**Mr. Chauhan**: Thank you John. Good morning to all our listeners in the US and good evening to our friends in India. Welcome to the USINPAC Conference Call series on the historic Indian elections. We have a great show today with two great experts, Anshuman Tiwariji and Dr. Stephen Cohan. And, without the adieu, I would like to request Dr.Surabhi Garg, our Vice President of Operations to introduce the speakers please.

**Dr. Surabhi Garg**: Thank you Vikram. Its my pleasure to introduce Mr. Anshuman Tiwari on behalf of USINPAC. (?) Anshuman is acting of the businessbhaskar.com at the Dainik Bhaskar. He is well known as he was chief of bureaus of national and state level at Dainik Jagran. He was also connected with (?) publication, a very well known publication in India. He is an accomplished bilingual economic and political analyst and columnist and he was the only journalist selected from India to cover US Presidential election in 2012 for one month. And, he has worked with (?) News at Ohio and he has covered elections for print, web and social media. Anshuman, welcome to this call and we look forward(?) view.

**Anshuman**: Yeah. Surabhi with the five phases of election are over, Indian elections are reaching to a much more exciting stage. If you go by the couple of trends which are coming up after these 5 phases, things are becoming much more interesting and exciting and complex. And, as we know, Indian democracy is difficult to fathom with, you cannot predict anything certainly as it could be done in the other countries, especially in the USA because of the complexity of the electorate and the size of the elections. There are 3-4 key trends which I want to put in the briefs to get the discussion rolling. One important trend is that if you go by the opinion polls, polls which have projecting that NDA and Modi-led, Narender Modi, which..who is the leader of Bhartiya Janata Party and Prime Minister aspirant is coming in with comfortable majority but we will have to take opinion polls with a pinch of salt because in the earlier regime wherever the multi-cornered fights came into the picture, even the rural seats come into the picture, opinion polls are not projected a right kind of result. So, but overall most of the opinion polls are showing a clear cut momentum and huge advantage to Narender Modi. So, this is one important trend which is coming from the opinion polls. But, I will to discuss on the opinion polls later. Second imporatant thing is if you go by the opinion polls even by the general mood, Congress which is ruling actually as the leader of the UPA is going to face a severe beating. Because that is pretty apparent everywhere that Congress is on a way out. Popular perception is against it and also voters and allies which was the part of UPA is also not helping Congress at this time. Aam Aadmi Party, which is the new rise in Indian political scene, has got some fumblings earlier with making government in Delhi and coming out. There are some exceptions coming out, like Punjab where Aam Aadmin Party is getting support. But, overall Aam Aadmi Party is trying to make a third poll. We cannot predict and project anything because it is a new party but there are people who are supporting Aam Aadmi Party everywhere. How much support could be translated into the number of seats will be worth seeing. These are 3 topline trends. But, if you go on a microsite picture goes somewhat pretty complex. Indian election and Indian electrotrate is divided into the rural and urban constituency. There are 200 constituencies which are urban and there are close to 340-342 constituencies which are predominantly rural. And, if you go by the earlier election results, you will see the clear divergence between rural and urban constituencies. In the current election, 2014 election, if someone just focusses on urban constituency, there is clear momentum in favour of Narender Modi and BJP. If you take urban-wise, one can easily predit that BJP is coming to the power. The moment you go into the hinterland, things start getting somewhat mysterious because rural voting patterns are different. The regional parties have strong inroad. National parties have lost their connect with the rural masses. So, how rural people will vote will be a big mystery. Because, if the rural people are not going to vote as the urban people are going to vote, then it will be difficult for BJP to reach the magic number. This is one factor which one has to understand. Taking this that Indian...these elections are getting highly polarized and communalised as the voting process is getting forward and reaching the fifth stage. Communal polarization seems to be very much clear. The rising poll percentage is also an indication that people are voting on communal pattern. This is also a scene which has not been seen since 1992. So, one cannot predict how this polarization is going to work in favor of one party or another. And, the third mysterious factor which is there is the local factor which is playing everywhere from Andhra Pradesh to Maharashtra to Uttar Pradesh to Bihar and this local factor is difficult to fathom with because the seat to seat marking and seat to seat calculations are moving. These are the three underlined trends which may topple up the opinion poll projections which may give some kind of surprise in momentum of this everywhere. But, from the urban side BJP is completely on advantage. Narender Modi's momentum is pretty visible in urban areas.

