



Supporters of Congress Party cheer their leader Rahul Gandhi as he leaves the party headquarters after addressing a press conference in New Delhi on Tuesday. AP

LARGEST DEMOCRACY

Modi set for a record third term, but wings clipped

- Revival on cards as India's Congress Party springs surprise
- Sikh separatist and Kashmir leader elected from jail

Reuters, AFP New Delhi

Indian Prime Minister Narendra Modi looked set on Tuesday to retain power at the head of a ruling coalition, but with a vastly diminished majority in a rare electoral setback.

Modi's ruling Bharatiya Janata Party lost its own majority in parliament for the first time in a decade and is dependent on its regional allies to get past the half-way mark required to run the world's largest democracy.

The outcome spooked investors, with stocks falling steeply as emerging results showed that Modi would, for the first time since sweeping to power in 2014, depend on at least three disparate regional parties whose political loyalties have wavered over the years.

This, analysts say, could introduce some uncertainty into policymaking after a decade in which Modi has ruled with an authoritative hold.

The blue-chip NIFTY 50 sank

5.9 percent and the S&P BSE Sensex tumbled 5.7 percent posting their steepest decline on an election outcome day since 2004, when a BJP-led coalition lost power.

The rupee also fell sharply against the dollar and benchmark bond yields were up.

Markets had soared on Monday after exit polls on June 1 projected Modi and BJP would register a big victory, and the ruling National Democratic Alliance was seen getting a two-thirds majority and more.

TV channels showed the NDA was ahead in about 290 of the 543 elective seats in the lower house of parliament, where 272 is an overall majority, with counting nearing its end.

They showed BJP accounted for around 240 of the seats in which the NDA was leading, compared with the 303 it won in 2019.

The BJP's numbers were likely pulled down by the party's poor showing in the country's most populous state, Uttar Pradesh, which also sends

80 lawmakers to parliament.

The party was leading in 33 seats in the state, down from the 62 it won there in 2019, with analysts saying bread-and-butter issues had overshadowed the BJP's appeal to the Hindu majority.

A grand temple to Hindu god-king Lord Ram that Modi inaugurated in January had not boosted the BJP's fortunes as it was expected to, they said.

The opposition INDIA alliance led by Rahul Gandhi's centrist Congress Party, was leading in over 230 seats, higher than expected.

Congress alone was leading in nearly 100 seats, almost double the 52 it won in 2019 - a surprise jump that is expected to boost Gandhi's standing.

Gandhi said Congress would hold talks with its allies on Wednesday and decide on the future course of action, when asked if the opposition would try to form a government.

Meanwhile, an Indian Sikh separatist and a staunch opponent of Modi from disputed Kashmir

were both set to be elected lawmakers from behind bars.

Firebrand preacher Amritpal Singh, 31, a Sikh separatist leader arrested last year after a month-long police manhunt in Punjab state, defeated 26 other candidates including 17 independents in Khadoor Sahib constituency.

Singh rose to prominence calling for a separate Sikh homeland known as Khalistan, the struggle for which sparked deadly violence in India in the 1980s and 1990s.

Another jailed leader, Sheikh Abdul Rashid, a former state legislator in Indian-administered Kashmir, won a seat in the disputed Himalayan region by more than 200,000 votes.

He defeated Omar Abdullah, a former chief minister of the territory.

"I don't believe his victory will hasten his release from prison nor will the people of North Kashmir get the representation they have a right to," Abdullah said as he conceded defeat, in a post on social media.