

A clear majority given to the BJP led by Narendra Modi and the decimation of other key parties including the Congress marks a turning point in the history of the country. All stakeholders have celebrated the victory with enthusiasm. The mood across the country is sheer ecstasy, with people on the streets and businessmen alike celebrating the unanimous mandate. The victory has been built on a lot of hopes and expectations from the new government. The fact that the BJP had already declared Modi as the prime minister designate has enthused them.

Modi has had a successful innings in shaping Gujarat. He has a clean image and sports a no-nonsense attitude. The success in Gujarat was achieved through empowering officials by delegating enormous authority, giving them independent charge to perform. The usage of technology for monitoring the execution of this authority is also known. The results speak for themselves.

The confidence that the new government will perform is quite widespread. As is the belief that Modi at the Centre will replicate his success in shaping the economy and the industrial landscape of the country. *Business India* spoke to leading businessmen and industry leaders across the country to gauge their expectations from the new government. A few among them also spoke about prioritising the tasks that

the government should focus on, going ahead.

A.M. Naik, CMD, Larsen & Toubro, is of the opinion that the UPA under the leadership of Narendra Modi will provide an historic opportunity to bring the Indian economy back on a high growth trajectory. This requires a focus on reviving investments and creating employment opportunities for the growing workforce. "There is an immediate need to kickstart crucial infrastructure projects, especially in power, ports, roads and railways. At the outset projects that are already underway but have been stalled due to regulatory and raw material linkage issues need to be addressed. This could be expedited by better co-ordination between the Centre and the states. This in turn will revive investments in industry while creating employment opportunities for our large workforce. Also, indigenisation of the defence sector with active private sector participation will contribute towards this objective of giving impetus to the manufacturing sector and creation of jobs." Underlining the need for an investment of \$1 trillion over the next five years in the infrastructure sector, he adds that "The challenge would be to find the resources, since the government's fiscal position as also of the banking system is currently stressed. The private sector in India and overseas can be an important partner in this revival as it has developed capacities

and expertise."

"Huge expectations have been built up on Narendra Modi coming to power, given his pro-development image and excellent track record as Gujarat chief minister.

Now that he has got a clear mandate, it will be easier for him to push through reforms," says Kaku Nakhate, president & country head, Bank of America-Merrill Lynch. Nakhate, however, cautions that "clearly, he has got to deliver and deliver quickly". Adding that, "The government must spearhead the revival of investment. A friendly manufacturing policy, coupled with an effective land acquisition act and a clear and transparent tax regime will significantly improve the investment climate and create newer job opportunities for our young workforce.

For example, India has seen investments in the auto sector and, if guided properly, no one can stop India from being a global auto hub. Greater thrust to encourage and partner in game-changing large ticket infrastructure projects and implementation of time-bound, single-window clearance mechanism is the need of the hour. We, like most ASEAN countries, need to decisively encourage FDI."

Undoubtedly Modi's ability has won him all round accolades. "Modi is a courageous man with a clear vision. He will be able to take bold economic decisions. He has showed his ability and turned Gujarat into



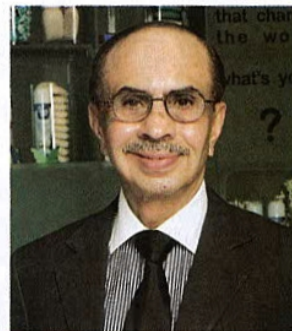
Naik: historic opportunity



Nakhate: quick delivery



Bangur: clear vision



Godrej: excellent development

a model state of economic development," says **H.M. Bangur**, MD, **Shree Cement**. "Managing the economy is the need of the hour for the country. The infrastructure sector is linked with GDP growth. With the new government, we are bullish on good GDP growth."

Adi Godrej, chairman, **Godrej group**, and also one of the most respected industrialists, is gung-ho over the fact that India will have a stable government. "It is an excellent development for India that the new government will be led by a party which has a majority in Parliament. This will enable bold and quick decisions. We need to ensure that we get a minimum of 8 per cent GDP growth during the next financial year." Giving the agenda for the new government, he spells out the key areas. "The key priorities to focus on will be: improve the ease of doing business in India which was never good but which deteriorated further during the last three years; solve the tax disputes with foreign and Indian investors as a result of the retrospective amendments and transfer pricing interpretations; provide

fiscal stimuli to improve industrial growth. The minimum alternate tax also needs to be reduced, as the various fiscal incentives provided do not accrue to the companies that made large investments as a result of the minimum alternate tax. The GST should also be introduced at an early date, because that could add 2 percentage points to India's GDP growth rate, other things being equal."

