slogans. A surprised Gandhi asked a senior aide, "Do I also have to dance like this?" She was assured that she did not.

Saubhadra Chatterji is a Special Correspondent with Business Standard.

She did not find success easy to come by. There were electoral reverses, and one devastating moment when she staked a claim to form the government, claiming she had the required support of 272 MPs in the Lok Sabha, only to be found embarrassingly short. She also used a no-confidence motion to pull down the first government led by a BJP prime minister, barely 15 days into its life, only to have the government come back after fresh elections, with greater strength in the House.

Slowly, however, she found her feet and began to win state election after state election, often confounding the pundits, until the Congress ruled in the majority of states although the BJP-led coalition ruled in New Delhi. The high point of her career was of course leading the party into an alliance that, with the support of the Left, won the majority in the 2004 elections. Everyone assumed that she would now become Prime Minister, but she stunned the party and the country by putting forward Manmohan Singh instead—thus killing all criticism about a naturalized citizen becoming the head of the government.

But she had not renounced power, retaining it instead through key appointments in the government and maintaining an influence on policy from her perch as the chairperson of the specially created National Advisory Council (now disbanded). She had also decided that while economic reforms (Manmohan Singh's lasting claim to fame) were all right, they would not help the poor—for which the government had to specially tailor policies. Using the slogan of 'inclusive growth', her signature programs have been the national rural employment guarantee program (which will cost up to 1% of GDP), a new law to give tribals rights to forest land, the extension of reservations in educational institutions and government organizations to the backward classes (over and above those existing for tribals and Dalits) and massive increases in the funding of education and health care. With fresh elections less than a year away, the key question is whether these will help bring in the votes.

She has ignored the criticism that the government is incapable of delivering on such large-scale programs without major leakages of money, and that money is not the main problem for the poorly-run government-run educational establishments. But she has also seen that neither government officials nor partymen connect with the poor as well as some civil society activists, and one of her innovations has been to use the NAC to bring the leaders of leading non-governmental organizations into policy deliberation.

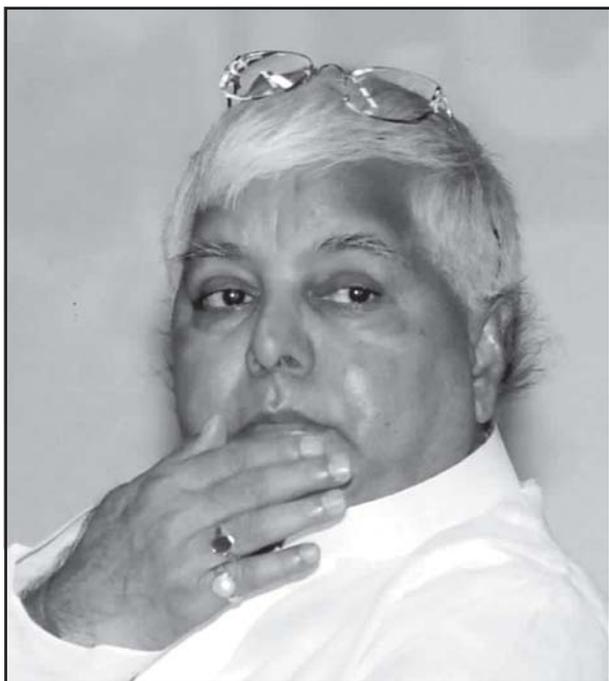
Although the Congress party ethos resembles a court with courtiers, Sonia Gandhi's style is to be consensual while retaining the final say. In a typical party meeting, Sonia makes the introductory remarks, explaining the situation to party managers and asking for their opinion, after which she hears each one out. The final decision comes only after she has privately consulted her trusted lieutenants. This keeps everyone happy that the Congress president has listened to them.

Also, unlike her mother-in-law Indira Gandhi, who changed chief ministers, cabinet colleagues and party aides at will, Sonia treads gingerly. During her entire tenure, Sonia has replaced Congress chief ministers only thrice. Two in Arunachal Pradesh and Meghalaya, north-eastern states both, were removed after Sonia was convinced that they were incompetent; and she changed Maharashtra Chief Minister Vilasrao Deshmukh a few months ahead of the elections to the state legislature in 2004. Although Sushilkumar Shinde, another Gandhi loyalist, replaced Deshmukh and steered the Congress party to victory, Gandhi brought back Deshmukh when the new government was formed. A bewildered Shinde was left to ponder his fate.

Two years earlier, after the results of the state elections in the troubled state of Jammu & Kashmir were declared, the Congress found that it had won more seats than any other party, but its local ally, the People's Democratic Party (PDP), demanded that its nominee be made the chief minister. Sonia called a meeting of party leaders. All but one of them maintained that there was no question of handing over the chief minister's post to the PDP. In a democracy, they argued, the biggest party should head the government. Only Pranab Mukherjee, currently India's foreign minister and the government's main troubleshooter, argued that keeping in mind the sensitivities of Kashmiri politics, the Congress should allow the PDP to assume power. At the end of the meeting, Sonia remarked to Mukherjee, "You are in a hopeless minority." Mukherjee replied: "I know I'm defeated, but I know I was right."

Two days later, Sonia Gandhi invited the head of the PDP, Mufti Muhammad Sayeed, to her residence at 10, Janpath, and offered him the position of leader of the coalition in Jammu & Kashmir for the first half of the Assembly's five-year term.

But things have not been going well for the party since the Lok Sabha election of 2004. It has lost 11 important state elections since, and the party's share of the national vote remains stuck at 25% (down from the 40% of the 1970s and 1980s), and only marginally more than the share commanded by the BJP. But she remains the party's unquestioned suprema, and that will not change in the foreseeable future. If she has a concern, it will be about how long it will take for son Rahul Gandhi, 38 and still a political novice, to find his feet and share the load of running the party in uncertain times.



Lalu Prasad: The man who turned around the Indian Railways

By Aditi Phadnis

If you're a liberal Indian who believes in democracy and a welfare state, is conscientious about paying taxes and is convinced that the socially powerless must be empowered, then Lalu Prasad represents a political problem.

Here's the thing: caste lives in India and the rise of Lalu Prasad, who belongs to the Yadavs, a middle caste of milkmen that is low on the social register but is politically volatile in Indian politics, represents the rise of a set of people who have spent much of independent India's 60 years believing that they are doomed to live outside the charmed circle.

A politician from Prasad's caste described what being a middle caste in rural India means. "When we cycle to the village," she said, "we have to dismount before we reach the landowner's house. Otherwise his servants think we're trying to defy him, trying to prove we're his equals. There was a time they used to come after us. That no longer happens, but we still

dismount." This is a voice from a caste that is economically better-off than the really downtrodden. Of the stories the Dalits—the lowest in the caste hierarchy—have to tell, the less said the better.

Suffice it to say that upward social mobility means everything for this caste group in India. And its empowerment came about because of the movement launched by Lalu Prasad.

Good governance? That's a secondary matter

Lalu Prasad first came to power in 1990 as Chief Minister of Bihar, the state with a reputation for being poorly administered and endemically problem-ridden despite being blessed with fertile soil and plenty of river water. He belongs to the first generation of Indian politicians with no experience of colonial rule, being born in 1948, a year after the British left India. He began his political career, not with the high-minded idealism of the country's freedom movement, but in the rough-and-tumble of student politics that gripped India in the troubled 1970s when economic growth was slow and inflation high. This colored his language, his style, his satirical style of oratory, and his rustic if lumpen brand of politics.

After nearly two decades in the opposition, Prasad rode an anti-Congress wave to power. A milkman's son replacing the state's Brahmin Chief Minister! All of Bihar's low castes wanted to be him. He was a symbol of their hope.

On the strength of these feelings, Prasad was re-elected in 1995, but forced to step down in 1997 after being indicted for corruption in a case involving millions of dollars meant for a government program to buy cattle fodder for giving the poor. The money found its way into the pockets of bureaucrats and politicians. Being shrewd enough to understand that resigning from office could spell political oblivion, Prasad pulled off the neat trick of getting his party to choose his unlettered and completely inexperienced wife to succeed him as Chief Minister.

Aditi Phadnis is Political Editor, Business Standard.

His wife and he therefore ruled for 15 years, a period in which Bihar sat on the bottom rung of every socio-economic ranking in the country. Land reforms remained an incomplete revolution. Anything remotely resembling an industrial revolution passed the state by. It was almost as if there was a trade-off between the empowerment of the socially backward and economic progress. "Why do we need cars," Lalu would ask his voters, "when Bihar has no roads? And the poor use (oil-burning) lanterns, so what will you do with electricity?" To the modern mind, it was politics as caricature. But also as tragedy, because law and order had collapsed in the state capital of Patna, kidnapping for ransom was a growth industry, the health services suffered for want of medicines, and the government had no money to pay university and school teachers-who retaliated by not holding exams on time. Private armies organized along caste lines mushroomed. Bihar was slipping back into the middle ages.

Then, in 2004, Lalu Prasad struck a deal with a weakened Congress. They fought the parliamentary elections together and his Rashtriya Janata Dal won 23 seats in the Lower House (out of 40 in Bihar). This gave him the licence to leave his state and come into his own on the national stage. He asked for and got the railway portfolio, the railways being by far the largest single enterprise in the country, employing 1.5 million people and moving 1 per cent of the country's billion-plus population every day, apart from 40 per cent of its goods traffic.

And Lalu took the country by surprise. He transformed the moribund organization in a way that no one had predicted, and suddenly Lalu Prasad was a hero to all those who had shaken their heads at the mention of his name. And what a transformation! The same man who has been held responsible for the condition of Bihar, managed to improve productivity and profits, and has now embarked on a massive investment and modernization program. Prime Minister Manmohan Singh recalled once that he had told his newly appointed railway minister in 2004: "Laluji, you should think of giving the country a rail system India can be proud of. It will also do wonders for your reputation." Given what people thought at the time of Lalu Prasad and his capabilities, it would have called for considerable optimism to think that the new minister could even think in terms of modern systems. But rustics who come across as comics (and if Lalu knows anything, it is how to play to his audience) can also hide shrewd brains. And sure enough, Lalu showed a new set of colors.

On a surprise inspection of a railway loading site, the new minister found that most railway wagons were being routinely overloaded. The railways got no money for this excess freight, and its staff were probably taking bribes for allowing the overloading. Lalu decided that if the wagons and track could carry the extra load, he should raise the official loading limit-so that even the existing loading levels would bring extra revenue to the railways. Since the overwhelming bulk of the railways' costs are fixed overheads, any additional revenue that the railways booked made little difference to costs, and the extra money went straight to the bottom line. Suddenly, the railways became hugely profitable.

Lalu has also had the good sense to not interfere with the day-to-day running of a massive system, doing nothing more than giving broad directions and leaving the rest to competent railway officials. What he did do, though, was to bring in a hand-picked official or two from his native Bihar to be his eyes and ears, and to take key decisions.

The man who used to say in his election speeches in Bihar that he needed to be brought back to power because the lower castes owed it to him, now sounded like a corporate CEO when he told Parliament that, with a return on capital employed (ROCE) of 21 per cent, the Indian Railways were as efficient as any global corporation. "Our achievement, on the benchmark of net surplus before dividend, makes us better than most of the Fortune 500 companies in the world," he said in his budget speech in February 2008.

It wasn't that he never put a foot wrong. For instance, he pledged to Parliament that he would turf out AH Wheeler, the chain of bookshops ubiquitous on railway platforms, because he thought they were an English legacy. It turned out that the company, which gave Rudyard Kipling his first publishing break, is now fully owned and managed by Indians. Lalu Prasad has also not been above a little window-dressing, presenting the accounts in a new way to exaggerate the increase in surpluses. But there is no questioning the fact that the railways are now financially healthy, investing heavily in modernization and increasing capacity: new track, better signaling, faster trains. So much so that the railway turnaround has become a textbook case, and B-school students from some of the best American universities now have Rail Bhavan in New Delhi on their study tour itineraries.

So why had Lalu Prasad not tried to improve governance in Bihar? This will remain one of the enigmas in Indian politics. Perhaps, he was caught up in the politics of courtiers. Or he did not have a good team to assist him. And may be he thought that when he was getting by with so little effort, why bother?

One clue to the transformation of Lalu Prasad is the changed way in which he deals with officials. In Bihar, he would overrule them. In Delhi, he defers to them, and listens to what they have to say. All very democratic. So does that mean democracy in Bihar works differently from democracy in Delhi? Perhaps not, because the present Chief Minister of Bihar, Nitish Kumar, is trying to improve governance in the state and showing results too. Perhaps, it is simply that politicians of all hues have realized that the key to success is through performance.



Mayawati: Child of affirmative action

By Aditi Phadnis

Her signature color is pink, and she loves diamonds—wearing them, getting them as gifts, collecting them. There was a time when, for a woman of her caste, these weaknesses could cause her eyes to be gouged out by the upper castes, or her ears cut for coveting something denied to her on account of her low birth. But as the Chief Minister of India's most populous (and therefore politically crucial) state of Uttar Pradesh, Mayawati (52) can have all this and more.

Mayawati is a Dalit, the generic, supposedly caste-neutral term that means "oppressed", and is used to describe hundreds of India's castes in a system that is rigidly striated and ordained by birth. You cannot change your caste—you are born into it. And in its most primitive form, you can only do the kind of work your caste ordains. So if you are born to the caste that is engaged in lifting night soil, you will do that all your life, and your son after you until the system of dry latrines (still prevalent in many parts of rural India) is replaced by modern sanitation.

If there's a job to be done, there is a caste to do it. The job of ruling is confined to a cabal of the three top castes. The Dalits, at the lowest rung, are only now—after 50 years of affirmative action policies—coming out of the shadows to band themselves in the safety of numbers. In Uttar Pradesh, Mayawati is their leader.

But then again, she has been accused repeatedly of corruption. She has reported vast sums to the tax authorities, allegedly donated to her by the party faithful. She has extravagant birthday parties, with multi-layered cakes. In the rough and tumble of UP politics, she gives as good as she gets and her brassy self-confidence seems Teflon-coated. You would think that the in-your-face style, so far removed from the grungy reality of her Dalit supporters' lives, would offend them and create a gulf between leader and followers. But that, it would seem, is not the way they see it, for they identify with her and apparently enjoy the sight of a Dalit wanting and having it all. The issue is self-respect and self-assertion.

Mayawati is very much a product of the Indian system, the beneficiary of reservations for deprived sections in educational institutions and government establishments. This saw her get first an education and then a teacher's job in a government school. She is also the product of a political system that values equally the vote of rich and poor, educated and unlettered, upper and lower caste. As she says it, she was studying for the exams that give you entry into the elite administrative services—her dream was to be a senior government official—when Kanshi Ram barged into her home one night, brainwashed her and pulled her out for the world of politics, telling her that instead of being an officer in the administrative service, she would have legions of such officers carrying out her orders. How right he was to prove.

Kanshi Ram, a former government servant himself, had initially tried to organize the Dalits in government jobs before jumping into electoral politics and founding the Bahujan Samaj Party (BSP). He spent many years in the political wilderness before tasting success. He was looking for lieutenants and found one in the young Delhi schoolteacher. Both were single, both committed to a life in politics, and despite the age difference of some 20 years, theirs became an enduring partnership as they made and broke alliances with other parties with complete abandon, all the while expanding their own base with the single objective of grabbing power.