**Surabhi**: Thank you, very much Anshuman. It was a great analysis and an overview of what is going on. And, now I would like to introduce him to Mr. Ravinder Sachdev who is the co-founder and Senior Advisor plus he is the Director of the India updation. And, he is the moderator of this call as you know and we have a lot of questions from audience already and I would request Robinder to take (?) here and we open the forum for questions and answers.

**Robinder Sachdev**: Thank you so much, Surabhi and thank you so much Mr. Tiwari for a very complex view and you have tried to unveil the mystery of the Indian elections for all our listerners and us. And, as you are talking, I think, the first quick question we got. OK, we have got some questions which have already come in to us and some questions from our callers and guests which are coming in as we conduct this call. The first question which has come in, one of them is that, you know, against the background which you just kind of laid out, what is your assessment if you would like to make as to the number of seats, let's the BJP could obtain in these elections? Would you (?) to make a guess?

**Mr. Tiwari** : We can make a guess because we can see opinion polls are there and certain numbers are coming up from India (?) up to 220 seats for NDA up to 289 to 272 seats(?) . See, as I get said that Indian electorate is pretty complex and the kind of sample size which opinion polls take, you cannot..you will have to take these with a pinch of salt. I have put in two scenarios and both are the scenarios one has to understand globally that how Indian election work. If there is a wave phenomenon which has not been seen from last two decades, we do not have any sort of methodology to assess that there is a wave in making. If there is a wave in making then one can simply project that BJP can and NDA can reach to the range of 260-270 seats. But, if there is not a wave and wave is not apparent in the rural areas and in urban areas there is a momentum visible, then it will be very difficult for the BJP to reach the level of 170-80 and craft 170-80 seats and so on. Because if you go by the vote shares of BJP, BJP is spread to the length and breadth of the country. BJP is a party which contains very limited base of electorate. On the face of that maximum to maximum, BJP can reach to the stage of 170-180 seats without a wave with anti-incumbency advantage which is there. There if it can have other allies, BJP can finish somewhere close to 220-225 seats. But, if there is a wave then the projection will be very difficult because the people are voting just one-sided then the number could become anything.

**Robinder**: Sure. Thank you so much. I think that does, I mean, lay out the possibilities of course. Now, I think some of our speakers, I am sorry, some of our guests are looking at kind of patting(?) on to your expertise in the area of economic and this is in India. One of the questions coming in is that supposing, whichever is the next government, but assuming it is a Modi Govt. suppose, it is said that India needs about 1 trillion dollars for infrastructure over the next 5 years. Assuming that 70:30 that it could be, that means India needs around 300 billion dollars in infrastructure, equity money in the country. How do you think a Modi Govt. will mobilize such funds?

**Mr. Tewari** : There are two aspects in very interesting question. One aspect is about the overall credibility of Indian companies. Probably, we will have to see that after the new Govt. comes in how the policy (?) structure comes from the Central Govt. Because, there are lot of projects which are stuck in the different different sort of policy paralysis. Couple of projects are still stuck in environment clearance, couple of projects are stuck with some other issues, like land acquisition. So, one important factor inviting investment funds for infrastructure would be the land acquisition. Congress has kept put in land acquisition and it has actually raised the expectations of land owner of India. And, mind it, the next stage of development in India is heavily dependent on land acquisition. Kind of land acquisition which has been seen in last 4-5-6 years, it will not be easy for new government to handle that hot potato. That is one thing. So, new government, even if Modi Govt. comes, they will have to take very judicious and very cautious view. Because, mind it, Modi itself faced land acquisition challenge in Gujarat in certain areas, which(?). we can get from the newspaper. This is one factor. Second imporatant factor is one engages negative side. Positive side one would say that if NDA's high probability, Modi will become PM not that is a different debate but BJP led government and NDA government is a high probability.I will say 60-70% possibility that BJP is coming to the power either with Modi or without Modi. And, the first India is going to see a very interesting chemistry in the Central Govt. You see the majority of the growth in states of India which are MP, Gujarat, Rajasthan and even to an extent Chhattisgarh. If you include Maharashtra, which is coming for the election in next year, next year end, and NDA-led coalition or BJP led coalition is a possibility. You will see the first time the majority of growth in Indian states will be governed by same party; party who is coming to the power at the centre. We have seen divergence in earlier years when the Congress has been leading at the Centre while major investment in the States was taking place. Employment opportunities are there, natural resources are there. The parties who were ruling were not the part of the UPA's alliance. So, this is one positive trigger which is coming up. Whosoever becomes the PM, NDA alliance will be ruling majority of the states and that will give a lot of fillip to the investment and project implementation there.