Growth, which has been on top of Modi's agenda, has endeared him to all industrialists. **Tulsi Tanti**, CMD, **Suzlon**, was amongst the handful of industrialists invited to Gujarat when Modi stepped down. "We expect the new government to be strong on governance and focus on the creation of an environment to facilitate huge investment. It should aim to achieve energy independence by utilising all sources of energy available within the country, including renewable energy." An unabashed admirer of Modi, Tanti is confident about the new government's functioning. "I am sure it will establish long-term stable economic growth, which will act as a catalyst in reviving the global economy. I hope that after creating

a Vibrant Gujarat, Modi will now deliver a Vibrant India."

One of the biggest issues facing industry in the UPA regime was the undue time taken in providing environmental clearances. **Tushar Mehendale**, MD, **ElectroMech Material Handling Systems** candidly points out that, "It currently takes anywhere between 12-18 months to get an environmental clearance for setting up a decent sized factory. This is a big impediment and mars 'time to market'. The new administration should look at reducing the approval time drastically."

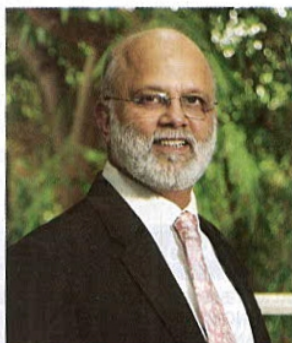
Besides compressing time for getting project clearances, industry is hopeful that some stability in policy is also maintained. "Consistency of policy direction will help create confidence in attracting long-term investments particularly in infrastructure and manufacturing which have been hit hardest due to policy uncertainties. This in turn will help create new jobs. More robust policies and sound implementation of existing policies for promoting renewable sources of energy to take care of the perennial issues of energy shortages,



Tanti: facilitate investments



Mehendale: reduce time



Chaudhari: emphasis on R&D



Kirkoskar: boost manufacturing



Ranganath: slew of reforms



Murugesh: disruptive initiative



Srinivasan: long to-do list



Khaitan: smooth functioning

subsidies and emission control," says **Pramod Chaudhari**, executive chairman, **Praj Industries**. "A greater emphasis on R&D-led entrepreneurship development to promote India as a hub for agriculture, biotech and pharma-led product and process development," is also something Chaudhari looks forward to.

The manufacturing sector is expected to get a boost. "A strong and stable government at the Centre will support the growth of the manufacturing industry. It is something we are waiting for. Our global ambitions will get a huge boost with the resultant policy stability and it will enable the ecosystem to deepen R&D which is critical for the next big step," says **Sanjay Kirloskar**, CMD, **Kirloskar Brothers Limited**.

Expectations are from across sectors. "I am personally looking forward to a quick slew of reforms that will allow businesses to get established and grow. The government has to make changes to substantially increase the ease of doing business in India. It has to change from being a policeman to being a facilitator. A level playing field needs to be created for all businesses with stable policies that can attract investors. The initial focus has to be on infrastructure and power. The agricultural sector also needs reforms to ensure we have double digit GDP growth. This sector is also a major consumer of water. For long-term water sustainability the government needs to implement conservation measures and implementable policies for sharing water. One issue that has become a cancer in India is corruption. The new government has to

take measures to bring in transparency, reduce and eliminate corruption in normal day to day life," says **Ranganath N.K.**, managing director, **Grundfos Pumps India**.

Everyone is expecting that Modi's government will usher in good times for their sector. "Modi has the ability to unleash significant reforms that can ensure that the business process management (BPM) industry reaches its \$50 billion target by 2020. This would include a re-haul of labour laws and huge investments in infrastructure such as electricity, roads, airports in major Tier II and III cities. As global clients look for scalable talent, and efficiency in costs, Tier II and III cities can become game-changers. A disruptive initiative that could spur IT-led innovation would be the creation of four regional Special Innovation Centres where global innovative companies can work with no tax, get immediate visas for expats, access to VC and angel funding, and create a Silicon Valley culture in these centres. This could mean the next Facebook or WhatsApp is created here. Expectations include withdrawal of retrospective tax laws, clarity on GST and steps to bring in funds belonging to Indians lying overseas. I think this would shore up the economy immediately and create even more confidence and positive sentiment," says **Keshav R. Murugesh**, group CEO, **WNS Global Services**, a Nasdaq listed company with operations in India.

The finance sector is very optimistic of the government unleashing more reforms in the economy. "Amidst high expectations, the

to-do list is quite long – with reforms needed in areas such as agriculture, manufacturing, GST, finance, food-grain management, tax base expansion, public sector, FDI policy, etc. One of the biggest challenges lies in resurrecting our financial savings rate. Financial savings are the most productive form of savings for the economy due to their high multiplier effect. This is especially relevant for a capital deficit nation like India. There are other things like development of the pension fund industry, financial inclusion, financial literacy and regulation of distribution, India's corporate bond market, infrastructure, etc, that require immediate attention from the new government," says **Ajay Srinivasan**, chief executive – financial services, **Aditya Birla group**.