Dalits had been part of the umbrella caste coalition cobbled together by the Congress, until elements of that coalition broke away. The Muslims were alienated by the Congress failure to protect the Babri mosque in 1992 when Hindu mobs attacked it, the Dalits gravitated to the BSP, and the middle castes found voice through Mulayam Singh Yadav and his Samajwadi Party, while many of the upper castes gravitated to the BJP. In the numbers game, it was soon going to be either Yadav or the BSP.

Kanshiram propelled Mayawati into Parliament, to whose lower house she was elected thrice before she moved into the Rajya Sabha. Along the way, she became Chief Minister of UP in short stints as the BSP formed alliances and then broke them—with the Yadavs, the BJP and the Congress. She was Chief Minister for the first time from June to October 1995; the second time, from March to September, 1997; the third time from May, 2002 to August, 2003; and finally, for the first time in her own right, without being part of an alliance, from 13 May, 2007 till date.

In a unique experiment in social engineering, Mayawati in 1995 took the initiative to support the government of Mulayam Singh Yadav, up just one caste notch above the Dalits. The union was born out of short-term necessity, and not particularly appreciated by either side. Months into the arrangement, the caste feelings of Yadav's party got the better of his supporters. Mayawati was staying in a guest house. An appalled country watched as goons tried to overrun the guest house in a bid to punish her for daring to challenge a leader of the upper caste. Television channels went wild as the lights were turned off and drunken yobs tried to disrobe themselves before her, shouting the filthiest abuse at her and her community.

Since then, there has been no love lost between Mayawati and Mulayam Singh Yadav. And so, in 2007, Mayawati and her party contested an all or nothing election to grab power in Uttar Pradesh, and pulled off a stunning victory, getting a clear majority in the Assembly for the first time. She managed to do this through a rare feat of social engineering, calling the poor among the upper castes to join and support her party. As the BSP was seen widely as being the only viable formation capable of defeating the incumbent Yadav regime, many of the castes against Yadav joined together to defeat him.

However, in the Dalit intellectual discourse, there are doubts about Mayawati's political strategy. Were the Dalits in danger of being overwhelmed by the old politics of caste collusion? Dalit activists point out that in 2006 alone, newspapers from all over India reported 16,000 cases of violence against Dalits—rape, murder, theft, threats. This accounts for perhaps 5% of all atrocities on Dalits (the rest are not even reported). Therefore, physical protection to Dalits should have been the first priority of the Mayawati government. This is yet to be seen.

Among the first statements Mayawati made was the promise of reservations for the poor among the upper castes. This too was both awkward and baffling. From the upper caste representatives in her government, there was no corresponding promise of launching a campaign in their community to prevent or eradicate untouchability. Surely social engineering experiments have to be negotiated, Dalit activists argue.

What was the point of affirmative action for the poor among the upper castes, if the wives of Thakurs and Brahmins continued to balk at sharing the table with Dalits and refused to let them enter their kitchens, citing pollution-purity reasons? What of the larger Dalit project? There are specific problems like the rights of Dalit women, reservation in higher education and in the private sector. But the biggest, most enduring problem is the right to land. Dalits hold titles to land but not its physical ownership. Giving land to Dalits is Mayawati's first, uncompromising agenda. Reorganizing the finances of Uttar Pradesh and refurbishing its economy is secondary. Social justice scores over everything.



P Chidambaram: Guardian at the gate

By Aditi Phadnis

It was India's Finance Minister, Palaniappan Chidambaram, who had to speak bluntly when he looked up from his papers, glasses glinting in the light, on a muggy evening in New Delhi earlier this year.

The Cabinet was discussing the rise in foodgrain prices, against the backdrop of mounting demand and an unconscionable delay in the import of wheat. The agriculture minister was defending himself against the implied criticism that he had delayed imports to benefit local traders. Chidambaram articulated the views of all those in the room when he observed drily that "Several countries are reporting food riots," putting into words a thought that, for India, is too horrible to imagine. As usual, the Finance Minister had been willing to be blunt and outspoken, instead of taking the diplomatic option of keeping his own counsel.

Known equally for his razor-sharp mind and for his inability to suffer fools, Chidambaram has not been afraid to flout convention or take the road less traveled by. As a successful lawyer (for the 2004 general elections, he cited his personal net worth as US\$4 million), he has had the luxury of living life on his own terms—even leaving the Congress party once when he did not like its policies in his home state of Tamil Nadu.

In fact, never having wanted for money (he was born into one of the most prosperous families of Tamil Nadu's Chettiar business community), he has always looked beyond wealth for personal satisfaction. After graduating in science from Presidency College, Madras (now Chennai), he went to the local Law College and then, when most affluent people in post-British India were still going to Oxford and Cambridge, he headed for the Harvard Business School for an MBA. "I love the heterodoxy of the US," he explained once. "No one asks you: Why are you here? Everything has a place. Academics is serious business. Even the interventions people make in lectures are thought through. In Britain, Oxford and Cambridge have no interest in India. The US is a hive of exciting intellectual activity. Everyone is doing something new."

By the time he returned to India in the late 1960s, upheavals were taking place in India and in his personal life. Indira Gandhi's socialist phase excited Chidambaram, and he became a radical, associating with Left causes and getting active in trade unions—perhaps the only such career choice made by a Harvard MBA. In his subsequent career as a politician who has pushed relentlessly for India to do down the road towards becoming a market economy, with fewer controls and more room for enterprise, he has not lost that early sympathy for the under-dog and continues to believe that the state should not withdraw from its social and economic responsibilities. What he is opposed to is counter-productive controls.

Meanwhile, a girl had been waiting for him—unusual in itself, for marriages arranged by parents were the order of the day. Families married each other, not individuals. Chidambaram sought his family's blessings to marry Nalini, who was not from the close-knit Chettiar community. His family forbade him, though her parents were no less prosperous. So he walked out of home with a suitcase and took to practising law in order to make a living.

You can't keep a good man down, and soon Chidambaram became the youngest 'senior advocate' in the Supreme Court. But law couldn't contain him, and he sought a career in politics as well, heading a local party unit in the mid-1970s and remaining loyal to the party despite its brush with a mild form of dictatorship for a couple of years. He came to national prominence when Rajiv Gandhi became Prime Minister in 1984 and offered Chidambaram a junior ministership, with charge of textiles. Correct as always, Chidambaram cited a conflict of interest (his family-owned textile mills), but agreed to be a junior minister in Home Affairs, with additional charge of administrative reform.

The advantage that Chidambaram has over almost all his ministerial colleagues is that he can quickly read a brief, grasp its essentials, not miss the detail, and argue a persuasive case with usually unanswerable logic. In almost any meeting, he is the one who has read the background papers and is therefore best prepared. Prime Ministers from Rajiv Gandhi to Narasimha Rao to Manmohan Singh (and a couple of others in between) have found that very useful, which is why Chidambaram's lack of a strong political base and what many see as his brusque manner have not prevented him from becoming an automatic choice for a key portfolio whenever his party is forming the government.

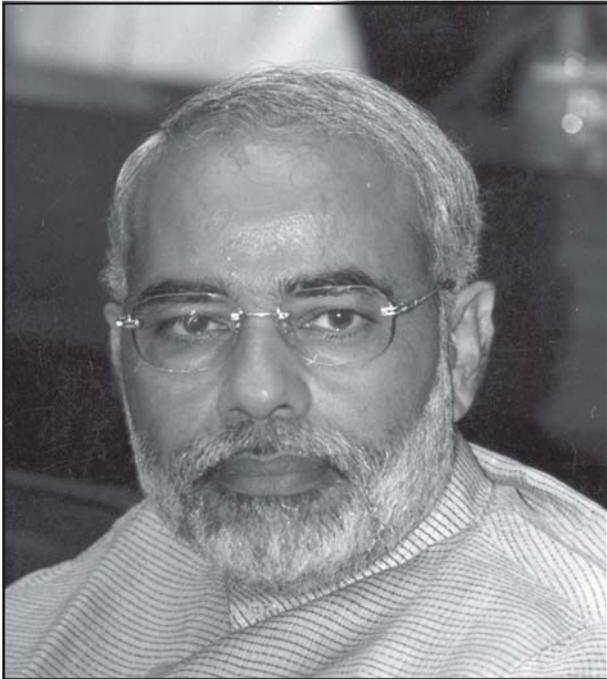
His unusual combination of qualities showed through when, as commerce minister in the early 1990s, he had to rewrite the country's trade laws for a more open economy. Unhappy with business as usual on the subject, he sat down one morning and used his knowledge of the law and his understanding of business to dictate from start to finish the entire policy document over 18 hours, rising only after he had put the last full stop in place.

Along with unusual competence has come an uncompromising integrity. So when a financial scandal in the 1990s involved a company in which his wife had made some investments, Chidambaram felt obliged to offer his resignation even though he had done nothing wrong and had not been compromised in any of his official dealings. To his surprise and the country's shock, Narasimha Rao accepted the offer and announced it before Chidambaram had even got back home.

Later, as a successful finance minister under three prime ministers, Chidambaram has done more to rewrite Indian tax law than almost anyone else, making tax rates reasonable and moderate, broadening the tax base by expanding the scope of the service tax, computerising tax records so as to use a proper data base for monitoring incomes and payments, and introducing a full-scale value added tax. Until oil prices went through the roof and shot a hole through carefully calibrated reform, the fiscal deficit had also been brought down to its lowest level in two decades.

But Chidambaram the reformer has also had to deal with the political demands made on him as finance minister. Unhappily, he has had to go along with large-scale tax giveaways for hundreds of special economic zones (his argument that these were eating into the tax base have cut no ice), and more willingly with big-ticket spending schemes which, in his heart of hearts, he knows will be money that is mostly misspent. He has also announced in his last Budget a record write-off of bank loans taken by farmers, and as a consequence of all this as well as the problems caused by record oil prices, will leave behind a more mixed legacy than he would have liked.

But if he is told that, he will almost certainly rise to his own defence with the kind of marshalling of facts and figures that has made him a formidable minister in so many cabinets. Not for Mr Chidambaram any philosophical detachment from the end-result of his labors; he remains purposefully committed to performance and delivering results, every time.



Narendra Modi: CEO of Gujarat Inc.

By Harit Mehta

He prefers to be known as a common man ('CM') of the state, a play on the initials used to refer to the Chief Minister. His supporters see him as the CEO of Gujarat. From a small-time canteen boy who got influenced by the RSS ideology and took the plunge into public life, to the high-flying Chief Minister of one of India's most industrialized states, Narendra Modi has come a long way.

With his administrative prowess and political acumen, coupled with his image as someone who runs a clean administration, Modi has tried desperately to get rid of the stain of the post-Godhra communal riots of 2002, shortly after he had become Chief Minister. And so impressive has his performance been in the six years since that the Gujarat story is increasingly seen in an economic, rather than a Godhra, context. Certainly, the voters in Gujarat gave Modi a massive thumbs-up when he went back to them in late 2007, campaigning on the strength of his performance.

Modi's ambition now is to change the face of Gujarat. He says the state's economy is already growing at 11% annually, and will accelerate. Helped by the river waters brought to the state by the Narmada dam, agriculture is buoyant. While desperate cotton farmers in neighboring Maharashtra are committing suicide, cotton production in Gujarat has multiplied manifold. The bi-annual Vibrant Gujarat Global Investment Summits (VGGIS) have helped Gujarat mop up investments to the tune of over Rs 400,000 crore, and catapult the state into the lead slot as far as attracting domestic investments goes. On top of which, the Reserve Bank of India (RBI) says that Gujarat has become the favourite state for foreign direct investment-it ranked first in 2007, accounting for 25.8% of the total.

But these are only for starters. Modi plans broadband connectivity to every village in the state, a string of ports along the state's long coastline, the country's largest special economic zone with all the attendant tax breaks, and a 'rurban' (for rural urban) strategy for providing urban facilities in even rural areas. New roads, new rail links, surplus electricity, and a natural gas grid across the state are other promises for the future. He is now widely accepted as being India's best performing Chief Minister and Gujarat India's star state, though to those who can't forget Godhra, that only makes him a bigger threat. What if he were to grab control of the BJP that seems unable to settle on its next-generation leader, and become Prime Minister one day?

Born on September 17, 1949 in the small town of Vadnagar in Mehsana district of North Gujarat, Modi completed his schooling in Vadnagar and did his master's degree in political science from Gujarat University. It was in the 1960s that the ideology of the Rashtriya Swayamsevak Sangh (RSS), the Hindutva-preaching ideological parent of the Bharatiya Janata Party (BJP), attracted the young Modi. After becoming a student leader with the BJP-affiliated Akhil Bharatiya Vidyarthi Parishad (All India Students Council), he became involved in the student-led anti-corruption movement, popularly known as 'Navnirman Andolan', in 1974 in Gujarat. Within a year of his formal entry into the Bharatiya Janata Party in 1987, Modi was elevated as general secretary of the Gujarat unit. Eight years on, he was a national secretary, in charge of five major states.

Harit Mehta is Resident Editor, Business Standard, Ahmedabad.

The turning point for him came on October 7, 2001. Modi, who had been banished from the state by the then Chief Minister, Keshubhai Patel, for 'interference', was appointed his successor. Patel was seen as having handled badly the relief and rehabilitation work that followed the January 2001 earthquake which shattered Bhuj. The BJP was seen as losing ground in one of its strongest states, and Modi was sent to take charge. Within months, Godhra happened, polarizing the state along communal lines in a way that helped Modi harvest the Hindu vote when elections followed in a few months.

Gujarat was always an industrialized state, friendly to business, practical in its orientation, and focused on getting things done. While Modi played on the state's traditional strengths, he also addressed imbalances in the development of the social infrastructure (health and education). Data provided by the state government suggests that the 'Kanya Kelavani Yojana', which focuses on literacy of the girl child, has seen the net enrolment ratio in the state go up to 97%. The drop-out rate has fallen from 30% to 3% in a short five years.

Modi also marketed 'Brand Gujarat' assiduously, both within the country and abroad. In the last six years, his government has worked on 72 initiatives, including public-private partnerships in health care, adult education, urban development, rural infrastructure, farming and gender equality, apart from encouraging investments in the state. And he has turned around some ailing state-owned enterprises, like Gujarat Alkali & Chemicals and Gujarat State Fertilizer and Chemicals, by avoiding political appointments and putting efficient bureaucrats in charge. And it has been his good fortune that the Gujarat State Petroleum Corporation has struck gas in the faraway Krishna-Godavari basin.

Unlike most Indian politicians, who are gregarious by nature, Modi is a loner. He lives by himself, and no crowds gather at his residence every morning. He does not allow politicians to meddle in the administration of the state (a source of irritation for them), and all important papers come to his table. He appeals directly to the voter, over the head of the party machinery, and personalized the 2007 election with the master-stroke of distributing face masks with his resemblance; people rushed to get these and wear them at his rallies. The result is that even a cadre-based organization like the BJP may now be more dependent on him than the other way round.

The administrator in him usually trumps the politician. His political rivals laughed when Modi initiated reforms in the power sector—Gujarat was one of the early states to unbundle its state electricity board in April 2005, separating generation from transmission and distribution. The Gujarat Electricity Board turned the corner and started reporting profits. A study conducted by the Confederation of Indian Industry (CII) and the Institute of Rural Management on the state's rural electrification scheme, which promises 24-hour, three-phase electricity to villages, says there is an increase in the level of average employment and reduction in migration from rural areas by 33%.

