**2014 Indian Election Expert Series, March 22nd, Call 001**

**(Our apologies for not being able to include the first 14 minutes of this call, due to technical difficulties.)**

**Robinder Sachdev:** What type of appetite do you see of this next government to improve these bills or at least go ahead with effectiveness or effecting such bills ?

**Dr. Chokkar:** You see all these bills have been paid lip service too by pretty much every political party. No political party has said that they are against these bills. But, the fact of the matter is no political party, in my opinion, has really been for these bills. For example the Lok Pal Bill that has been passed and which is supposed to be the law of the land…its implementation is only attracting some problems and confusion. Because the kind of bill that has been passed has serious problems built into it. So all these bills start with very good intentions but they are watered down by the time they actually come to the stage of passing in the parliament and being implemented. My own sense is that whichever is the new government would not say that they should not be passed. But would either try and delay them or would try to water them down and this kind of dilly dallying process will continue. If they’re passed, they’re likely to be in some kind of diluted form. For example the organization I work with… we petitioned the Central Information Commission and got the Central Information Commission to declare six national political parties as public authorities under the Right to Information Act. But all political parties, including the one which is expected to lead the next Government have been opposing it and have not yet implemented it. Every political party says ‘We are for transparency’, but they frustrate the legislation if it is imposed either through the Supreme Court or through some other means like the Central Information Commission. So, to my mind, there is a reluctance to be open, to share, what is going on and the intention to hide things behind the flimsy fig leaf of the laws is rather strong. So, I think the bill passed perhaps is unlikely to be effective?

**Robinder Sachdev:** Now if I could invite our second expert analyst of the day Dr. Anupam Srivastava and as I mentioned to our esteemed callers, his biodata and background is once again on the website and I hope you’ve been able to look through it so we will not be taking much time on that. Without any delay, may I invite Dr. Anupam Srivastava. to kind of lay out some perspective of his on the upcoming elections in India. Anupam please, Sir...