**Robinder**: Thank you. I think that is very well said between the Centre and State insight, I mean, there was a leading or the trailing question which you partly answered are already kind of shaped for the benefit of our listeners and guests. The question was that the NDA or the BJP-led, sorry, the BJP manifesto talks about 100 new smart cities and the question was, actually linking to the previous question, was that even if the money is there and the funds are there, where will the land come for such projects ? But, I think you are probably talking about the fact that the BJP or the NDA could rise or could push on the possibility that the Centre and some of the states where such mega projects are supposed to be implemented, those states could be with BJP government and therein there could be more, you know, co-ordination between the two. Quick question coming in from Suresh from New York. Is certain vote(?) from the point of view of private equity and investors, seeing that investors especially limited partners in such funds have been burnt in India often in the past. Some of them mind avoinding India like a plague. They are scared because apart from the government, they have also been mistreated by Indian business folks. Ok, that is one perspective coming from one of our callers. This question is that what needs to change to improve this environment ?

**Mr. Tiwari**: There are two things see. We have seen an unprecedented frenzy, before the elections, of investments in India and to my personal interaction with lot of fund houses and fund managers, they have seen when the domestic investors were actually saililng into the Indian market fight for investing. And, this part and sort of negative sentiment built up globally on the (?), which is global emerging market, India has attracted huge investment in last couple of months. This expectation is rising about that new government will come and further stability and growth push up is there. This is one perspective which is driving Indian market. So, this part of all discussion of Modi coming to the power or not, Indian markets have started getting investment. But, the question Suresh is putting is actually right because there are two factors which actually hampered investment in India. One the (?) mix of policies specially the taxation policies in last couple of years. Yes, we have seen legal disputes between government and major companies and they have given a very wrong impression about India, India's taxes stability. And, second because of the natural resource mis-management which has created a sort of crisis in India, has finally taken a toll on the private investment especially in the telecom and other areas. So, probably when the new government will come, they will have to set the things right first. Because, important thing is transparency and stability in the tax structure is required. That is what BJP is actually indicating that they will come with a transparent and stable tax structure. Talking about the natural resources management, I am still not very clear because BJP's manifesto and agenda and vision does not talk how to manage natural resources because when you allocate natural resources, your state will become an important role player in (?). So, these are the two key through which actually global investor wants to see how India is growing apart from the other issues which are pretty local are state-basis. So, natural resource management policies,land, spectrum, water, mining, mine-allocation are transparent and well regulated structured one. And, second important thing is stable taxes. There are two things which a government will have to deliver as (?) possible to bring back and then win the confidence of global investor.

**Robinder:** Thank you, so much. I think, and, I mean, since you are talking about investments and global investors and all, I think, this is a right moment to pick another question which has been coming or which came actually yesterday. The question says that in case there is a Modi-led government in India, in case, do you think that Asian investors like China, Japan, Korea and others will have a more favorable and welcoming environment in India compared to the US investors. And, of course, we are on the sand, it assumes a certain background of Mr.Modi's visa issue and all of that. So, would you or how would you, I mean, answer this question please.

**Mr. Tiwari:** I think this is a person or the question is reading it right. Now, there are two backgrounds in it. One background is the Modi's Visa issue everyone knows. And, other background which I want to tell you that Modi has a close proximity(?) with the Chinese industrialists and Chinese prince lings. Actually, Modi is one of the Chief Ministers in India who visited China very frequently in last couple of years. Those and personal visits also, Gujarat Govt. has sometimes told it about these visits or not but Modi is hightly influenced by the Chinese development model and recently the global debate has started, in India that debate has started about the development model of China, where one can recall stories which came up about the Gujarat and going down comparison(?). And, this whole mega-city theme which BJP and Modi has started talking has actually come from the Chinese background because China's first phase of development growth came via mega-cities. So, obviously Chinese investors in India, though there are no Chinese investors as such because China is not a preferable investment country in India, majority of the Chinese business in India is coming via trade route, we have not seen direct investment of Chinese companies in India. They have not been allowed that way to invest and they have not been promoted to invest in India. But, majority of the Chinese investors, especially the Chinese companies are pretty bullish about BJP and Modi coming to the power because they are expecting that they will get lot of opportunities in India. Anyway, Chinese companies are participating in India's industrial development in a big way, power and telecom sector, equipment supplies afford credit to the development. This is one area which one has to see about the Chinese connection of Indian economy is likely to get a boost, if Modi and BJP comes to the power, if Modi comes to the power, specifically not the BJP. Other companies like Korean companies or Japanese companies are already there. They are politically (?) companies because they are working on earlier in INdia, like Hyundai and Japanese companies. So, they will be doing as the market economy grows. The only thing is that couple of Japanese and Korean companies were looking to shift their from one State to other State and may be looking for third and fourth stage of expansion, they will be going to Gujarat like Maruti-suzuki has shifted from,Suzuki has transferred second...next phase of expansion from Haryana to Gujarat. Those things will take place to Gujarat. So, Korean and Japanese companies are already there and they pretty comfortable. Chinese companies are watching. After this new government how Chinese companies will play in India.