"One of the main areas of focus will be to improve the Human Development Index (HDI)," Modi had said immediately after being sworn in once again as the Chief Minister in the wake of the 2007 elections. He will soon be the state's longest-serving Chief Minister, and there is no question of anyone replacing him until he decides to leave the state for the national stage.

“Today’s voter wants performance, not promises”

Narendra Modi, the BJP Chief Minister of Gujarat, speaks to Harit Mehta about politics and his plans for the development of Gujarat

Q. How has the Indian political landscape changed in the past 10 years?

For decades, the Indian political scene from Parliament to panchayats was dominated by one party. There was no opposition or alternative, which led to a vacuum. This was the time the country saw the emergence of regional parties, whose aspirations were growing. Now it is the era of coalition politics, with two main power centers—the Congress and the BJP. This situation is likely to continue for a while. The good thing is that the country’s progress is now being directly measured by the progress of states. In such a situation, a strong Center would do wonders for the development of the country.

Q. Aren’t there conflicts of interest between various members of these coalitions?

It depends on the nucleus of the coalition. If the Center is strong in its stance and clear in its ideology, there will be no problems—something that the (BJP-led) NDA has shown in the past. This is something which the current (UPA) government has not been able to do effectively.

Q. As you once mentioned, states now compete to attract investment. Is this a good development?

Yes. Earlier, states used to compete with each other by offering incentives. If one state would offer land free, another would offer free power. The country suffered in the process. Gujarat tried changing this by simply providing a development-friendly environment to investors. Today, this trend is catching on across the country.

We have gone a step ahead. We want different districts of the state to compete with one another. In my public meetings and during my interactions with district authorities, I tell them that if Surat has been able to build so many flyovers, why hasn’t Ahmedabad done so?

Q. The BJP’s thumping win in Gujarat under your leadership is largely attributed to the economic and administrative performance of your government—the Vibrant Gujarat Global Investment Summits (VGGIS) and the investments Gujarat has attracted. Do you agree?

It’s not for the first time that parties have fought elections on the development plank. It is important to show voters what development has happened during a government’s tenure. We did not go to the voter with promises. Instead, we approached them with our performance and communicated to them that this is what we have done.

On the other hand, parties which went to the public saying they would give them color televisions if they voted for them, lost. Today’s voter is very clear—he wants performance, not promises. And, I believe this is a countrywide phenomenon. Whoever matches the expectations of the people will come out with flying colors.

contd...

contd... interview with Narendra Modi

Q. The VGGIS-2007 attracted record investments. But it has also raised the bar for the next summit. Will the pledged investment in VGGIS-2009 be higher than in VGGIS-2007?

Investment inflows into Gujarat are now on auto-pilot. We have created an atmosphere of confidence amongst investors. For instance, the American Consulate recommends Gujarat to investors from the US. This is the confidence we have been able to build. Now, Gujarat does not need to go after investors. I don't have to market Gujarat any more.

This time round the focus will be on the Human Development Index (HDI) and employment generation. The focus will be on creating social infrastructure—health care, education and drinking water. This is related to economic development.

We have come out with the concept of 'Rurban'—where the soul is rural and the body is urban. My vision for the rural areas of the state is that they should get all the facilities that urbanites have. At the same time, they can live their life their way. 'Jyotigram Yojana' is one such example. Or take broadband connectivity. No village in the country will be able to boast of broadband connectivity—but Gujarat will have it.

I am confident that the 'Rurban' model will be the next big thing in India. I do not know how many states will be able to implement it, but the future lies there.

Q. The Delhi-Mumbai Industrial Corridor (DMIC) is the next big thing happening in Gujarat. What will be the state's strategy to take advantage of the project?

In today's era of globalization, Gujarat is nicely poised to make the most of this project. We have planned it that way. We were one of the first Indian states to start the process of privatizing ports. As a result, Gujarat will be the focal point of world trade.

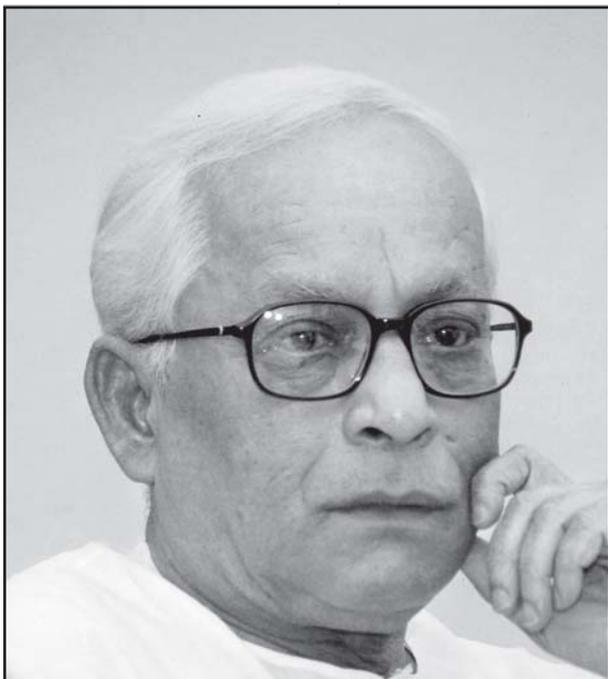
The industrial corridor will give a further boost to the state. Geographically, around 40% of the project falls in Gujarat. If I cover an area of 150 km in and around the DMIC route, around 60% of the state gets covered in the project—both directly and indirectly. This means upgrading the infrastructure in 60% of the state, making it truly world-class. Also, new industries will emerge—for instance, logistics support. This will lead to a lot of employment. Special investment regions and special economic zones will come up along the corridor.

Q. What will be the focus of Vibrant Gujarat Global Investors Summit-2009?

Employment, inevitability of Gujarat and HDI. More than MoUs and investment figures, I want to create a situation where Gujarat becomes an inevitable, unavoidable destination for investors. To develop specialized products which no other part of the world makes.

Q. Questions are being raised about labor laws not being reformed. What is your view?

We have already made a representation before the Center that labor should be made a state subject. We believe labor problems in each and every region are governed by local issues. If West Bengal has some problems, why should Gujarat suffer? Gujarat should be allowed to grow.



Buddhadeb Bhattacharjee: The Marxist who wooed industry

By Saubhadra Chatterji

In 1994, Buddhadeb Bhattacharjee resigned as Minister for Cultural Affairs in Jyoti Basu's West Bengal Cabinet, saying, "This is a Cabinet of thieves." Many political observers concluded then that the young communist's career was over, as Bhattacharjee retired to a secluded corner of Nandan, a cultural complex in the state capital of Kolkata, and started translating Vladimir Mayakovsky into Bengali to while away the hours. Reason: in the Communist Party of India (Marxist), one can get away with anything, except dissent.

Defying all predictions, however, the graduate in Bengali literature from Kolkata's reputed Presidency College was back with a bang in just two years. He was re-inducted into the Cabinet, courtesy Prakash Karat, now the all-powerful General Secretary of the CPI (M). Although Karat was then just another member of the party's Politburo, he had considerable influence over his colleagues. Bhattacharjee was not only reinstated, but promoted as well. When he left Basu's Cabinet, he had been handling the Information and

Cultural Affairs portfolio. On his reinstatement, he was given the all-important Home (Police) and Information Technology departments, and his favourite Cultural Affairs as well. As Basu famously remarked, "Earlier Buddha used to do culture. Now he is working."

The CPI (M) along with its Left allies (Forward Bloc, Revolutionary Socialist Party and Communist Party of India) has been in power in West Bengal since June 1977. Under Basu's leadership, the party last fought the state Assembly elections in 1996, when it won 157 seats out of a total of 294, while its allies brought along another 69 seats. As Chief Minister, Bhattacharjee has led his party in two elections—in 2001 and 2006—and his record shows that after an initial dip, the party's popularity rebounded because of the "Buddha" phenomenon. In 2001, the CPI (M) won 143 seats and needed the numbers brought in by its allies to form the government. The RSP, FB and CPI won 49 seats between them. But in the 2006 state elections, Bhattacharjee was projected more clearly as the face of the CPI (M), even as Basu faded away, and the party swept back to power with a tally of 176 seats out of 294. It was an absolute majority for the CPI (M) once again, even though it had been in power for 29 years. Its allies too increased their strength (to 58 seats). Together, the Left Front swept 80% of the Assembly constituencies. In the elections to Parliament, two years earlier, the CPI (M) and its allies won 35 seats out of the 42 seats in the state. If the Left bloc is now enjoying its strongest-ever presence in Parliament, a large part of the reason has to do with the performance and indeed popularity of the Bhattacharjee government at the time of the elections.

In 2008, that situation has changed dramatically for the worse. But no one foresaw that because Bhattacharjee had begun well on becoming Chief Minister in November 2000. From the late 1960s all the way through to the 1990s, West Bengal had been known for industrial conflict unleashed by the leftist trade unions. The state had suffered a flight of capital, as disillusioned companies shifted their base out of the old imperial capital of Kolkata. Jobs became scarce, and the better educated youngsters in the state simply left the state in search of careers. During the Basu years, immediately after the Left Front first came to office in 1977, the state government had focused on the countryside, where the state saw better sharecropper rights as well as rapid growth in agricultural production. But it was the cities that were troubled. And it is to these that Bhattacharjee turned his attention.

Bhattacharjee and some of his comrades realized that agriculture would not be able to solve the state's unemployment problem. With growth in agricultural production tapering off, they concluded that only industrialization could generate jobs on a scale required, especially with people continuing to migrate to Kolkata from the neighboring states of Bihar, Orissa, and Jharkhand, not to mention Uttar Pradesh and the North Eastern states, and of course Bangladesh.

Bhattacharjee coined the slogan 'Do it now' in a bid to improve the state's poor governance record when it came to dealing with industry, and began travelling the world to woo foreign investors, pointing out among other things that his state had no shortage of electricity, a perennial problem in most states. His predecessor, Jyoti Basu, had also gone on such foreign tours (especially to London) every year, without much foreign investment to show for his travels. Bhattacharjee visited Singapore and Indonesia, and persuaded Indonesia's Saleem group to invest in special economic zones (SEZs) and new townships. He targeted sectors that could absorb educated youngsters, such as IT and IT-enabled services, and also manufacturing in areas like processed food and steel, putting them on the priority list for investments.

He reined in his party's trade union, as a clear signal to investors, and the results started trickling in. The new buoyancy encouraged people to invest in housing, so that real estate projects multiplied. Retail malls sprang up, as consumers flocked to the stores. West Bengal now boasts of an SEZ set up by the Bangalore-based software giant Wipro, and investments by companies such as Jindal Steel, IBM, Videocon and Indonesia's Saleem group. Another leading Indian IT company headquartered in Bangalore—Infosys Technologies—has also shown interest in investing in West Bengal after Bhattacharjee persuaded its then chairman, N R Narayana Murthy, to set up shop in the state. Smaller ventures, like foundry units, sprang up in towns like Durgapur, to feed burgeoning demand from China.

But the biggest feather in Bhattacharjee's cap has been the decision by Tata Motors, India's homegrown truck and car giant and the buyer of Jaguar and Land Rover, to build a factory in Singur, 45 km from Kolkata, for making its 'people's car', the Nano—billed as the world's cheapest car. The Chief Minister's popularity was such that a wag in Kolkata said everyone in the state was now a "Buddhist" (a play on Bhattacharjee's first name, Buddhadeb).

At one stage Bhattacharjee even seemed to suggest that the state was experiencing too much of a good thing. Addressing the Confederation of Indian Industry, the business lobby group in New Delhi, he said: "Proposals have now created a problem of plenty for us. We are finding it difficult to allot land for new establishments. Everybody wants land near Kolkata, but where do we have so much land?"

And, indeed, the land issue was about to blow up in Bhattacharjee's face. The state had embarked on a massive drive to acquire vast tracts of land for new industrial projects, including the Tata Motors' car plant at Singur and the Saleem group's SEZ at Nandigram. In a densely-populated state where dispossessed farmers have no real options in terms of an alternative source of livelihood, the forcible purchase of land by a Marxist government for handing over to private industry sparked opposition that snowballed into a deadlock and then a violent showdown. There was police firing, ill-advised statements by the Chief Minister that offended many, and eventually the petrochemical complex proposed for the Nandigram SEZ had to be abandoned. The Tatas' Singur project is still on, but has fallen behind its tight time-table. The violence and protests demolished the Chief Minister's image, his dynamism disappeared, and investors across the country began to think that West Bengal had not changed after all, and that investing there was not such a good idea.

The political shockwave followed. When elections to local governing bodies took place in the state, the unthinkable happened. The CPI (M), which has always enjoyed strong rural support and which has a formidable party machine in the countryside, was routed in four districts, including the areas that comprise Singur and Nandigram, and suffered significantly in some others. The vote loss in the elections, if translated into state legislative segments, would mean a loss of at least 71 seats for the CPI (M) in the next Assembly elections, and perhaps even deprive the Left Front as a whole of its majority. The verdict was clear: the people had rejected the state government's mode of acquiring land for industry.

Bhattacharjee, who had been hailed by Prime Minister Manmohan Singh for his economic policies, now has to find new ways to re-industrialize a state where non-arable land constitutes only 1% of the total. In seeking to achieve his government's economic goals without paying a heavy political price, Buddhadeb Bhattacharjee now faces the biggest challenge of his political career.



Rahul Gandhi: A slow apprenticeship

By Saubhadra Chatterji

Rahul Gandhi didn't start his political career with a bang. He didn't announce a 20-point program like his uncle Sanjay and then galvanise the Youth Congress to implement it. Nor did he get pushed into politics as his father Rajiv was within months of Sanjay's death in a plane crash. Rahul instead has taken his time to adjust to the pitch of politics, taking one hesitant and even reluctant step after the other only after considerable deliberation.

Other politicians' children have jumped into the fray at a much younger age—Sachin Pilot, Jyotiraditya Scindia, Nitin Prasad, Milind Deora, Omar Abdullah, even cousin Varun Gandhi. But Rahul was 34 when his name was announced on a lazy summer afternoon at the usual Congress press briefing as the candidate for the Amethi parliamentary constituency—the family pocket borough in Uttar Pradesh represented by his uncle, then father and finally mother Sonia.

Soon afterwards, Gandhi started low-profile tours in the constituency in eastern Uttar Pradesh. During these visits, he was almost always accompanied by younger sister Priyanka, who, in fact, had been a more frequent visitor to the area when Sonia Gandhi represented the constituency in the 13th Lok Sabha (1999-2004).

It's been politics from grassroot up. Meet voters, meet local party workers, stay away from the leaders in Delhi, and as far as possible stay away from the media. For someone who has lived in the Prime Minister's house ever since he was born, before heading out to university in both Cambridges (US and UK) and then working with a management consultancy in London, Rahul has known little of the realities of rural India. So his focus has been on understanding social and economic issues at ground level, trying out little development experiments with a local NGO, or testing a new technology.

Brother and sister have held regular meetings with party workers, to understand how the organization functioned. It was in one such closed-door meeting in early 2004 that Amethi got the first hint of its prince's arrival when Priyanka, pointing to a group of Youth Congress workers, told Rahul, "This is your team."