**Dr. Anupam Srivastava:** Yes thank you. I was able to join in a bit late, so I missed some of, perhaps, Dr. Chokkar’s opening remarks, but, you know, the kinds of responses he has given to these questions, I tend to agree with him on those situations. What I am going to do is provide some background opening, sort of, comments to frame the issue and then take comments. So, briefly, I think when you look at the election outcome, it is my estimation that the NDA will have 200+ seats and following that, post poll, smaller parties will tend to join in it to give it a governing majority, 272+. For a couple of reasons, one is that the congress has tried out everything in the last two terms and there is a belief which is also tested in the last two state elections. The voter is not convinced that they have the vision and idea and the energy obligation to go forward with that. And so, the independent minded or visionary people are going to choose what is called strategic voting which is not to vote for a party that might loose and therefore, those voters might also add to the tally of the NDA. I’m not going to touch too much on the AAP and the left front type of thing. But, I believe my personal 0:04:34.7is that when you look at India’s read on how people are feeling…The last few years and especially the last one year has shown that people are frustrated with the lack of performance. They are looking at results. They’re looking at a party to deal with things on the basis of pragmatism rather than excuses for failures and delays. So the third front is very much part of a left of center ideology, the social engineering type of thing. There is very little coming out of them in terms of taking India back to a high growth path reform. So by elimination also, you can see that the likeliest outcome of today the BJP will have a governing majority. Let’s move forward then on that. There are some questions sent to me in terms of the broader economy and industry out of which, having worked with the government in a very senior capacity, for a long time, I am close to all of this. So, I’m just summing up, a couple of things. I think what you will see is if we have a Modi led BJP-India Alliance in power and BJP traditionally being a party that favors the traders and so on, you will see an effort to create a consensus with the states, ongoing forward with a VAT and more importantly, the GST. The GST has had some movement in the past. You have about 15 state governments agreeing to it. The issue there and for your listeners, let me say that I report on one hand to the commerce Minister and on the other side of my job to the Finance Minister. So, I’m speaking from almost personal knowledge on this. The issue where the GST has been stuck now is once the states gave up their right to levy taxes on some issues…What they want is a better formula and assurance from the center and the ministry of finance in particular on how much compensation they will get out of the centre and would that be enough for their budgets to be able to run their programs. So, BJP in an effort to actually widen the industry in economic growth, will work hard, I think, to try to create a consensus and implement the GST. The GST will add at least 1, or 1.5% to the GDP to growth. I think they will aim to have a GDP growth of 7% in a month consistently. It will require sudden reforms which may be painful and may end up being less populist. But there has to be a way,I think, what I understand from people who are working behind the scenes in the Americas and so on…That is very much a part of their target. They want to keep the Current Account Deficit below 3-3.5%. which will be easier to do if you have a good economy, tax collections, direct and indirect have been rising for the last 15 years So as a percentage of the larger revenue base…Sticking to a CAD of below 3-3.5% is not difficult. In any case, States and central party agencies and government agencies have agreed to a restriction on their non-plan expenditures. On inflation the BJP, I think, understands a little bit better than the UPA that in the case of demand-supply mismatch, you should not try to choke the demand as the UPA have tried to do for the last two years by raising interest rates and so-on. But, rather to ease the supply side constraints and that goes well with the BJP ideology of spurring growth. Because more growth means better roads, better supplies and, you know, supply matching up to the growing demand. And, therefore, that is another way to tackle inflation rather than choking off the demand. So, you will see probably the BJP moving on that front. And finally on fuel prices you will see more and more prices getting linked to market based pricing, with some subsidy for the needy section of the society, that is the model if they want to move on. My last bit, I think, is on foreign policies specifically to this growth on US-India…You see already a move in the last one week by the Congress/UPA to deal with the nuclear deal supply liability issue. They asked the General Electric Company of India to work out a liability clause. You should know that the Prime Minsiter holds the atomic energy portfolio. I have done a great deal of work on this also. Clause 17-B of the liability clause, which was not considered to be friendly and sufficient, not just for the US companies, but even the Russian and the French might now be amended, there is an effort going on, so the PM and the PM’s office working with the DAE and NPCI can in fact get this done to a point where you can then begin to implement the negotiation and have the American companies come in. The French and Russians will re-negotiate the liability clause within that. India will then go on to sign the Vienna convention on complimentary compensation and then you will also see on the Japanese side, the PM and the ministry of finance are working now on the last bit of the India-Japan nuclear deal and that’s significant because once that deal come through, not only a whole host of Japanese companies are going to come to India, but that Japan Steelworks, a company like that which supplies more than 70-80% of critical components for Westinghouse, for Toshiba, for many others. Once they come in, the nuclear deal implementation becomes easier. On the trade side, both countries want to take it up from its current 75-80 Billion dollar level to well over 100 billion. It requires some painful adjustment from both sides on market access non-added values, non-market values and it’s from ITI enforcement. You see this happening this now in the last few months about pharma companies in India and so on. So you will see a more enenthusomic, a more business environment that the Modi government will work on. Oh, I forgot to mention on the investment side that …a couple of points. I think, it’s not just a Gujarat model, although Gujarat is doing well on investment, but key things that have worked in 4-5 other states and I’ve been in this portfolio side to think about it with some knowledge that what has worked on two crucial issues. One of them is to create a single window and a special purpose vehicle that can actually help an investor once he comes in, to get all the clearances and papers done by that body, rather than the investor running to each office approvals. So Gujarat, to an extent Tamil Nadu and others are able to do the contract implementation approval within 30 days and you will see NDA focusing on that type of a national norm. And on the last bit, which has delayed things is land acquisition where there are different models in India, each work well in some ways. One model that Gujarat has done successfully is that when the farmer sells his land, he gets two forms of compensation. One is for a period of 5-30 years he can get installments of payments and the other is that between 10-30% of that land he sold he becomes an owner of 10-30%. So if you have a housing complex coming up or a commercial complex or something else, he gets a part of the share of the future property that’s going and so he earns from that as well. So, rather than provide a 4 or five time payment at the start or something, which is very difficult and expensive for the state, making them a stakeholder and having them share the profit gets them invested in the success of that enterprise. Those are the kind of models you’ll see the central government focus on. So, let me end with, there are a number of questions and issues here. I just wanted to give you a flavor of how the new government might proceed.

**Robinder Sachdev:** Thank you so much, Anupam. I am extremely sorry, we are kind of running short of time. May be we should expand the conference call time from the next time onwards but, may be we have time for two quick questions and I will summarize. We are getting plency of questions. In fact, some of the questions refering to, you know, the issue of: How can we curb, how would the next government curb rampant corruption we face in every-day life ? While personally, we face it many times. It’s coming from someone.Another one is that, what would be the next 100 day, the first 100 day plan, etc? But, perhaps if we can just summarize that people have one quick answer from you, Anupam, and then after... with Dr. Chokkar also. Sure, given the effectiveness of perceived or real of the Modi administration in Gujarat. Now in Delhi, how effective do you think the Indian Government will be given the fact that there is a national and several subjects are state subjects? So how effective could it be and what could be the expectations? If you can quickly answer, Anupam, please and then also Dr. Chokkar please and then we would be heading towards the end of the call.