**Robinder:** Thank you, so much, Mr. Tiwari. We have lots of questions rolling in because this becomes unending in a topic of huge interest to several and, I think, all of our callers who are spending their time on a weekend morning trying to understand or decode India. One last quick question because before we move on to our next eminent speaker Dr.Stephen Cohen, the question is that probably you would have,since you are talking about the rural markets and rural India and the semi-rural, semi-urban areas, what can be the one or two key things that the next government can do to bring real jobs or to create real jobs in semi-urban towns and cities of India. What could be just one or two key things for you. Just a quick glimpse on it please.

**Mr. Tiwari:** India need heavy investment, huge investment in manufacturing and that is the possibility I am seeing because if the first phase of India's growth is precisely driven on services sector growth. And, to certain years it has actually been driven by conception sector. So, India needs huge investment in manufacturing. This is not required to generate the growth because the kind of economy you have, you cannot remain independent on even for the electronics imported..India's electronic imports have gone on the top 3 imports right now. So, India has a huge potential to invest on manufacturing and from there the real growth, real job story will start. But, then the question comes that India has reached to the level where several costs have started rising, inflation has risen the cost of credit. Power cost is rising because the gas price and fuel prices are rising. So manufacturing requires lot of things cheaper to begin with like, cheaper land, cheaper credit, cheaper power and cheaper labor. So, those advantages and disadvantages are pretty mixed in India. Certain states you can get cheaper power, cheaper labor but you won't get cheap power. Land is a major issue. Now, manufacturing is going to be the next growth for India. How new govt. balance between these increasing costs and divergence factor will be a big challenge for new govt. An important factor which I want to mention here is with a recent devolution of Indian rupee by default, by design, export is coming into the center stage in India. And, probably we may expect that if the Rupee-dollar exchange value remains at the same level, export can drive India's growth story and by export manufacturing could be driven and with that manufacturing, I think, employment generation will start coming from the rural and semi-rural areas. But, these are the two-three key factors we will have to see but we require a sort of very strong policy push-up and policy investment into the whole story of fresh employment. Otherwise employment will remain dwindling between the services sector and farm sector which are both actually dependent on overall growth economy.

**Robinder:** Thank you, so much, Mr. Tiwari. You have given, I think, a very well rounded view ranging across the geography of India in the political context of India. Once again thank you so much, Sir, for your valuable talk. May I now, we would be inviting our second eminent speaker. My colleague Surabhi, would you please introduce Dr. Cohen please.

**Surabhi:** Sure. We have with USINPAC Dr. Stephan Cohen Redelphin(??). You are (?) election expert series. Dr.Cohen is now leading USINPAC circle. He joined Brooking Institution and Coin(?) College Studies in 1998 and in 2004 he was named by the World Affairs Council of America as one of the America's five hundred most influential people in the area of foreign policy. Dr. Cohen is an author, co-author and editor of over 14 books mostly on South Asian security issues.Dr. Cohen has taught at Singapore's Lee Kuan Yew School of Public Policy and Keio University in Japan and also at Andhra University, India. Dr. Cohen, please have some views (?). I would request Robinder to moderate the call from here. Robinder..

**Robinder:** Sure. Thank you, so much, Surabhi. Dr. Cohen, your opening remarks, your opening thoughts, please, we would welcome to hear what are your opening thoughts and remarks on the current situation, how you see the scenario in India and US-India's relations. A few minutes and then we will jump into the questions that are rolling in as we roll the conference. Please

**Dr. Cohen:** Sure, I am delighted to join USINPAC and everybody both in United States and good evening to those who have joined us in India. (?????can't understand the accent)

**Robinder:** Thank you, so much, Sir. We do have, of course, quite a few questions which are popping up.One of the questions which has come up says that there is reason to be, I think, Mr. Kissinger has said that the US administration work with challenges it could face in India-US relation is that in India a completely new set of people may be taking power and the US administration does not have much idea or are knowns or a relationship with these new set of people or advisers who would be probably assuming office. In this context, the question is what can the US do to build relationships with the new actors that could take center stage in India?