It has also been a careful exercise in image management. As someone born into the most illustrious political family of his generation, Rahul has carefully addressed the concerns of those at the bottom rung. Speaking for the first time in Parliament, he talked of the problems faced by sugar cane growers who had not been paid their dues by the sugar mills. Later, he spent a night in a Dalit household, and visited Maoist-infested parts of tribal Bastar in Chhattisgarh. Farmers, Dalits, tribals—they are the groups who used to be a part of the Congress party's core vote bank, now lost. Clearly, Rahul sees that they have to be won back if the Congress is to raise its voting percentage from the present 25%.

It is a schizoid existence, though, for these groups are far removed from Rahul's other world, where he watches a cricket match with screen idol Shah Rukh Khan, or parties in Delhi with other privileged youngsters of his generation. His romantic life has been the stuff of media speculation, but he remains single and a political enigma. How long will he get just his toes wet in the world of politics, and when will he finally plunge in?

In the first couple of years of his political career, till 2006, Rahul Gandhi did not look beyond Amethi, and even in 2006 his focus was on nothing more than Uttar Pradesh. In fact, during his first election campaign in Amethi, journalists asked him when he would take up party responsibilities in other parts of the country. "I'm concentrating on Amethi. There are many leaders to look after the party in other areas," he replied. But there weren't that many visits to the constituency either.

It is only in recent months that he has shown greater resolve and moved onto a larger canvas, campaigning for the state elections in Gujarat and visiting Karnataka at election time. Still, Rahul appeared in just two cities in Gujarat, for a day-long campaign in each city. In Surat he held eight meetings and repeated the same three-minute speech everywhere, regularly referring to notes to recall some points on Mahatma Gandhi and Surat's history. The Gandhi charisma did not work, for the Congress got trounced, just as it had earlier in UP where he had more or less led the party campaign. The party lost in Karnataka too, but he hadn't really campaigned there. Clearly, charisma and media mileage were not enough, there was serious work to be done.

And so, rebuilding the party from ground up is what Rahul has focused on in recent months. He became one of the general secretaries of the party, and a committee was set up by the party to work with him. Still, wherever he goes, Rahul has made it clear that he wants to spend time listening to the voices of ordinary people, and not waste time with senior party leaders.

Rahul then launched his 'discover India' tours, telling the press that he would tour different states, one or two every month, and spend at least three or four days in each. It would not be done in haste, and he would try to understand the 'real problems of real India', he said.

These tours have covered just four states so far, where he has presented himself as the caring face of the Congress, especially for Dalits and tribals. He led one disaffected group in a march to the local district official's office, and arranged for a Dalit's wedding. In Karnataka, he wanted to know if the government's rural employment guarantee program was helping people and discovered that many did not even know that such a program existed. After a breakfast of honey and bread at a tribal's hut, Rahul spent the day among hundreds of tribals with not a single word on the state elections that were round the corner. He heard people telling him, "We want education that can give us job. We want to learn English."

The young Gandhi told them, "I completely agree that education is fundamental. We need to have more schools and colleges." Elsewhere, he talks about health, roads and other infrastructure, and about equal opportunities for the weaker sections of society.

For all this, the truth is that Rahul Gandhi has had little impact on politics so far, and still gives the impression of feeling his way. By all appearances, it is a slow apprenticeship and a long-haul strategy. His father was prime minister at 40, his grandmother at 48. Rahul is now 38, and the 2009 general elections loom. But Rahul Gandhi's eyes seem to be set on nothing sooner than 2014.



Murli Deora: The man with no enemies

By Aditi Phadnis

From the 1960s to the early 1990s, India was the uncontested champion when it came to detailed controls on industry and trade. You could produce so much of this item and no more; if you wanted raw materials for production, imports were allowed only if a government official certified that they could not be made locally. If you produced more than permitted, you were penalized. No investment by a large company could go through without the Monopolies Commission examining it, holding a public hearing, and deciding whether the investment was in the public interest. Import duties were as high as 300%, the average tariff being 85% and more. The income tax went as high as 97.75%, on top of which was a wealth tax that could take your marginal rate of tax above 100%. No one paid that, of course, because everyone was into the game of evasion (or avoidance). The underground economy flourished, smuggling was rampant for everything from textiles to cigarettes, and from watches to gold.

It was all in the name of socialism. What it spawned instead was what came to be known as the “licence-permit raj”. You needed a licence or permit for everything, and it could be obtained at a price if you knew how to work the system. For the small stuff, you paid the government servants. For the big stuff, you had to pay the politician. Better still, you had to know the politician, or the intermediaries who flourished—and then the wheels would move quite effortlessly.

In this Orwellian world, the businessmen were in Bombay (now Mumbai) while the decisions on their companies were taken in Delhi. The most important people in Bombay, then, were the people who knew the right buttons to press in Delhi, and sometimes they doubled as fund-collectors for the ruling Congress. The most legendary of these was a some-time socialist named Rajni Patel, who knew everybody and whose capacity to raise money for political causes could have been the stuff of a Jeffery Archer novel.

One of Patel’s younger colleagues was a man called Murli Deora (now 71), who owned a plastic packaging company but spent most of his time being a friend of the powerful and perfecting unperturbable amiability into an art form. His business diplomacy included hosting a bridge table on Saturdays, when the rich and the powerful came to play and to shmooze at his Malabar Hill apartment. He also happened to be an early friend of the businessman who worked the system most effectively in those years, Dhirubhai Ambani of Reliance Industries. The two would travel to Delhi together, share a room at the state-owned Ashok Hotel (in order to save money), and sometimes not even book a room but simply use it as a respectable address: park their bags there and tell the telephone operator to take calls that came for them (for an appropriate tip, one presumes).

But Ambani was not Deora’s only friend, far from it. Indeed, he was equally friendly with Ram Nath Goenka, the curmudgeonly owner of the campaigning Indian Express. They used to be a happy threesome once upon a time, Ambani, Goenka and Deora, even playing bridge together. But when the Express began campaigning against Ambani’s Reliance, it was the ultimate test of Deora’s diplomacy. It didn’t work in this case, and the feud continued till Goenka’s death.

As the de facto successor to Rajni Patel, Deora soon became the common face in both Delhi and Mumbai. And he developed a political base as the president of the Bombay Regional Congress Committee (BRCC), holding the position for 18 long years. Every businessman in the city cultivated him, and Deora could open doors at will in Delhi. As the Member of Parliament for South Bombay—which has more millionaires per square kilometer than any other part of the country—Deora's challenge was to figure out what he could offer voters who already had everything.

So he launched a campaign—entirely funded by him—against tobacco. This was his version of politics. "On a Marlboro packet it says cigarette smoking causes cancer, whereas we still say cigarette smoking is 'injurious to health'. What political benefit am I going to get out of this? Nothing. But you must do something," he told an interviewer. For the most part, he focused on charity: free eye camps, an ambulance service, computer training institutes, and such. It was all very non-controversial, and as always Deora never made any enemies. Indeed, he is fond of (mis)quoting Dale Carnegie: "Public life's greatest virtue is to influence people and win friends," he once told an interviewer.

But this amiable facilitator was also shrewd. When, in the early 1990s, the dismantling of India's control regime began, Deora reinvented himself, surfacing next to Bill Clinton or posing with other American celebrities. The leader of the Opposition in the Upper House, Jaswant Singh, never refers to Deora as the MP from South Bombay. He is always the 'honourable MP for Manhattan', a reference to all the friends and supporters Deora has in the United States. How much of the US investment that came to India in the mid-1990s came because of the potential of the Indian market, and how much because of the last-mile comfort provided by Deora, will never be known.

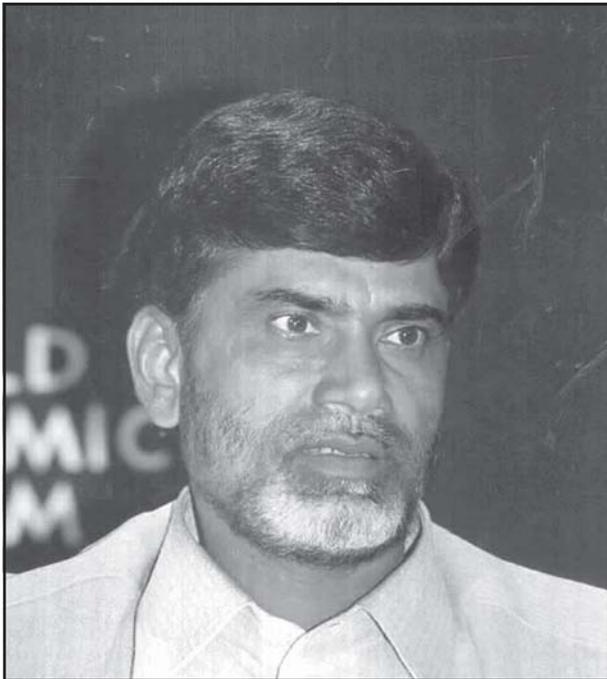
Ever the friend and facilitator, and never the direct wielder of power, Deora neither sought nor was given a berth in any of successive Congress governments in Delhi, despite being in four Lok Sabhas—until a quarter century had passed. The petroleum minister in the Manmohan Singh government had initially been Mani Shankar Aiyar, a busy man given to burning the candle at both ends in the effort to get things done, and not afraid of ruffling feathers while he went about his job. But Aiyar offended some power centers, and he was replaced without warning one day by Murlidhar Deora, who was deposited in the hot seat as a first-time Cabinet minister despite his ties with Dhirubhai Ambani's son and successor as chairman of Reliance Industries, Mukesh Ambani—who by then had set up the country's largest oil refinery. But then, Deora is also friends with Laxmi Mittal, the steel baron who rivals Mukesh as the richest Indian, and throws dinners for him whenever Mittal is in the capital—something that, curiously, he never does for Mukesh Ambani.

For a man who has spent his life solving problems for others by getting people together, and who has always given the impression of having not a care in the world, Deora's days in office as petroleum minister have been one long nightmare. Oil prices have trebled, the government has been queasy about passing on the higher cost to consumers, the oil marketing companies have therefore slid into financial crisis since they are forced to buy at cost and sell below cost, and Deora has been unable to find a solution. He did manage, after several meetings, to get the finance minister to provide some relief by lowering duties on the petroleum sector, and the government has finally raised the prices of some petroleum products (by just 10 per cent). So the problem continues.

So it is no surprise that the spring seems to have gone out of Deora's step, and the smile wiped off his face. He seems careworn and weighed down. Friends say that he is also wary of taking any decision that will be seen to be helping friend Mukesh. Hemmed in by his personal and the political circumstance, Deora has tried to make a go of the much-delayed pipeline to bring gas from Iran via Pakistan to India, and to get government-owned oil companies exploration concessions overseas. But on the evidence so far, his record will be seen to be pale in comparison with what was attempted by his bustling predecessor.

If Deora is conscious of that, he does not show it for he is determinedly low-profile, getting barely a tenth of the newspaper column-inches that his predecessor got as oil minister. Deora's game just now seems to be to be a survivor, in a game where there are no rules and where even the man who is everyone's friend can sometimes seem friendless.

(Rakteem Katakey also contributed to this profile.)



N. Chandrababu Naidu: The man who put Hyderabad on the world map

By Aditi Phadnis

The current Chief Minister of Andhra Pradesh, Y S Rajasekhara Reddy, was asked recently if, in trying to avoid the mistake made by his predecessor N. Chandrababu Naidu, of ignoring rural Andhra Pradesh, he would also throw out the initiatives that Naidu had taken in developing Hyderabad as an information technology hub. In response, Reddy said: "There is a Telugu proverb, which says that 'the king's second wife is good'. It does not mean that the first wife is bad. When I say the focus is on agriculture and irrigation, it does not mean that I will not develop Hyderabad."

That tribute to Naidu, Chief Minister for nine long years, is testimony to the enduring legacy of one of the poster-boys of state-level reforms. But it is also built on a myth, that Naidu focused only on the state capital and on IT, and ignored the countryside, thereby losing the Assembly elections of 2004. The truth is that Naidu worked tirelessly to improve irrigation and water management, encouraged the creation of thousands of village self-help groups of women who were able to get bank finance as a result, emphasized rural development, and ensured that subsidized rice reached more homes in Andhra Pradesh than in any other state, by overseeing the smooth functioning of the public distribution system.

The problem is that Naidu talked more about IT and about rural broadband connectivity, about e-governance and power sector reforms (which meant raising electricity tariffs, always an unpopular measure). The image that he got stuck with was as the annual visitor to the World Economic Forum in Davos, and as the host of visiting celebrities, from Bill Gates to Bill Clinton and Tony Blair. The irony is that even Hyderabad, where he widened the roads, commissioned the building of a new airport, set up a whole cyber-city and located the country's most prestigious new business school, voted against him.

In office, Naidu used to say over and over again that he believed the voters would recognize and reward performance. Indeed they did, for he got re-elected once, in 2000. But in 2004, he and his Telugu Desam were trounced to such a degree that he is still to recover his poise and effectiveness. The easy caricature (elitist reformer ignored the villages and paid the price) does injustice to Naidu. What then is the real reason for his current stint in political oblivion? Is it that the Muslim vote deserted him because he had aligned with the Hindu majoritarian BJP in the National Democratic Alliance? Did the Congress do a deal with the Maoists who are influential in many AP districts, so that Telugu Desam activists could not campaign in many villages? Did the rise of a separatist Telengana voice, endorsed at the time by the Congress, lose Naidu the Telengana vote? Or was it simply that the Congress had a populist platform which included the promise of free electricity? Perhaps it was a combination of all these, but the lessons were learnt not just in Andhra Pradesh but in the neighboring state of Orissa as well.

When Naveen Patnaik was pitchforked into the chief ministership of Orissa, he sent a team to study what Naidu had done in Andhra Pradesh, and what mistakes had been made. Their conclusion: Naidu had done all the right things, but talked of the wrong things, thereby getting stuck with an image problem in the voter's eyes. Patnaik decided on the opposite strategy: he would do all the things that Naidu had done, but focus public attention on what he was doing for the poor and in the countryside! It has worked so far, because Patnaik remains a popular Chief Minister who has been re-elected once and could get re-elected again.

Whether it was a political mistake or not, Naidu will always be associated with putting Hyderabad on the national and world maps. He inherited it as an overgrown backwater, with crowded roads and chaotic traffic, a poor cousin to Karnataka's Bangalore and Tamil Nadu's Chennai. Naidu set about changing that with a vengeance. He developed it as an IT hub, focused on making the city a transport hub (with the new airport), and chased investors and corporate chieftains tirelessly for investment to flow into his state. And he decided that investment would not come if he did not have a showpiece capital. So he broadened the roads, smoothed the flow of traffic with a series of fly-overs, invested in power and water supply systems so that the city lacked neither, developed new public parks and cleaned up Hussainsagar, the lake in the center of the city, girdling it with a new road that gave the city a much bigger waterfront. He also digitized the city's chaotic land records, made the transfer of property easy as a consequence, and saw property prices zooming more than anywhere else. Large real estate projects materialized, construction activity spread all over the city, and jobs were to be had for the asking. Naidu tapped into the large overseas Andhra population, mostly in the US, for generating interest in Andhra Pradesh, and oversaw the opening of new hospitals and schools so that people would want to come and live in the city.