**Dr. Anupam Srivastava:** Sure, sure…Now I mean, I think if you see the voter mood summed up in the last one year warm up election is performance. They only are looking at performance. There are parties that are focusing on other issues and so on. But it is really results - economic results. So, to an extent, in the honeymoon period, not just the 100 days, but maybe a bit longer, you will see any state government and other parties wanting to work and not be seen as obstructing right at the start of the new government. So, there is a window and states will work with them up to a point on implementation. So, I think you will hear a vision of its implementation. There are things I don’t have time to talk about but Ebay’s program, it’s a national service program that’s already been prepared which will put every citizen in the country and every investor can sign in and have a digital signature and they can make their payments for a whole range of national and regional payments that you have - from your Electricity and land, to whatever online and you send in a lump-sum payment, the state will break it up and send it back to those places, issue a government receipt, send it back as pdf document and you never have to visit those offices. So, there are things that the government is doing to remove corruption and remove the customer interface just like they did it with the online computerization of railway tickets and forms. So you will see an expansion of those things happening in India. And, largely, I think you will see the sort of vision I outlined to you in terms of steps of reviving economic growth, reviving investment sentiment…Those are the sorts of steps they will take. If they handle the opposition well as I think BJP has been out of power for some time, they’re keen to perform and prove that they’re not a flash in the pan and they’ve done it before and they’ll do it again. You will see the key in my last line here: I think, if they prove that they can create a governing coalition that is the result oriented and is delivering and there are various ways through social media, and so on, for the government to map and tap into its performance and results and people’s sentiments. If that is happening, then they may create a larger coalition for pro-growth or pro-growth type of sentiments. If they’re able to succeed with that, then you will see better results in India. Otherwise it’s back to finger-pointing.

**Robinder Sachdev:** Thank you so much Anupam. And, now we have a last question. In fact, I was looking to take the same question with Dr.Chokkar but we have so many questions coming in. I think we should take one of the caller's questions which he is asking Dr. Chokkar: What is your quote-unquote “Prediction” or “Estimation” of the results…if you were to read the tea-leaves as of now?

**Dr. Chokkar:** I’m afraid I will have to…I can’t answer that question, because that is not the kind of business I am in. But I would like to respond to what Anupam said. I have no more doubt whatsoever that economic growth is a very critical element. But I would also like to underscore that in a country like India, economic growth obviously is essential. It is necessary, but it is not sufficient to use that cliché. Social inclusion, avoiding social strife are also very critical elements and using social media etc. is limited to a very small proportion of the Indian population. Obviously that is an articulate group in the population. They are the people who understand what is going on in the world and to impress themselves? But there are something like 70-odd percent of the country who do not have access to all this and who do not, who are governed by their immediate concerns of, you know,food, shelter, education, health. And those are the things that also need attention. Not only economic growth…following the well-worn, capitalist free-market economy, which is very good, but which also has its limits. So I think the new government, whichever is the new Government, I wish them well and I hope they do well. Because that would be good for India. But I would not read tea leaves and say who would get how many seats. I’m afraid I will have to disappoint that caller.

**Robinder Sachdev:** Thank you so much. We do understand and as you would understand people sitting in different parts of the world and linked to India, everybody wants to know what could happen, but absolutely in fact what I think you said it’s much more the context and the overall drifting rather than just what numbers could pop up after two months which nobody has, perhaps, any idea today. Thank you so much, Sir. Now, may I invite my senior colleague and Chairman of USINPAC, Sanjay, to put some concluding remarks and Sanjay if you would have some thoughts of questions also because I think our esteemed panelists are still with us for a few more minutes, though we are almost running out of time. But may I invite Sanjay please…

**Sanjay Puri:** Robinder, thanks so much and obviously thanks to two very very eminent colleagues and the beauty of India, our democracy is that people can have different opinions but still share the same goals and the means to get to those goals. And, I think that’s the beauty and that is the kind of experts we want to bring. I have a couple of quick questions and I know we are running out of time…Mr. Chokkar you worked on transparency in politics and as you know I am a huge fan of yours in that platform. Can you, lot of Indian Americans or people outside, sometimes wonder how people with criminal records get to stand for elections or win elections when these long drawn out cases happen. Now you live with it day-to-day. A lot of people who are second generation outside really do not understand the length of the legal process that it takes ten years, fifteen years and people can still continue in elections. Can you just speak to that and are there people with dubious records still running for parliamentary seats this time around, Mr. Chokkar ? Just a quick short answer for our viewers sir…