Another factor which industrialists have been enthused about is the beneficial impact of having a stable government. **Aditya Khaitan**, MD, **Mcleod Russel**, the largest bulk tea producer in the world, says, "I expect the Parliament to function smoothly now. Policies will be implemented and all this will stir the economy back. Things will start moving and investors will gain confidence to invest and that will create huge job opportunity in the country."

Infrastructure figures high on the list of several industrialists' must-do list for the new government. **Harsh Pati Singhania**, former president, **FICCI**, and **International Chambers of Commerce**, says, "Infrastructure investment has seriously lagged and this has put enormous pressure on the existing capacities, resulting in significant



Singhania: revive infra



Kanoria: decisive action



Wadhawan: fuelling hope



Muthoot: tax benefits in SEZs

deterioration in their service quality. To revive infrastructure developments, the government needs to fast-track process of project clearances by setting up a single window cell, which would expedite matters pertaining to environment clearance and land acquisition for industrial purposes."

Besides taking up new projects, there is a need to revive stall projects. Giving examples, Singhania points to projects like the Dedicated Freight Corridors that have been in the pipeline for quite some time. "There are other infra projects pending too, particularly in the power and road sectors, which need to be put on the quick-execution mode. This can be achieved only if there is more inter-ministerial and inter-departmental co-ordination that can help overcome regulatory bottlenecks."

Hemant Kanoria, CMD, **Srei Infrastructure Finance**, concurs. "The last two years have been a nightmare for the infrastructure sector. Project costs have escalated on account of implementation delays, resulting from policy flip-flop and a high interest rate regime." Crystal gazing to see future trends, "The entire infrastructure fraternity is looking forward to having a government at the Centre that is capable of reinvigorating the sector by taking quick decisive action. What is needed at present is a strong leadership with clarity so that an enabling environment can be created for the businesses to prosper," he says. And expressing the need for the government to address a few issues on a war-footing, "This includes review of the Companies Act 2013 that has

become immensely cumbersome; early roll-out of GST by building consensus, which remained a pipedream for several years; more power to state governments for framing policies and fast-tracking; and capacity creation in power and road sector," he adds. "If the new government at the Centre can make substantial progress in these areas during the first three months in office, it would send out a strong signal to the business community, both in India and abroad."

The most noteworthy factor about the poll results has been the turnaround in sentiment amongst businessmen. "The 2014 election results have fuelled hope amongst the people of India. Indian corporates are enthused with the formation of a stable government at the Centre, as this would result in faster and constructive decision-making and economic reforms. While this will benefit all industrial sectors, banks and housing finance companies have a lot to look forward to. With affordable housing being a focus, there will be renewed efforts towards providing the middle income segment the confidence of their own home," feels **Kapil Wadhawan**, CMD, **DHFL**. Wadhawan is realistic in his appraisal of the new government. He cautions that the new government will have an uphill task of promoting growth and controlling inflation at the same time. But, if lower inflation is achieved, it will mean lower housing mortgage interest rates, thus benefitting the affordable housing agenda. This is interesting for lending institutions as it provides them the reason and opportunity to reach out to geographies across India, in partnering

with the government's measures to further access to affordable homes.

Expectations are running high even in states where the NDA has not done so well. **Thomas John Muthoot**, CMD, **Muthoot Pappachan group**, expects the new government at the Centre to continue the support to infrastructure projects in Tamil Nadu state and provide central financial assistance for welfare schemes in the state. "I expect the new government to reinstate the tax benefits for Special Economic Zone (SEZ) Developers & Units; the tax exemptions for SEZs were abruptly ended in 2011-12, six years after the SEZ Act was passed. I want the government to abolish the minimum alternate tax and the dividend distribution tax on the zones. I want to see a stable policy regime and restoration of the tax exemptions promised in the SEZ policy."

Introducing GST is also high on the wish list of Muthoot who explains that it is necessary to eliminate economic distortions and help the development of a common national market. "One last proposition would be to look at implementing the Nachiket Mor committee's recommendations on financial inclusion as the recommendations would truly help the government objective of reaching out with financial services to the lowest denominations of our society."

While hope runs high amongst industrialists, there is also a lot of confidence that Modi's government will act decisively and act swiftly and get a lot of things done to put India back on the growth path.

♦ DAKSESH PARIKH with inputs from SAJAL BOSE