The result was that IT companies came swarming to the state, eager to get away from the high-cost environment of Bangalore and to spread risk by being multi-locational. But industrial investment passed him by. Naidu tried desperately to attract investment from the automobile majors, wooing at different points of time Malaysia's Proton, Germany's Volkswagen and South Korea's Hyundai. All eventually ignored him, choosing the neighbor to the south, Tamil Nadu, or to the west, Maharashtra. And since other manufacturing investment also did not materialize, the state's tax revenues were far from buoyant—export-driven IT, after all, pays no taxes! Indeed, even the state's GDP numbers remained stubbornly middle-of-the-road, as did its performance on the human development index. Perhaps Naidu's performance wasn't quite as stellar as a friendly press made out.

Still, the honors came thick and fast. Time magazine named him 'South Asian of the year'; the Governor of Illinois created a Naidu Day in his honor; and he only had to ask for money and he would get it—from the Asian Development Bank, the World Bank, the British government, from New Delhi itself where his support to the NDA alliance was crucial. But it was typical of a blind spot in image management that his big regret was that Hyderabad was passed over for Formula 1 racing when a track was proposed to be laid in India.

Naidu inherited—some say usurped—the Telugu Desam when he upstaged his father-in-law and the party's populist founder, NT Rama Rao, and replaced him as Chief Minister. Where Rama Rao offered subsidized rice and clothes as his election calling card, Naidu emphasized development and investment in the future. But perhaps more important than the shift in emphasis was the centralized style of functioning that Naidu developed, throwing out or sidelining elements that were loyal to Rama Rao. But he has proved more in his element as chief minister than as leader of the opposition, opting for a needless hardline stance that did not sit well with his earlier image.

Sensing that his alliance with the BJP might have lost him the Muslim vote, Naidu withdrew from the National Democratic Alliance. But that has left him searching for new alliance partners, since his primary contest in the state is with the Congress. So he has tried to push once again the on-off idea of a 'third front', and conducted the initial parleys with a bunch of strange bedfellows, including the Communists who want him to rewrite his economic program. In response, Naidu set up a party committee to come up with an alternative economic policy paper. The report came out in January 2008, with vague formulations that suggest the party still has an open mind. Whether the 'third front' idea will gain momentum, or whether Naidu will eventually find himself back in the lap of the BJP, is now the critical question, for the current indications are that Reddy, the Congress chief minister, is doing well in office and will be a formidable foe when elections come round in a year's time. One advantage is that the Congress has broken with the Telengana group, while also alienating the Maoists whose kid glove treatment by the state government gave way eventually to tough police tactics. But then Naidu's own partymen from Telengana are raising the flag of revolt on the issue of separate statehood, and it is clear that Naidu is not going to have an easy time in the run-up to the elections.



Vilasrao Deshmukh: Walking the tight-rope walk

By Aditi Phadnis

At the 'India Economic Summit' in December 2007, the Congress party's Maharashtra Chief Minister, Vilasrao Deshmukh, came as close as he could to admitting how hard it was to run a coalition government in which every minister functioned as though he was a maharajah, regardless of the number of legislators his party brought to the coalition table; the problems in evolving a coherent government policy when all ministers demanded exceptions as their right; and how difficult decision-making was when little or no collective thinking went into it.

That may have been a rare moment of candor, but even Deshmukh may not have realized that the real problem is not so much with his coalition partners in the government as in his own Congress. Narayan Rane, who switched over from the Shiv Sena, has mounted an open bid for the chief ministership, at a time when Deshmukh faces plenty of criticism for a mixed record and for the widespread corruption that is said to be prevalent.

In an age when much of the action is at the level of the state government—Narendra Modi of Gujarat, Naveen Patnaik in Orissa and others have made national reputations as effective chief ministers—Deshmukh has had what most people regard as a lackluster record. He has been Chief Minister since October 1999, with a 20-month gap in 2003-04 when the Union Power Minister, Sushilkumar Shinde, was brought in to ensure the Congress-NCP's re-election. That episode has sparked speculation that Deshmukh will once again be replaced about a year before the next elections are due, but so far he has survived.

That is in part due to the peculiar dynamic of coalition politics. The Pawar-led Nationalist Congress Party (NCP) has 71 MLAs and the Congress 75, in a House of 288. The other partners in the coalition are the Republican Party of India (Athawale)—which has one seat—and the CPI-M, which has three seats. In return for letting the Congress have the chief ministership, the NCP periodically lets the Congress bosses in Delhi know that a change of Chief Minister needs its consent.

What is odd is that the NCP itself has never claimed the post for itself. Why would that be? One possible answer is that Sharad Pawar, arguably the tallest leader in the state and the NCP boss, has just launched his daughter Supriya in politics. He therefore needs another strong Maratha leader like a hole in the head. A token leader from another party is another matter. Deshmukh fits the bill nicely.

This is of course quite independent of the fact that his performance as an administrator has been very mixed. Suicides by indebted farmers in the Vidarbha region have continued, despite cash transfers from the government. The financial capital of Mumbai faces multiple civic crises, including a previously unknown shortage of electricity. Gujarat and Tamil Nadu compete increasingly effectively for the major industrial projects.

Still, the state has had its triumphs too, with industrial investment worth US\$28.5 billion (Rs 120,000 crore) having come to it. Companies such as Volkswagen, Fiat, Skoda, Audi, General Motors and Boeing, among others, are investing in the state, Maharashtra has therefore strengthened its position as an automobile, information technology and business process outsourcing (BPO) hub that rivals the dynamic southern states.

Initiatives to develop Mumbai's infrastructure have also started to make progress. A metro railway network, the sea link between Bandra-Worli and Sewri, another Nhava-Sheva sea link, the privatization and modernization of the airport and the expansion of the existing suburban rail network are all aimed at improving the quality of life in the country's financial capital.

Still, uneasy lies the head that wears a Congress tiara. The party has a long tradition of internal dissension, often stoked by the party's central leadership in order to keep state leaders off balance. And Deshmukh's experience in Maharashtra has been no exception. A couple of months ago, there was speculation that Shinde would once again be sent from Delhi to replace Deshmukh, but that has not materialized. And Rane's challenge has faced a setback after his supporters raised a ruckus at a party meeting that Sonia Gandhi attended.

Deshmukh's insurance, of course, remains Sharad Pawar. So, however much he may complain about the messy compromises of coalition politics, Deshmukh knows to whom he is really indebted.

“We have brought the state finances back on track”

Vilasrao Deshmukh, Chief Minister of Maharashtra, speaks to Makarand Gadgil

Q. What do you consider the biggest achievement of your government in the last three-and-a-half years?

This is our second term, and we have brought state finances back on track. I think that is the most important achievement of my government. Due to the fifth Pay Commission [which led to sharp pay hikes for government employees], the slowdown in the economy in the late nineties and the early part of this decade, and some off-budget borrowings by the previous BJP-Shiv Sena government, the state's finances had been seriously hit.

In fact, the credit rating agencies had given the state government's bonds a negative rating. Now they have restored it to investment grade. The state's revenue surplus has now reached Rs 964.70 crore, whereas in the early part of this decade the revenue deficit had reached 3% of the state's GDP. The state government was spending a little over 75% of its money on salaries, pensions and debt servicing, which we have brought down below 60% by adopting austerity measures as well as increasing revenues.

Q. How has Maharashtra fared on the investment front?

In the early part of this decade, Maharashtra was thought to be lagging behind states like Gujarat, Andhra Pradesh, Tamil Nadu and Karnataka, though the reality was different. To change this perception we decided to aggressively woo industrial investment. We adopted the mega project policy in 2005 and since then the state has managed to attract investment worth Rs 119,000 crore for 95 projects.

Big international corporations like General Motors, Volkswagen, Boeing and Dow Chemical have announced they will set up shop in Maharashtra. Indian companies such as Tata Motors, Bajaj Auto and Mahindra & Mahindra have also announced they will expand their existing facilities. Besides, Maharashtra has been able to attract the maximum number of special economic zones (SEZs). More than 120 SEZs will bring in investments of around US\$30 billion and create two to three million direct and indirect jobs over the next decade.

contd...

contd... interview with Vilasrao Deshmukh

Q. Haven't you failed to arrest suicides by farmers in the Vidarbha region?

The state has done and is ready to do all in its power to arrest the suicides. It has rescheduled the loans of farmers, waived the interest due from them, put pressure on the Central government to announce a loan waiver, and irrigation has been given top priority to ensure that productivity increases. All this has started to give results also, as there is a considerable drop in the number of suicides. We would like the problem to be eliminated altogether, but we need the cooperation of NGOs, media and civil society at large to help farmers come out of the debt trap.

Q. Mumbai is beset with civil problems, at a time when there is talk of making it an international financial center.

We have launched a massive US\$40 billion 'Mumbai Makeover' program to augment and upgrade the infrastructure, not only in Mumbai city but in the entire Mumbai Metropolitan Region. Projects like the Bandra-Worli sea link are under construction, work has been started on the first corridor of the metro railway, and the Mumbai Trans Harbor Link project is about to start work. Besides this, a project to upgrade the existing suburban railway network is also under way and its first phase is nearing completion.

Q. How difficult is it to run a coalition government?

Obviously, running a coalition government is more difficult than running a single-party government. Different parties have different priorities, so you have to draw up a common minimum program and work according to that. There are hardly any ideological differences between the Congress and the Nationalist Congress Party (NCP). Also, I have worked with many of the ministers from the NCP as party colleagues, when we were together both in the government and the party, so it is not so difficult for me to run a coalition government.



Vasundhara Raje Scindia: Royal ruler of Rajasthan

By Nistula Hebbar

Rajasthan Chief Minister Vasundhara Raje comes from a royal line, but in a career move not unusual in India and certainly not for her family, she is also the democratically elected leader of India's most photogenic and tourist-friendly state. Don't ask how, but in India a royal heritage is not a drawback when it comes to winning votes.

The House of Scindia was one of the four major arms of the powerful Maratha confederacy, which reached the peak of its power in 17th and 18th century Gwalior, in what is now Madhya Pradesh. The Scindias of the time sided with imperial Britain at the time of the 1857 revolt that swept across northern India, but Vasundhara Raje's political instincts are nationalist, and almost entirely influenced by the powerful personality of her mother, the late Vijayaraje Scindia, in her time one of the leading lights of the Bharatiya Janata Party. In contrast, her late brother Madhavrao was with the Congress—as is now his son Jyotiraditya who has recently become a junior minister in the Manmohan Singh government. Other members of the clan are also in

Parliament and in a state Assembly. There is no other family like it in Indian politics.

When India became free, its several hundred princely states were amalgamated into one political entity, and the rajas and maharajas lost their territories but held on to their palaces and forts. Many of the former princes then joined politics—mostly against the ruling Congress—and their former subjects were more than willing to vote for them although they belonged to fringe or fledgling parties.

For years, when leaders of the Jana Sangh and its successor, the Bharatiya Janata Party, were struggling to build themselves, Vijayaraje Scindia provided them advice, support and funding. Her daughter Vasundhara grew up watching the political evolution of the future Prime Minister of India, Atal Bihari Vajpayee, and his deputy, Lal Krishna Advani.

After schooling in Mumbai and Kodaikanal in southern India, Vasundhara proceeded to graduate in Politics and Economics from Sophia College in Mumbai. She married Hemant Singh, from the princely family of Dholpur in Rajasthan, when still short of her 20th birthday, and then became part of a Delhi party set before she plunged into politics and made Jhalawar, near Dholpur, her Parliamentary constituency, winning five successive terms.

Ministerial responsibility came with the BJP forming the government in New Delhi, when she was made a junior minister, first in external affairs, and then agro industries, small-scale industries and personnel. She is generally reckoned to have done well in all of them, handling herself smoothly in diplomatic settings and later giving khadi, homespun and very downmarket cloth, a designer flavor with superior branding that helped fetch better prices and brought in a new kind of customer.

But she was never one of the party's frontrunners in the national capital, with greater prominence going to other politicians of her age group, people like Pramod Mahajan, Arun Jaitley and Sushma Swaraj. So in 2003, when the BJP's tallest leader in Rajasthan, Bhairon Singh Shekhawat, became the vice president of the country, Vasundhara Raje was made the state unit president in a move that came as a surprise to many but which had the advantage that it gave Raje her own turf.

Nistula Hebbar is Deputy Political Editor, Business Standard.

The state was heading for elections, and Raje's relative lack of experience was considered a handicap, especially against an experienced Congress Chief Minister. It did not help that Shekhawat continued to pull some strings from New Delhi, while the big question mark was whether Rajasthan's male-oriented society would accept a woman leader. But equally, Rajasthan was one of the BJP's strong suits, although it had been ruled for a decade by the Congress.

Raje moved gingerly, trying hard to shed the image of pampered royalty and present a more acceptable political face to the public. A survey of voters suggested that the public did not approve of her travelling in an air-conditioned van during her tours of the desert state. So she braved the heat and dust on the campaign trail. She obviously struck a chord, for she defeated the Congress

A combination of clever social engineering (aligning the right caste groups) and creative campaign promises saw her romp home to an absolute majority. Enscornced as the Chief Minister, she focused on a handful of core programs: improving the state's bedraggled road network, introducing reforms in the power sector so as to increase supply and efficiency of generation and distribution (rampant power theft dropped substantially), improving the state's finances through good fiscal management, and improving the state's poor human development indicators. She also tried hard to attract industrial investment.

Now approaching the end of her five-year term, and with fresh elections approaching, she can look back on a better than average record, but has hit political turbulence over claims for favored status under reservation schemes for different categories of caste groups. Violence erupted more than once, but she has finally managed to do a deal with the protestors, and she hopes to have put the problem behind her.

She has faced two broad criticisms—a regal style of functioning, with extreme centralization of all decision-making, and widespread corruption. She is dismissive of the charges, arguing that decision-making has to be centralized sometimes when you want to move quickly, and that those who allege corruption should produce the evidence.

The BJP, historically a very male organization, does not have a track record of treating its women chief ministers well. Sushma Swaraj was asked to become Chief Minister of Delhi when elections were a year away, and she presided over the party's fall from grace so that her own star faded. The mercurial Uma Bharati in Madhya Pradesh was removed unceremoniously from the chief ministership, and later sacked from the party on disciplinary grounds. Vasundhara Raje has been on a different footing in Rajasthan, where she has slowly managed to wrest control of the party unit, and may escape the worst—with the right amount of royal luck.



Jyotiraditya Scindia: An investment banker in politics

By Nistula Hebbar

Jyotiraditya Scindia, the newly appointed Minister of State for Telecommunications and Information Technology in the UPA government, has the perfect credentials to be an investment banker. Indeed, that is what he was, after his masters and business management degrees from Harvard and Stanford, working with Merrill Lynch and Morgan Stanley. For a while, in fact, he also worked for the United Nations Economic Development Cell.

So what is he doing in politics, you may ask, though the answer is obvious. He comes from a very political family, his father was a successful minister for railways and then civil aviation in successive Congress governments, his grandmother was for decades one of the leading lights of the Bharatiya Janata Party, and his aunt is the Chief Minister of Rajasthan. With that kind of family tradition, it is hard to retain an interest in investment banking.

Still, young Jyotiraditya was catapulted into politics only when his father died in an air crash, in 2001. His old constituency of Guna in Madhya Pradesh would obviously like another Scindia to represent it, since it falls within the old princely state of Gwalior that was ruled by the Scindia family for the better part of 300 years. So, as an investment banker might look at it, the risks of the political hurly-burly were minimal in his case, while the chances of a high-profile ministerial career were bright. Unusually, he has been made a minister when serving only his second term in the Lok Sabha.

