Welcome Address by Ambassador at a Policy Insight debate on
"Indian elections: Gearing up for a “new” India?"
at Friends of Europe
Thursday, 12 June 2014

Distinguished Guests, Ladies and Gentlemen,

First of all I must express my deep appreciation for Friends of Europe and the Europe India Chamber of Commerce for organizing this event. And, while I must thank you, Shada, for your introduction, my real thanks are for the huge interest that you have shown in India.

All of you gathered here are aware of the historic elections that have just taken place in India.

550 million citizens of India (a huge 66.4% of the electorate) voted to elect their representatives for the 16th Lok Sabha. That’s more than the population of the EU and larger than the electoral college of the EU and the US put together.

The outcome proved the savvy of the Indian voter who yet again delivered a crystal clear verdict for a united, strong and modern India.

The Bharatiya Janta Party won 282 seats out of a total of 543, and tallied 336 together with its allies in the National Democratic Alliance, the NDA. This was the first time in three decades (since 1984) that any party at the Centre has won an absolute majority. The voters underscored economic growth and development at the centre-stage of government action and squarely placed their faith in Prime Minister Shri Narendra Modi.

And look at how the economic world reacted:

The Sensex shot to a record of over 25,000. It was around 18,000 in the middle of last year. The Indian Rupee, which had touched a low of Rs 70 to a US$ last year rallied to Rs.59. And May 2014 saw record flow of foreign institutional investment into India of over US$ 5 billion. These flows
had fallen to around US$ 350 million or so last October/November and, in-
fact, outflows from India exceeded inflows.

On the foreign policy side, Prime Minister Narendra Modi’s swearing-
in ceremony on 26 May 2014 was attended by the Heads of
State/Government of seven of our neighbours, viz. Pakistan, Afghanistan, Sri Lanka, Nepal, Bhutan, Maldives and Mauritius and the Speaker of Bangladesh in a celebration of democracy and convergence of shared hopes and aspirations in the region.

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The President of India, Shri Pranab Mukherjee, in his Address to the
Indian Parliament on 9 June, spelt out the new Government’s policy in
detail.

He emphasized development through good governance in a resurgent India with the Centre acting as an enabler in rapid progress through Cooperative Federalism.

The overriding aim will be to usher the economy into a high growth path, rein in inflation, reignite the investment cycle, accelerate job creation and restore the confidence of the domestic as well as international community. Containing food inflation will be the top most priority.

Some of the key commitments and actions announced include:

(i) “poverty elimination” not just ‘poverty alleviation’. The Indian economy is among the largest in the world, indeed the third largest in PPP terms, larger than any in Europe, but continues to remain home to the largest number of the world’s poor. The new government has therefore, not surprisingly, adopted the slogan ‘Sab Ka Saath, Sab Ka Vikas,’ meaning ‘Together we will all progress’;

(ii) ending the rural-urban divide by pursuing “Rurban”, i.e. providing urban amenities in rural areas, while building a hundred new cities; youth led development and investing in people, including women and weaker sections;
(iii) increased investment in agriculture and agriculture infrastructure; substantially augment electricity generation through a judicious mix of conventional and non-conventional sources.

(iv) transform India into a globally competitive manufacturing hub powered by skill, scale and speed; encouraging investments, including through FDI, which will be allowed in sectors that help create jobs and assets; and

(v) in infrastructure, the focus will be on roads, rail and waterways with a view to making ports and our long coastline the gateway to India’s prosperity. Equally significant would be the technological infrastructure of “i-ways” (as against highways) and optical fibre networks for creating a ‘Digital India’;

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There is huge hope and optimism on India stemming from a new leadership with a proven record in pushing things being at the helm.

With an urban population projected to reach 500 million by 2017 and an almost limitless demand for infrastructure in roads, ports, railways, airports and the energy sector, India clearly stands out as a focus for the globe and Europe.

Indeed, please think when you last saw TIME, ECONOMIST and even our own EUROPOLITICS feature the same world leader on their covers for the right reasons. Prime Minister Narendra Modi was on all of these and countless other covers recently.

I certainly see many European countries and their companies moving fast for first mover advantage. I hope to see the pace of activity pick up at the level of the EU too and hope that the collective is not held back in a quest for unanimity or an overemphasis on technocratic approaches. I am happy that the next meeting of the India-EU Joint Commission will take place in Delhi on 26 June.
The EU is a valued and Strategic Partner for India. We marked the Golden Jubilee of our diplomatic ties in 2012 and this year we are celebrating the 10th anniversary of our Strategic Partnership.

The EU has long been and remains even today India’s largest trading partner. It is also one of our largest sources of Foreign Direct Investment and source for cutting edge technology. Indeed, last year the EU at over US$ 9 billion was our largest source for FDI equity inflow.

Importantly, these investment flows are now a two-way process and investments of Indian companies in Europe include sectors such as steel, automobiles, pharmaceuticals and IT and contribute immensely to technological ties that should propel our relations in the future.

A game changer to catapult our relationship into a higher orbit could be finalizing the Bilateral Trade and Investment Agreement that has been under negotiation since 2007.

The agreement, however, has to be a ‘win-win’ for both sides and be saleable for India’s many stakeholders too and not just those in the EU. It must also take into account India’s huge development imperatives and the different levels of development in the two economies.

India has offered the EU concessions in goods at levels not offered till date. Services are vital for India and the agreement must address our request in services (Model 1 and Mode 4) including data secure status. Moreover, matters of regulatory requirements need to be addressed. Indian tariffs are visible, EU’s subsidies, incentives and the rising number of non-tariff barriers, on the other hand, tend to be invisible but very pervasive.

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Addressing the Parliament on the government’s priorities, President Mukherjee said that India values its broad based cooperation with Europe and will make concerted efforts to achieve progress in key areas with the European Union and its members.
To my mind, the ball is in the EU’s court. I would strongly urge moving ahead with a changed mindset recognizing contemporary realities for genuine partnership and real collaboration. Please do remember that India is a natural partner espousing shared values of democracy, fundamental freedoms and an abiding interest in the global good.

Thank you.