**Dr. Cohen:** (not clear)

**Robinder:** Thank you, Sir. I think another question which kind of leads into that is that probably which you have already covered. The question was that what is the overall view or narrative among the think tank community in the US of which, of course, you are a pre-eminent and a prominent leader, about how the US should engage with Modi government in case there is a Modi government ? What are some one or two key recommendations from the think tank academic analyst community in the US? What would you say please, Sir?

**Dr.Cohen:(**Not clear)

**Robinder:** Thank you so much, Sir. As you mentioned in this discussion of yours just now that , you know, it takes four agreements for a strategic relationship. Perhaps when US and India has had two or three or 2.5 and you mentioned to the nuclear deal. The question which is cropping up now is that US-Indian nuclear accord is in a state of kind of limbo right now.Of course, due to the liability bill which we all understand. The question is that what would happen in case India is not going to amend or the rules and regulations of the liability bill, which are out there, are still not digestible or comfortable to the US industry. What would US industry and the US administration or how would they look at it and what would the US industry do if the liability bill is not changed?

**Dr. Cohen:** (Not clear)

**Robinder:** Great! Very interesting, Sir, and I think this leads us to another question which is coming in and this relates to AfPak or Afghanistan policy that , you know, with the withdrawal of the US and NATO troops, troops in the foreseeable future next year and a vacuum or some sort of situation perceived there. How do you think the US could get India into the equation because apparently, I think, there are some gaps among the perceptions in India and in the US about the whole AfPak or Afghanistan strategy post withdrawal. What would your thoughts be, Sir.

**Dr. Cohen:** (Not clear)

**Robinder:** Thank you, so much, Sir. I am having very interesting questions and, I think, I have a couple of more questions before I hand it over to my colleague Ria on the West Coast. A key question, I think, which is kind of getting (??) by many analysts, observers in India is that on US-India trade relation as we have been observing and seeing there are range of issues wherein there are some disputes or such between the two countries. Now, the issue is that some of these discussions are progressing in the US through a systematic process within the US and agencies of process or something like that. For example, we had a priority foreign countries argument in the US. And, also there is, I think, the ITC, the International Trade Commission, is take up the issue of anti-dumping in India along those lines. So, in the next 3 to 6 months, it may be possible that such curative steps may come forth from the US administration which may not be by design but which may be by process or internal process of the US. However, for a nascent(??) government in India, they may seem to be unfriendly. What would be your suggestion how to bridge this gap?

**Dr.Cohen:** (Not clear)

**Robinder:** Very interesting, Sir, and, I think, that leads to our next question which is asking that what are some potential names in circulation regarding a future Ambassador to India because that would be obviously one signal and one next step in our relations having (?) potential in India a strong one. So, by when can we see a new (???) in Delhi?

**Dr. Cohen**: (Not clear)

**Robinder:** Thank you, Sir, and, I think, we have one last question, kind of, rushing in with us. This question says that it may be possible, assuming once again a hypothetical scenario that Modi is PM, the UN General Assembly happens normally in the month of September and he could obviously be going.Would he be meeting President Obama at the sidelines. A presumption would perhaps be "Yes". But, the questioner wants to know would or should the US send a strongest signal to this relationship by inviting Modi for a meeting at the White House when he would be visiting the New York General Assembly.

**Dr. Cohen:** (Not clear)

Robinder: That is certainly a very, I mean, insightful view that you have given, of course. May I, I think, one last more quick question would be that would you have any suggestion or any thought on any one or two, any one big picture idea that can rejuvenate, bring fresh oxygen or burst of oxygen into this relationship?

**Dr. Cohen:** (Not clear)

**Robinder**: Thank you, so much, Sir. Dr. Cohen. it has been, I think, a very enlightening tour of whole gammut of US-India relationship I am trying to decode. India for us, the people of Indian origin or Indians in India itself, its a mystery for (??) I think. May I now invite my colleague John to kind of give the world o thanks and to wrap up and once again thank our eminent speakers who have been with us in our call. And, of course, wonderful guests and listeners who are participating in this conversation. John, please.

**John:.........**