Jyotiraditya's first term was a case of 'blink and you miss it'. He was still adjusting to the change in his circumstances and his inheritance, the Congress was in the opposition and the general elections were barely a couple of years away. As a backbencher in the opposition, he stayed under the political radar.

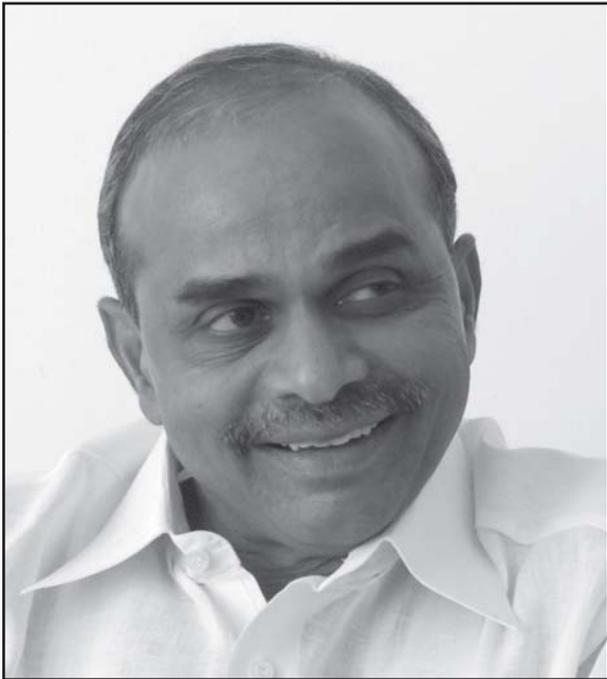
During his second term, with the Congress now in power, Scindia has gained prominence, so that people were asking why he had not been made a minister before the appointment finally came. His family's peculiar ideological divide did however create some piquant situations. In March 2007, his aunt Yashodhara Raje was nominated by the BJP as its candidate for the Gwalior Lok Sabha seat in a routine bye-election. His other aunt, Rajasthan Chief Minister Vasundhara Raje, directed the campaign and plastered the constituency with posters of his grandmother, Vijayaraje Scindia, asking for support for the BJP.

In this position, as the only male member of the Scindia family in its pocket borough of Gwalior, Jyotiraditya was asked to campaign for the Congress nominee, Ashok Singh. Posters of Jyotiraditya Scindia with Congress president Sonia Gandhi made the rounds. To his credit, he made a sincere effort. Ultimately, however, Yashodhara Raje won with a comfortable margin of over 35,000 votes. Aunt and nephew now occupy the opposition and treasury benches in the Lok Sabha.

That has not stopped him from taking an active role in Madhya Pradesh politics, though he is unlikely to want to follow his other aunt Vasundhara's example and take charge of a state. Unlike some other young members of Parliament, he has also consciously kept away from competing to be noticed by that other big political inheritor of Indian politics, Rahul Gandhi. While he has spent more time on state politics than he needs to, he has also led the debate on the Budget, and is one of the youngest members of the Standing Committee on Finance.

The hard work has been rewarded by a Prime Minister who speaks quite openly of the bright future that Scindia has. His wife is from another illustrious princely family (Kashmir), his a regular if fleeting presence at upscale Delhi parties, and he is a member of four golf clubs in and around Delhi (his father's game was cricket, while one of his aunts is into polo and horses).

While he is still settling into his ministerial responsibilities (and senior ministers rarely allow their junior colleagues to be busy), it is to be expected that Scindia will be applying himself seriously to the new job. He is intelligent, articulate, well-educated and a good orator. It is only to be expected that he will remain a regular fixture in Parliament, and become a member of the Cabinet before too long.



Y S Rajasekhara Reddy: Taking on the Maoists

By Aditi Phadnis

Prime Minister Manmohan Singh said the other day that the challenge posed by Maoists is the most serious threat ever presented to the internal security of India. And among the states most seriously affected by this problem is Andhra Pradesh, where the legacy of a prolonged Communist insurgency directed against feudalism in the 1950s has taken on a militant hue after the Indian state failed to solve the problems of landless and marginal farmers.

In turn, the Maoists—known as Naxalites, after the village of Naxalbari in West Bengal where the movement began—have always found Andhra Pradesh to be fertile ground for organizing an armed insurrection, because of its thickly forested areas and its large numbers of tribal and dispossessed people, as well as a brutal control regime imposed by the politically dominant, land-owning castes. The state has lost at least a dozen ministers—including one home minister—to bomb blasts by Maoists in the last decade. Clashes between Maoist insurgents and government forces in 2008 alone have resulted in 650 deaths so far.

The Maoists are estimated to have 7,300 weapons for 10,500 armed cadres nationwide, a 25,000-strong people's militia and 50,000 members in village-level units spread across 160 districts (out of the total of 600) in the country's heartland. The bulk of the group lives, works and operates from bases in Andhra Pradesh, neighboring Chhattisgarh and Bihar.

And if you want to understand the difficult choices before the Indian state, and the dilemmas faced by its leaders, it is instructive to follow the record of the state's Chief Minister, Y S Rajasekhara Reddy, who began by holding out an olive branch, but now is intent on the use of the stick.

There had been an intense crackdown on the Maoists, especially after a landmine blast nearly killed the then Chief Minister, N Chandrababu Naidu, in 2003. Naidu had no sympathy for the Maoists after that, and unleashed the full fury of the Greyhounds, a specially trained commando unit selected from the state police force.

By the time elections came round in 2004, Reddy at the helm of the state unit of the Congress seized on the situation to throw up a completely different approach to the problem. He held out an olive branch to the Maoists and said he would bring them into the political mainstream. When some of his party colleagues argued that the Indian state should not surrender to armed militants, Reddy said the Maoists were not just mindless guerrillas committed to unalloyed violence. Behind the violence, he said, lay a socio-economic problem which needed to be tackled. "Under-development, poverty and unemployment have been the breeding ground for the Maoist movement. Until these are mitigated the movement cannot be crushed," Reddy told an interviewer in 2004.

It is generally believed that this argument got traction with the voters in the state. Indeed, the Maoists themselves may have influenced the electoral outcome because they would have preferred Reddy to Naidu. Whether that is true or not, Reddy came to power with a substantial majority: 180 members in a House of 294. And one of the first things he did on becoming the Chief Minister was to call the Maoists for talks. His second move was to launch a massive program to build irrigation capacity. As he argued, a military solution against the Maoists was impractical, and you had to spread prosperity in the countryside. Third, he embarked on a massive homestead-building program for the poor. Many of the irrigation projects have not made much progress, but Reddy says his main slogan at the next elections, due in the summer of 2009, will be: Water, home and hearth.

The state government's talks with the Maoists lasted four months in 2004. They broke down on the question of the Maoists refusing to surrender their arms, which Reddy felt would signify their commitment to renouncing violence against the state. So the Maoists melted back into the forests and began their attacks once again. Worse, taking advantage of the four-month lull in police activity when the talks had been on, the Maoists had regrouped and even expanded their operations. And as the state's long border in difficult terrain is impossible to police effectively, weapons and men moved freely from Andhra Pradesh to Chhattisgarh and back, depending on where the police pressure was more, or less.

Having run into a dead-end, Reddy turned around and fell back on the earlier strategy of relying on aggressive policing. The Greyhounds were back in action, and Reddy claimed recently that they had met with success, in that the number of hard-core Maoists in the state had dropped from 1,000 to 400.

This is in sharp contrast to Chhattisgarh, where the state government has tried to organize its own rural militia to take on the Maoists. The program has been widely criticized for being coercive in the extreme, and in any case has met with little success, because Maoists have been attacking almost at will the symbols of state power (police stations, jails) and economic targets like mining stations (from where they carry away vast quantities of explosives). Informed opinion in the home ministry in New Delhi is that the Andhra government has been far more successful in containing the Maoist insurgency.

Reddy, meanwhile, has proved an adept politician. He promised free electricity during the 2004 campaign, as a response to Naidu's program of ending subsidies and raising power tariffs. On coming to power, he quietly buried the idea. But he has persisted with his stress on irrigation, and not given up on the program that has been Naidu's prime claim to fame—building the state capital of Hyderabad as an information technology hub. Reddy is also not averse to strong-arm tactics, and has moved ruthlessly against critical newspapers (working hard to financially squeeze one, and arresting the editor of another). This is not a politician who plays by Queensberry rules. Yet, by all accounts he retains much of the popularity that swept him to office four years ago, and is not expected to do badly when the 2009 elections come round.

As for the Maoist problem, Reddy must know (even if he does not admit it publicly) that commando tactics alone will not provide a long-term solution. If the Communist insurgency in the state has lasted for more than half a century, it is because of what Reddy said at the start of his tenure: the social and economic oppression that many face day in and day out. To the extent that this is still largely the case, because of entrenched feudalism, an ineffective and corrupt bureaucracy that subverts government programs, and alienation among the marginalized, the roots of the problem remain.

“When you launch a big program, there will be some aberrations”

The Chief Minister of Andhra Pradesh tells Prasad Nichenametla about the development policies through which he plans to combat Maoism.

Q. You came in with the promise of providing irrigation. But farmers face a serious water problem.

Our Jalayagnam project will take water to every farmer in the state. In the past three-and-a-half years, 1.12 million acres have been covered. This year 700,000-plus acres will be added, and over 2.5 million acres over the next two years. Except for the Polavaram project, the others are moving ahead swiftly. This is reflected in the allocation for irrigation—Rs 13,000 crore (about US\$3.25 billion) in this year's budget, compared to Rs 9,000 crore (about US\$2.25 billion) spent last year.

We had a problem with Polavaram. Some political parties had gone to court, but that has now been sorted out. What should have taken six months has taken four years. That is because the acquisition of a huge amount of land was involved—more than 100,000 acres.

Q. When so much money is spent, there are charges of corruption. Your party's allies at the Center, the Left, are your biggest critics in the state.

When you launch a big program, there will be some aberrations. Maybe there are some small complaints about the quality of work. But whenever it has been brought to our notice, we have acted promptly. In 41 different places in the district where construction has taken place, we have had open discussions. We have asked the Opposition parties to tell us about the irregularities. We don't have to shy away from anything.

Q. Even schemes like the Indiramma housing scheme for the poor are marred by corruption charges.

What corruption can there be in this scheme? OK, some people might have claimed two houses, but they have been identified and the allotments cancelled. A total of 2.5 million houses have been sanctioned and all the names are on the website. There are no contractors. The beneficiaries are getting the allotments directly. We are saying: tell us if there is an irregularity, we will punish the guilty.

Q. The allegation is that houses have been given only to Congress workers and villages, and others have been left out, especially in the Kurnool and Mahboobnagar districts.

It is not possible to do that. The Indiramma scheme is in three phases and works on the concept of creating Adarsha Graamalu (model villages). Some villages may have been earmarked for allocation in the second or third phase but all of them will be covered. There can't be a Congress village or a Telugu Desam village. Our 'saturation housing' concept is not known anywhere else in India. If one village has the Indiramma scheme, it will have everything else too—old-age pension, jobs, etc. If there is any discrimination, I have said, tell us.

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contd... interview with Y. S. Rajasekhara Reddy

Q. What about allegations by the leader of the opposition, Chandrababu Naidu, that you are amassing wealth at a massive rate?

I have responded by saying that I am ready for any inquiry on assets acquired by both of us since we entered politics. Knowing that it is not possible, Naidu is demanding an inquiry by a sitting judge of the High Court.

Q. There is the perception that industrialization has been limited to big cities like Hyderabad and Visakhapatnam.

It is a problem, but I don't agree that no other towns have been developed. Nellore is developing into a major center. We're making a port there and land is available. Guntur and Prakasam are shaping up as textile centers. Visakhapatnam has developed as a garment center.



Sheila Dikshit: Your favorite aunt, with a hint of steel

By Nistula Hebbar

Delhi Chief Minister Sheila Dikshit's manner is very much that of your favourite aunt: ever ready with a sympathetic ear, an easy smile and a non-aggressive style, hiding her vulnerability behind a no-nonsense approach. So it is a surprise to most people when she occasionally shows the steel underneath that soft facade, which has helped her survive for 10 years and become Delhi's longest-serving Chief Minister.

When Dikshit was first appointed the president of the Delhi unit of the Congress in 1998, the party was in shambles, there was internal dissension, and universal opposition to her appointment—the charge being that she was an outsider to Delhi. This was ironic, since Dikshit had studied in Delhi's Convent of Jesus and Mary and then in Delhi University's Miranda House college. At university, she met Vinod Dikshit, who did what bright young men did at the time: join the elite Indian Administrative Service. They were soon married, and it changed her life.

For marriage brought her into contact with his very political family. His father was Uma Shankar Dikshit, Cabinet minister and long-time loyalist of the Nehru-Gandhi family. Sheila had no interest in politics till then, but with her father-in-law's workload increasing, she began helping out.

After Vinod died prematurely of a heart attack, Sheila was drawn ever more into the political world—unusual for a woman with a convent school education that usually encouraged an apolitical view of the world. Initially, Indira Gandhi made her a member of bodies such as the UN Commission on the Status of Women. It was much later, when Rajiv Gandhi became Prime Minister, that Dikshit took her plunge into electoral politics. She won an election to the Lok Sabha from the family seat of Kanauj in Uttar Pradesh, neighboring Delhi. Rajiv soon brought her into the council of ministers, attached to his own office as well as handling parliamentary affairs. Still relatively inexperienced, she began feeling her way through this strange world with no rules and no permanent friendships.

That did not prevent her from taking a stand when she didn't like the direction in which the Congress was headed under Narasimha Rao, after Rajiv Gandhi's assassination. Along with a handful of prominent Congressmen, she formed a ginger group within the party which wanted a Gandhi takeover. Rao threw them out, and they had to wait till 1998, when at long last Sonia Gandhi decided to formally enter politics. Dikshit was now back in the Congress.

Sonia's decision to make Sheila the Delhi Congress president must have seemed like a long shot in a city that is inclined to vote for the BJP, but it was an inspired move. Not only was Dikshit quintessentially a Delhi woman, and a Gandhi loyalist at that, she was also suited to the politics of a city-state which has a large middle-class contingent and is also full of migrants from all parts of the country, with very few who can claim their origins in Delhi. A very cosmopolitan Dikshit could relate to this heterogenous mix, and not worry too much about that staple of rural politics: caste.

Soon, she stunned the city by leading the Congress to victory in the 1998 assembly elections, her campaign fuelled by discontent over the sharply rising prices of onions, which are a vital element in Indian cooking, and an essential component of the poor man's diet. Once in the hot seat as Chief Minister, the urban chaos was her first challenge, with vehicular pollution levels making smog a daily tribulation. A court system determined to make policy changes saw Delhi's fleet of 12,000 public buses switch over to Compressed Natural Gas. Long strikes by bus owners' unions and pressure from party bigwigs (many of whom owned bus fleets) notwithstanding, Dikshit stood firm, the switchover to CNG happened, and Delhi's air became cleaner. She had earned her stripes.

Dikshit's next initiative was the award-winning 'Bhagidari' (or partnership) scheme. She teamed up with civic authorities and residents' associations in middle-class neighborhoods to organize interventions to improve sanitation, security and the greening of neighborhoods. The experiment was so successful that she was soon established as a middle-class icon of good governance. She also improved dramatically the performance of the schools run by the Delhi administration. These and other achievements became the basis for her thumping victory in the 2003 Assembly elections.