**Dr. Chokkar:** Well, people with dubious backgrounds are running for elections. Political parties are giving them nominations and the Indian leader system does follow the dictum of innocent till proved guilty and the Indian judicial system is slow for a variety of reasons. But, in my own individual way of thinking, I actually put the blame on the politicians. Because there are laws in the country like the Indian Penal Code, the Criminal Procedure Code and the Civil Procedure Code which are crying out for modification and updation. But our politicians and other elected representatives do not seem to have time for that. So the blame for the slow judiciary is shared by a lot of institutions in the country. But our political parties seem to think that if they can win elections any which way that would be fine. And the basic problem there is blaming political parties is also not a very nice thing because they are not internally democratic and there is no legislation in the country that a political party should be internally democratic. And, therefore the democracy in India with a lot of trepidation, one might say is a little superficial, because it doesn’t go deep down. Now, unless it goes deep down, we cannot be a true democracy. And, this is where I think political parties need to change their mindset and understand. And, the people need to put pressure on them. The process is on. It has taken…we’ve been in this job for 13 years and some things have happened, but they also are moving very slowly. But I think that is why I say and I, sort of, submitted an article to your website which says Indian Democracy starts convulsing. Now these convulsions of Indian Democracy I think will result in significant improvement, but one election is not enough for that. We will need about 5-10 years or one or two election cycles for that to take into effect. Sitting in India I can only tell friends in the US and elsewhere that, you know, this is an ancient civilization. A change here happens much more slowly. But it certainly happens and it will happen.

**Sanjay Puri:** I think you are one of the key pillars of making it happen Mr. Chokkar. Anupam, one quick question and then obviously I’ll conclude. You talked about a fairly rosy picture of economic relationships between US and India given all the changes. Now, obviously the US has had a little bit of a rocky relationship with Mr. Modi, which according to your analysis is the government that is going to come into power. Do you see any lingering effects of that, just very briefly that will get reflected in the economic or trade relationship between the US and India Anupam ?

**Dr. Anupam Srivastava:** No Sanjay and first one line to add to Dr. Chokkar’s lines…There is judicial activism in India and so there are norms, limits being placed on people with criminal records Sanjay, but like he said it would take more than one election. But, there is an effort. On this one, no, Nancy Powel’s meeting Modi for example and by the way, Sanjay, it did not paint a rosy picture. The US and India are stuck in their trade relations and at that level for some time. China is actually now India’s largest trading partner. You know, the potential is to grow this relationship much more. Nancy Powel’s meeting Modi was his signal that we can increase our business even if we can’t resolve the visa issues and lingering US problems with Modi’s handling the 2002 riots and so on. I think all I’ve said and I insist, I underline this I’ve not given you a rosy picture. In the few minutes that I spoke, I spoke about the major economic things that are going to be the focus of any incoming government actually and much more so for India. That the US and India will look at the hard issues. That’s why I said IPR, not just India having a 2005 WTO compliant law, but it’s enforcement. Because we are looking at technology embedded joint ventures being formed. Pharma companies from India trying to sell patented or generic drugs into the US or third markets. When you look at those issues, you see how the United States is applying its law and forcing Indian companies to actually do the sort of things they are committed to. The same logic applies to engineering companies, to other companies. So, what you will see Sanjay, I think, with the new government is that there is no…it’s not a sentiment based relationship. It’s deep down, in the weeds trying to solve problems of labor market reforms. Market access types of things and if we can solve that, then the US businesses have said this and demonstrated in their actions, then India can be a low cost center for manufacturing and of innovation.And, therefore, you can see more of US companies setting up in India to sell to the Indian markets and third markets. By the way that is happening very well for Korea, Japanese and some other countries. So, US and India are not over the hump yet on those things. But it will depend upon the abilities of the Modi Government and the US administration to remove the rhetorics or irreverence like the Devyani Khobragade issue and so on and look at two processes and fine-tune them to work with them. Just like you have the US working with difficult allies sometimes in the EU, that’s sort of the message I would convey that they…It should be business oriented. That’s how I’m expecting it to be.

**Sanjay Puri:** Well, that’s an excellent point Dr. Srivastava.Just, I wanted to thank all of the callers for their participation. We’ve had a lot of calls, a lot of questions. Obviously, I want to thank Dr. Srivastava, I want to thank Dr. Chokkar. Some great insights. I really have enjoyed this call and as I said, it’s recorded and it’s going to be on our website and it’s going to be pushed out and again participation from our callers has been fantastic. We will be doing this call next week at the same time for our callers with different experts and we’ve had a great team that has worked for the past twelve years in putting this together and putting all the activities on The Hill to build a strong relationship. And, I want to thank our dedicated team of Robinder Sachdev in India, Ria Banerjee, Vikram Chauhan, Dr. Surabhi Garg and, obviously, our esteemed moderator, John, for making all this wonderful technology work and many many other volunteers who contributed to making it work. So, thank you all. John, I am going to turn it over to you and again thanks to Mr. Chokkar and Dr. Srivastava for taking time, given the time difference. John...

End of call

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