Dikshit's second term has been more problem-ridden. A court ruling ordering the demolition of properties that violate building and land use bye-laws has been politically disastrous for the Congress, with the city council going out of its hands in an earlier election. Angry traders and home owners wanted to know how civic officials who had accepted bribes in order to turn a blind eye to large-scale building violations could now demolish their buildings and not be punished themselves. And the botched introduction of a Bus Rapid Transport (BRT) system in parts of the city led to traffic chaos and angry commuters.

Through it all, however, Dikshit has managed to retain her indispensability for the Congress party as its most acceptable Chief Minister. Her appeal among the middle class and among traditional Congress voters remains strong, as she looks for a third consecutive term. She knows it will be a tough fight in a city that complains about rising inflation as does the rest of the country. And there is no shortage of recalcitrant Congress leaders, people with dodgy reputations who have had to step into the shadows, who remain resolutely opposed to her leadership.

Looking even more vulnerable than she usually does because of all the battering her government has received, she retains her personal popularity and charm, and her reputation for integrity. Those are powerful assets in a city that does not trust its politicians, but she knows that she has a fight on her hands. If she gets voted in yet again, the clear message will be that even in the rough and tumble of Indian politics, there is space for someone who is armed with little more than an uncommon decency and common sense.

"Delhi as a state has enormous wealth"

Delhi's Chief Minister, Sheila Dikshit, talks to Nistula Hebbar about her plans for the city and what she wants to do to re-distribute its enormous wealth

Q. After 10 years at the helm, what more do you think can be done in Delhi in terms of development?

A. Delhi as a state has enormous wealth, but also a lot of poverty. We have hit upon an idea which would lead to a redistribution of prosperity, so that everyone can be assured a basic minimum of food, shelter and clothing. We have more than 400,000 families 'below the poverty line' (BPL) in Delhi. We have started rationing—nobody above a certain income level, say, Rs 100,000 per annum, will be entitled to foodgrain and other provisions from ration shops. This will leave more for the truly poor. We are calling it our 'end of hunger' project. We have also started a lot of other social sector projects, with help from NGOs and civil society activists.

Q. One of your achievements has been the introduction of compressed natural gas in public transport and reduction in pollution levels. But the increasing number of private automobiles is negating this achievement.

A. I don't agree that pollution levels in Delhi have increased, but I take the point that we have to spruce up the public transport system, since traffic congestion is a major problem. The number of private buses run by the Delhi Transport Corporation is around 6,000, whereas even a city like London has 8,000 buses. We need to add at least 1,000 more before the Commonwealth Games (in 2010). We will also run at least 20% of the fleet as air-conditioned buses. And we will make sure there is a mix of low, medium and high-floor buses. Increased fleet strength and frequency of service are on the anvil and should ease traffic problems.

Q. Will the (Tata group's low-cost car) Nano, to be launched in October, aggravate traffic congestion as more people buy cars?

A. I take the Nano in two different ways. One obvious way is to look at it as a way of phasing out three-wheelers, despite the fact that the laws in Delhi encourage auto-rickshaws. The second way is to look at them as high mileage replacements. Whether it will increase congestion is very much a question which has still to be answered.

Q. As Chief Minister how do you react to the outsider-native divide that certain political parties talk about, especially in Mumbai and Delhi?

A. What Mr Bal Thackeray (of the Shiv Sena party in Mumbai) is doing is dangerous and clearly not in the interest of Mumbai. Mumbai and Delhi, in fact every city, is for all citizens of India. That having been said, I also believe that we must do something for the unskilled labor streaming into the cities. We must build holding areas for housing labor. If we don't, then we are encouraging people to live on the streets, and slums will proliferate, which is the main grouse that people have about laborers who come in from elsewhere.

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contd... interview with Sheila Dikshit

Q. The Assembly elections are due soon. How do you fancy your chances for a third term?

A. We have had no lasting issues against us. The municipal polls were lost due to a set of circumstances, but every other issue raised by the opposition has fizzled out. As a politician I do not believe in surveys and go more with my own contact with the people. Politically, Delhi is unlike any other place in India. Here caste and other factors do not matter much, the people vote on governance and development and a combination of this with leadership. We are hopeful.

Q. Delhi is also peculiarly placed in terms of administrative arrangements. It is a state, and yet not one. Have you dropped your demand for full statehood?

A. We haven't dropped our demand, but nobody seems to be in a mood to grant it. The toughest thing about the situation is that one is not in control of police, land and local government, and yet one is held responsible for all lapses and omissions, since one has been elected to handle these.



Montek Singh Ahluwalia: The best Finance Minister India never had?

By Siddharth Zarabi

Among the handful of faces associated with India's economic reform programme, Montek Singh Ahluwalia's under a trade-mark blue turban will always find pride of place. And among the voices associated with the reforms that got kicked off slowly in the 1980s before the Big Bang of 1991, that of Montek (as he is universally known) has been among the most consistent and also most eloquent.

The deputy chairman of the Planning Commission is not a late-comer to the idea of a market-based economy, free from the control regime that marked the India of the 1960s and 1970s; rather, he was one of the early advocates of liberalization and opening up. After St. Stephen's in Delhi University and an M.Phil at Oxford, Montek did a stint at the World Bank in Washington on the strength of a noted study on poverty, before returning in the late 1970s to a very socialist Delhi where, at the age of 36, he became an economic adviser in the finance ministry and pushed for a new direction in economic thinking.

Amiable, quick on the uptake, ever willing to expand his own knowledge base, and always effortlessly articulate, Montek has had a stellar career graph, moving from the finance ministry to Rajiv Gandhi's Prime Minister's Office, before becoming the commerce secretary and being handpicked as the finance secretary when Manmohan Singh became finance minister in 1991. He stayed on under P. Chidambaram, who became Finance Minister in the United Front governments of 1996-98. After another stint in Washington, where he headed the independent evaluation office of the International Monetary Fund, Montek was back when Manmohan Singh became Prime Minister. Singh wanted him in the PMO, but Montek felt he would be more useful giving advice from a perch at the Planning Commission, where he has Cabinet rank and is an invitee to Cabinet meetings. He is by general reckoning one of the Prime Minister's closest advisers when it comes to matters concerning economic policy (along with the Finance Minister and the governor of the Reserve Bank, the quartet is completed by C. Rangarajan, chairman of the Prime Minister's Economic Advisory Council).

Back in 1990, while in the Prime Minister's office, Montek had penned a long note on a radical rewriting of India's highly interventionist industrial policy. The note got leaked to the press, and an almighty fuss followed, but when the reforms of 1991 were initiated, it was the ideas in Montek's note that carried the day. As commerce secretary, he was instrumental in abolishing export subsidies when the rupee was devalued. And when he moved back into finance, he executed ambitious reforms in the financial sector and in the financing of fiscal deficits, while pushing for privatization, lower tariffs and opening up more sectors to foreign investment.

Through the long years of working for the government, Montek has also learnt to roll with the punches, to take philosophically the political storms that occasionally break and come in the way of rational economic decisions, and to not give up. He is cautious enough to not get boxed into a policy corner, but his sunny optimism helps him to keep pushing for change in the belief that it will eventually happen. As he says, India when viewed as a snapshot always presents a messy picture, but watched as a movie, you can always see the positive change that has taken place over time.

*Siddharth Zarabi is
Economic Affairs Editor,
Business Standard.*

He has used his position in the Planning Commission to put out papers on employment and financial sector reform, and to leverage his financial clout (for the Planning Commission basically decides how much money the states and the central ministries must get for Plan programs) to engineer policy change in areas as far removed as the problem-ridden power sector and urban management. And he has used his staff to look carefully at the contracts that are entered into for public-private partnership deals, forcing single-handedly a re-think on who should get the Mumbai and Delhi airports, and also to prepare standard contract templates for use in different sectors. Ironically, and somewhat uncharacteristically, he got into a public spat with the civil aviation minister recently when he criticized the speed of work at Delhi airport, which has to be ready before the Commonwealth Games of 2010.

His critics see him as someone who has been overly influenced by foreign interests (the IMF-World Bank combine, international companies, foreign advisers...), and he faced severe criticism from the Left when he proposed to include foreign consultants in the Planning Commission's various expert panels, forcing him to back down. Also, his first big idea in the Planning Commission, of using the country's foreign exchange reserves to boost infrastructure spending, got shot down, only for it to resurface now in an amended form.

He has moved on since those skirmishes, and adopted some of the talking points of the UPA government: ensuring inclusive growth, taking care of the common man, even questioning the need for fiscal correction when the country needed major infrastructure investment to happen. Indeed, in an earlier time he would have been dismissive of the fat tomes put out by the Commission as Plan documents, but as deputy chairman he is proud of the tomes that his Commission has put out on the 11th Five-Year Plan. Like some others who have recognized that India will never wholeheartedly embrace market-based reform, and that running such a complex country calls for compromise positions rather than cut-and-dry solutions, the Montek of 2008 can sound quite different from the ardent advocate of change who joined the finance ministry 29 years ago.

Being so closely identified with Manmohan Singh, and indirectly therefore with the Congress, Montek can look forward to less than a year more at the Planning Commission. But at 66 next year, he will not have spent all his reformist energy. There is speculation that he will be moved to the Reserve Bank, where YV Reddy is to retire as governor in September, but governors are never of Cabinet rank, which is what Montek has. A Rajya Sabha perch would be a good way to fade out, but there is never a shortage of influential claimants for those slots, and in any case being a member of a debating club is probably not Montek's idea of engaging with the issues facing the country. But then, one never can tell what results an election produces. And if the Congress were to return to power in the wake of the general elections next year, Montek will stand out somewhat obviously as the best finance minister India never had. When the question is put to him, the only response is the faintest hint of a wry smile on his face.



Jairam Ramesh: Thinking local, acting national

By Aditi Phadnis

This 54-year-old politician is an engineer-turned-economist who studied at the Indian Institute of Technology (IIT) in Mumbai, and then at Carnegie Mellon and MIT. He could have got anything he wanted: a job on Wall Street, a big research project, a bright start in academia. Instead, he tried his hand at journalism with The Times of India, then became a policy wonk and an aide to a succession of public figures (Pranab Mukherjee, Sam Pitroda, P. Chidambaram and even Prime Minister Narasimha Rao in the heady days of the big-bang liberalization of 1991), before finally joining the Congress party—in an environment where parentage, caste, money and oratory are the things that matter.

Ramesh, of course, had none of these. As a South Indian Brahmin, he could never hope to have a significant political base since southern politics is dominated by the backward castes. And as an urban, English-speaking, foreign-educated 'expert', he was not at all your cookie-cutter Indian politico but he excelled at being useful to his masters.

In his 20-year career as a policy wonk, a member of the political executive, election strategist (he is good at analyzing spreadsheet data on past voting patterns), drafter of election manifestos, a full-fledged politician and now as a junior minister for trade, Ramesh has been chief speech writer for the big boys, producer of policy papers, speaker at sundry India forums, frustrated reformer and latterly someone who has engaged himself with grassroot issues. He is as passionate about policy issues as he is witty, occasionally getting into trouble for his one-liners in the largely humorless world of Indian politics. Who else could have said that the World Economic Forum (WEF) has contributed the most to global warming—all that hot air! Or thanked India's stars for avoiding capital flows in the early years of 2000, because capital flows can quickly become capital flaws! And where else other than the loosely structured Congress party would he have had this freedom?

Being in the background taught Ramesh a great deal about the way people function, what catches the imagination and what doesn't. In the 1990s, he assisted in an executive capacity two of India's best known politicians: Foreign Minister Pranab Mukherjee and Finance Minister P Chidambaram. Neither suffers fools easily, nor is it easy to fool them. He then came into more direct contact with the raw end of politics, when he became involved with the planning boards of states like Karnataka and Andhra Pradesh. As India still sets great store by planning, Ramesh saw his job as modifying and modernizing a process that was at odds with India's changing economic landscape. From the late 1990s until 2004, Ramesh was engrossed in the politics, development and economic decision-making of state governments. It was good training for what was to follow.

Then, on a cold winter day in early 2004, Ramesh and some party colleagues began working on the Congress Party's next publicity campaign, in preparation for the 2004 general election. They lived out of suitcases, working in a two-room flat that didn't have a functioning toilet (they would use the wash-room at the nearest five-star hotel when nature called). Eight years of being out of government (from 1996) had invested the Congress with a peculiar defeatism. It was as if the party was convinced it could not win an election, while BJP leaders were confidently forecasting victory for their party.

Ramesh's theory was that the 2004 election would not be a single national election, but a series of small elections all over India. So the party needed to liaise closely with its local units, to understand the BJP's weaknesses and factor them into the propaganda war. In other words: think local, act national.

Amazingly enough, Ramesh forecast at the time that the Congress would get the 145 seats (in the 545-member Lower House) that it eventually did, enough with its coalition partners to form the government. The year also saw Ramesh become a Member of Parliament for the first time. Two years later, at 52, he was made the junior Minister for trade, with the additional charge of Power being given to him early in 2008.

But those who judged Ramesh by his early advocacy of economic reforms were in for a surprise. Leaving the glamour side of industrial policy and trade promotion to his other ministerial colleagues, who got the photo ops and the meetings in luxury hotels, Ramesh kept a studiously low profile, rarely figuring in the media and not traveling abroad at all. Instead, he set off for the unfashionable towns of Tirupur and Moradabad, Saharanpur and Surat, places where no trade minister had gone before. He was going where the exporters were, recognizing that a large chunk of Indian exports came from small producers of hosiery and brassware, wood products and gem stones, in these one-industry towns that often lacked basic facilities like water supply. He had written about these towns in his days as a newspaper columnist (for Business Standard), arguing that they needed attention and held the key to export performance. And now he focused on trying to understand and then deal with grassroot issues in these export centers.

He also headed for the export-oriented plantation centers that grew tea and coffee, addressing the problems of estate owners and estate workers, and to port towns like Vishakhapatnam to see what could be done there to facilitate bulk exports of items like iron ore. His own office, in New Delhi's Udyog Bhavan, reflected the focus of his efforts, for strewn around were the products and artifacts that craftsmen, weavers and small businessmen across the country turned out for export markets. And, in a symbolic gesture to demonstrate that he was both available to visitors and that he functioned transparently, he replaced the wooden door to his office with one made of glass.

Ramesh surprised observers in other ways too. No longer was he talking the language of big ticket reform advocated by the leading industry lobby groups and by liberal economists; instead, he was arguing for more nuanced approaches, paying more heed to the political implications of economic decisions, occasionally sending off letters to the Prime Minister advocating this unexpected line—to the Prime Minister's surprise and occasional disappointment. On one occasion, when a letter to the Prime Minister found its way to the media, the often indiscreet Ramesh was suspected of having leaked the letter. He had to offer to resign, before the Prime Minister decided that he was innocent.

Keeping his head down, and his nose out of trouble, seems to have paid dividends. For when the Prime Minister decided that someone competent had to be put in charge of the Power ministry because the electricity shortages were getting worse and projects delayed, he turned to Ramesh and gave him the additional portfolio of Power. It demonstrated that you can start with no advantages other than intelligence and the capacity for hard work, and make your way in Indian politics.

“I don’t believe in all-or-nothing reform”

The minister who used to be an ardent advocate of economic reform, spells out a contrary view on contemporary issues, to Aditi Phadnis

Q: Do you feel that there are areas where India has moved too fast on reform?

There are segments from which the government cannot withdraw in the name of reform. The phasing out of government has to be gradual. The biggest mistake has been in the power sector. Let me give you some figures. Between 1985 and 1990, we added 4,500 MW of capacity per year—more or less the period of the 7th Five-Year Plan. But in the 8th, 9th and 10th Plan periods taken together, we have added less capacity than during the 7th Five Year Plan.

Clearly something is wrong. Instead of moving ahead, we have regressed at a time when China is adding 15,000 MW a year to its capacity. The problem is that we tend to become a prisoner of mantras, whatever the mantra might be. First, it was Enron, then it was privatization of distribution... today we’re having to deal with problems that we could have handled in the 1980s.

We should thank our stars for another thing. Thank God the financial sector reforms were prudent. The credit must go to Dr Manmohan Singh. Jagdish Bhagwati’s line on globalization was: trade globalization, yes, immediately; financial sector globalization, slowly. Dr Singh and Dr Bhagwati belong to the same school of thought. Just imagine what would have happened, just as we were getting our act together, if we’d been hit by the effects of the East Asian currency and banking crisis? We escaped because reform was incomplete. The pace of financial sector reform was just right.

Q: Much is said about labor reform and how tardy it has been. What do you think?

I don't think labor reform or the lack of it is a big deterrent to growth. On the other hand, what we never should have done is open up the real estate sector. One reason for the rupee appreciation of last year is the flow of dollars into the real estate sector. We should have opened up urban infrastructure for FDI, not real estate.

Q: How could you have done that? Because of long gestation periods, returns would have been so low that you would have got no investment at all...

We should have erred on the side of caution. In any case, I don’t believe in all-or-nothing reform. Who in the world does all-or-nothing reform? Do the Koreans do it? Do the Chinese? Try buying an airline in the US! Real estate is different. It is inherently given to cycles, and inherent in this are elements of speculation. We should have been prudent on real estate, the same positive prudence we displayed in financial sector reform.

Q: So you don't believe there is any need to further open up insurance or banking?

I am not a believer in bank privatization. Yes, internal restrictions should have been lifted. But if we'd had privatization of banks, the Self Help Group movement in states like Andhra Pradesh would never have taken off.

contd...

contd... interview with Jairam Ramesh

I also don't think that the answer to our problems is the creation of big behemoths. I believe that there are diseconomies to scale, that behemoths can become dysfunctional. For instance, I am opposed to the merger of the State Bank of Hyderabad with the State Bank of India for precisely this reason. Small banks like SBH, Andhra Bank, etc are servicing SHGs. One-third of the country's SHGs are in Andhra Pradesh. Who would have helped manage SHGs if these banks hadn't been there?

Q: So you're opposed to the merger of Air India and Indian Airlines as well?

Just consider the global success rate of mergers. Regardless of sectors, seven out of 10 mergers fail.

India's Constitutional Scheme

Introduction

India is a constitutional democracy with a parliamentary system of government, a key feature of which is the holding of regular elections to the two Houses of Parliament (the Lower House or Lok Sabha, and the Upper House or Rajya Sabha) and the legislative assemblies in the States and Union Territories. Elections to the 543-member Lok Sabha are held on the basis of universal adult suffrage (the voting age was reduced from 21 to 18 in 1989); the Rajya Sabha's 233 members are elected by members of the state legislatures (12 more are nominated by the President of the country to represent literature, science, art and the social services).

Elections are conducted under the supervision of the Election Commission, a three-member statutory body. An Indian general election is a gigantic exercise: the 2004 election to the Lok Sabha featured 1,351 candidates from six National parties, 801 candidates from 36 State parties, 898 candidates from other officially recognised parties and 2,385 Independent candidates. Nearly 390 mn people out of a total electorate of more than 670 million cast their votes in over 700,000 polling stations spread across the country. The Election Commission employed almost 4 mn people to oversee the election.

Constituencies

Each of the Lok Sabha's 543 constituencies, elections to which are based on the first-past-the-post system, returns one MP. The size and shape of the parliamentary constituencies are determined by an independent Delimitation Commission, which aims to create constituencies with roughly the same population, subject to geographical considerations and the boundaries of the states and administrative areas. A delimitation exercise, based on data gathered in the 2001 census, is now under way.

Apart from the 543 elected members, the President can nominate two members to represent the Anglo-Indian community. Of the 543 constituencies, some are reserved for candidates from the depressed communities (scheduled castes and tribes), though all eligible voters can vote.

The Structure of Parliament

The Parliament of the Union consists of the President, the Lok Sabha (House of the People) and the Rajya Sabha (Council of States). The President is the head of state, and appoints the Prime Minister, who heads the government so long as he enjoys the confidence of the Lok Sabha. The Cabinet is the central decision-making body of the government. Members of more than one party can make up a government, and although the governing parties may be a minority in the Lok Sabha, they can govern as long as they have the confidence of a majority of the members of the Lower House.

Members of the Rajya Sabha are elected indirectly- by each state legislative assembly or Vidhan Sabha, using the single transferable vote system. The number of members returned by each state is roughly in proportion to their population. There are currently 233 members of the Rajya Sabha elected by the Vidhan Sabhas, apart from 12 members nominated by the President as representatives of literature, science, art and the social services. Rajya Sabha members serve for six years, and elections are staggered, with one-third of members being elected every two years.

State Assemblies

India has a federal structure within the Union. The Vidhan Sabhas (state legislative assemblies) are directly elected bodies set up to carry out governance in India's 28 States. In some states there is a bicameral organisation of legislatures, with both an Upper and a Lower House. Two of the seven Union Territories-the National Capital Territory of Delhi and Pondicherry-also have legislative assemblies.

Elections to the Vidhan Sabhas are carried out using the same first-past-the-post system as for the Lok Sabha election, with the States and Union Territories divided into single-member constituencies. The Assemblies vary in size, according to population. The largest Vidhan Sabha is for Uttar Pradesh, with 403 members; the smallest Pondicherry, with 30 members.

President and Vice-President

The President is elected by elected members of the Vidhan Sabhas, Lok Sabha and Rajya Sabha, and serves for a five-year period (with re-election permitted). A formula is used to allocate votes, so there is a balance between the population of each state and the number of votes that the assembly members from a state can cast, and to give an equal balance between State Assembly members and National Parliament members. If no candidate receives a majority of votes there is a system by which losing candidates are eliminated from the contest and votes for them transferred to other candidates, until one gains a majority. The Vice-President is elected by a direct vote of all members, elected and nominated, of the Lok Sabha and the Rajya Sabha.

Elections

The Election Commission maintains an updated electoral roll of all people in each constituency who are registered to vote. The Commission ordered photo identity cards for all voters in 1993. Nearly 500 million identity cards have been issued.

Elections for the Lok Sabha and every State Legislative Assembly have to take place every five years. The President can dissolve the Lok Sabha and call a general election before five years are up, if the government can no longer command the confidence of the Lok Sabha, and if there is no alternative government available to take over.

The election process starts when the Election Commission issues a notification, after which candidates can file their nominations, for which they are given a week. These are scrutinised by the Returning Officer of each constituency. The validly nominated candidates can withdraw from the contest within two days of the date of scrutiny.

Contesting candidates get at least two weeks for the political campaign before the date of polling. Due to the magnitude of operations and the massive size of the electorate, polling is held on at least three days, and usually more, for national elections. A separate date for counting is set and the results declared for each constituency by the concerned Returning Officer. When all results are in, the Commission issues a notification for the constitution of the new House, after which the President (in the case of the Lok Sabha), and the Governors (for the State Legislatures), convene their respective Houses to hold their sessions. The entire process takes 5-8 weeks for Parliamentary elections and 4-5 weeks for each Legislative Assembly election.

Any Indian citizen who is registered as a voter and is over 25 years of age is allowed to contest elections to the Lok Sabha or State Legislative Assemblies. For the Rajya Sabha the age limit is 30.

Voting is by secret ballot. Polling stations are set up within 2 km of every voter, and no polling station should have to deal with more than 1,500 voters. Since 1998, the Commission has switched to Electronic Voting Machines instead of ballot boxes, with more than one million EVMs used in the 2004 Lok Sabha elections.

There are tight limits on the money a candidate can spend during the election campaign, varying for the Lok Sabha from Rs1,000,000 (about US\$25,000) to Rs2,500,000 (about US\$60,000), depending on the size of the constituency/state.

The Election Commission has allowed all recognised National and State parties 122 hours of free access to the state-owned electronic media-All India Radio and the Doordarshan television network-for their campaigns, given out equitably by combining a base limit with additional time linked to the performance of the party in recent elections.

Source: www.eci.gov.in (website of the Election Commission of India)

Research	Designation	Sectors	Telephone
Ravi Iyer	Executive Director, Co-head, Institutional Equities		+91-22-6634-1324
Sanjeev Prasad	Executive Director, Co-head, Institutional Equities	Chemicals, Energy, Media, Telecom	+91-22-6634-1229
Dr. Mridul Saggarr	Associate Director & Chief Economist	Economy	+91-22-6634-1245
Tabassum Inamdar	Associate Director & Senior Analyst	Banking/Financial Institutions, Insurance	+91-22-6634-1252
Kawaljeet Saluja	Associate Director & Analyst	Technology, Telecom	+91-22-6634-1243
Prashant Vaishampayan	Associate Director & Senior Analyst	Healthcare, Pharmaceuticals	+91-22-6634-1127
Ravi Agarwal	Analyst	Mid-Cap, Consumer discretionary	+91-22-6634-1348
Puneet Jain	Analyst	Strategy, Real Estate	+91-22-6634-1255
Aman Batra	Analyst	Cement, Consumer Products, Utilities	+91-22-6634-1231
Lokesh Garg	Analyst	Industrials, Construction, Logistics & Transportation	+91-22-6634-1496
Nitin Bhasin	Analyst	Mid-Cap	+91-22-6634-1395
Nischint Chawathe	Financial Analyst	NBFC	+91-22-6749-3588
Ramnath Venkateswaran	Financial Analyst	Banking/Financial Institutions	+91-22-6634-1240
Gundeep Singh	Financial Analyst	Chemicals, Energy, Media	+91-22-6634-1286
Rohit Chordia	Financial Analyst	Technology, Telecom	+91-22-6749-1397
Amit Agarwal	Financial Analyst	Automobiles, Metals	+91-22-6749-3390
Augustya Somani	Financial Analyst	Mid-Cap	+91-22-6634-1328
Murtuza Arsiwalla	Financial Analyst	Cement, Consumer Products, Utilities	+91-22-6634-1125
Amit Kumar	Financial Analyst	Chemicals, Energy, Media	+91-22-6634-1392
Sandip Bansal	Financial Analyst	Industrials, Construction, Logistics & Transportation	+91-22-6749-3327
Sandeep Reddy	Financial Analyst	Real Estate	+91-22-6634-1216
Priti Arora	Financial Analyst	Pharmaceuticals	+91-22-6749-3596
Manoj Menon	Financial Analyst	Consumers	+91-22-6634-1391
Supriya Subramanian	Financial Analyst	Industrials, Construction, Logistics & Transportation	+91-22-6634-3383
Bhavesht Shah	Financial Analyst	Strategy, Database	+91-22-6634-1498
Sunita Baldawa	Financial Analyst	Database	+91-22-6634-1325
Sales		Location	
Rohit Ajmera	Associate Director	Mumbai	+91-22-6634-1230
Kaynaan Shums	Associate Director	Mumbai	+91-22-6634-1336
Malay Sameer	Sr. Vice President	Mumbai	+91-22-6634-1475
Mukul Kochhar	Sr. Vice President	Mumbai/New York	+1-914-997-6120
V.R. Krishnan	Vice President	Mumbai	+91-22-6634-1425
Padmanabhan B.	Vice President	Mumbai	+91-22-6749-3642
Alexandre Leymarie	Vice President	Mumbai	+91-22-6749-3591
Samir Sheth	Associate Vice President	Mumbai	+91-22-6749-3649
Priyanka Agrawal	Associate Vice President	Mumbai	+91-22-6749-3633
Priyanka Menon	Associate	Mumbai	+91-22-6749-3624
Vinay Goenka	Associate Vice President	New York	+1-914-997-6120
Nilesh Jain	Associate Director	New York	+1-914-997-6120
Tejas Bhatt	Vice President	London	+44-20-7977-6900
Sales & Trading - Equity		Location	
Sriram Iyer	Vice President	Mumbai	+91-22-6749-3614
Devang Mehta	Sr. Vice President	Mumbai	+91-22-6749-3614
Ajay Baliga	Vice President	Mumbai	+91-22-6749-3614
Pramod Awhad	Vice President	Mumbai	+91-22-6749-3617
Naresh Rathi	Vice President	Mumbai	+91-22-6749-3632
Madhav Samant	Associate Vice President	Mumbai	+91-22-6749-3612
Sameer Lala	Associate	Mumbai	+91-22-6749-3619
Prashant Shah	Associate	Mumbai	+91-22-6749-3619
Vikas Kulai	Associate	Mumbai	+91-22-6749-3619
Divyesht Vasa	Dealer	Mumbai	+91-22-6749-3618
Edwin Gomes	Dealer	Mumbai	+91-22-6749-3623

Sales & Trading - Derivatives		Location	
G. Devanathan	Associate Director, Head - Trading Strategy, Head - Derivatives	Sales & Trading - Derivatives	+91-22-6634-1682
Padmanabh Kamat	Vice President	Mumbai	+91-22-6749-3662
Nagesh Bhat	Vice President	Mumbai	+91-22-6749-3671
Sameer Kate	Associate Vice President	Mumbai	+91-22-6749-3653
Urmil Shah	Associate Vice President	Mumbai	+91-22-6749-3675
Ankush Musaddi	Associate Vice President	Mumbai	+91-22-6749-3668
Suketu Vyas	Associate Vice President	Mumbai	+91-22-6749-3677
Bharat Shah	Associate	Mumbai	+91-22-6749-3673
Bharat Patel	Associate	Mumbai	+91-22-6749-3674
Nimesh Pandya	Associate	Mumbai	+91-22-6749-3674
Vishal Prajapati	Associate	Mumbai	+91-22-6749-3674
Uday Purohit	Associate	Mumbai	+91-22-6749-3674
Rajendra Gohil	Associate	Mumbai	+91-22-6749-3674
Hemant Rathod	Associate	Mumbai	+91-22-6749-3674
Sandesh Mulukh	Associate	Mumbai	+91-22-6749-3674
Pravin Shah	Associate	Mumbai	+91-22-6749-3674
Sandeep Ranjankar	Trader	Mumbai	+91-22-6749-3661
Hemant Dixit	Dealer	Mumbai	+91-22-6749-3672
Gaurav Kamdar	Dealer	Mumbai	+91-22-6749-3680
Sarit Sanyal	Sales Dealer	Mumbai	+91-22-6749-3654

Corporate Office

Kotak Securities Ltd.
Bakhtawar, 1st Floor
229, Nariman Point
Mumbai 400 021, India
Tel: +91-22-6634-1100

Kotak Mahindra (UK) Ltd.
6th Floor, Portsoken House
155-157 The Minories
London EC 3N 1 LS
Tel: +44-20-7977-6900 / 6940

Overseas Offices

Kotak Mahindra Inc.
50 Main Street, Suite No.310
Westchester Financial Centre
White Plains, New York 10606
Tel: +1-914-997-6120

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