

E-ALERT | India Practice

May 19, 2014

INDIA'S ELECTION - A NEW SKIPPER ENTERS THE PITCH

Global business opportunities are unprecedented, but are often accompanied by complex legal, regulatory and political challenges. Covington has developed leading capabilities in [global problem-solving](#) on matters at the intersection of law, public policy and regulation, coupled with deep sophistication in handling international disputes and transactions. We support this focus on global problem-solving through our offices in Beijing, Brussels, London, Seoul and Shanghai, and ongoing international initiatives in [India](#), [Africa](#), [Latin America](#), [Japan](#) and the [Middle East](#).

On Friday, May 16, 2014, Hindu nationalist Narendra Modi won the India election for Prime Minister in a landslide victory for the Bharatiya Janata party (BJP). Modi has been swept into a vast, grand and complex political stadium that is India—the world's largest democracy. Over 800 million voters—150 million of whom voted for the first time—exercised their rights and gave voice to their hopes and frustrations. The dynastic team Ghandi, having even lost the automatic right to name the leader of the opposition, has been bowled out—possibly forever—and Mr. Modi has been given a fresh batting wicket. What to expect?

The match will play out over the next five years, but the early strategy seems obvious.

- The spirit of this match will reflect strong governance, and Modi's fans will see early moves that cut the bureaucracy—eliminating slow play, creating faster decisions on the field and eradicating corruption. To do otherwise risks hearing catcalls from the side-lines.
- We will also see strong fundamentals, energy and hustle focusing on fundamentals that will spur economic growth. This will include early moves that get the Modi team back to the basics of scoring easy runs by unlocking infrastructure gridlock and increasing [FDI](#).
- Team Modi could go for a six in the early going and undertake labor reforms—a possibility given fan support and its importance when combined with increased [FDI](#).

Early play that reflect an understanding of fundamentals will strengthen economic inclusion—the big game strategy.

But who does Modi field on his team? It is too soon to tell who lines up for this big game, but the positions to watch are Finance Minister, External Minister, Home Minister and Defense Minister. The early names for Finance Minister are Arun Jaitley and Arun Shourie. While a hopeful early selection, [Jaitly](#) has fallen in the charts because of his loss in his bid for a seat in the lower house. Recently mentioned for this position is Arun Shourie, who has the wily experience of a veteran and the added benefit of no future Prime Ministerial ambitions—generating the hope that he will focus on the current match. Possible Defense Minister could be [Rajinath Singh](#), who is being given credit along with Modi for getting his BJP team into the big match. It is possible that moving Singh—the BJP party leader and a power center unto himself—to this position will align two powerful players, Modi and Singh, on an important initiative.

But the match will not be an easy one, and can Modi handle early googlies bowled at him? Two immediate potential challenges await him: The RSS, an element of the BJP/Modi bench, will want nationalist economics to be a strategy adopted in the early days of play, which, if done, will be problematic for future, sustainable growth. Also, Modi cannot call all the plays. India's Central Government, which Modi captains, needs to work with 27/28 states in order to win this nation-wide match. Here, Modi may be a victim of his own success as the Chief Ministers of these 27/28 States look to go it alone at times in order to imitate the Gujarat success—as they aspire to be a team leader one day.

Covington has been actively involved in India for more than a decade advising U.S., European and Indian clients on a wide range of matters. Our practice is distinctive in that we often advise clients on matters of public policy relating to India. Covington's India practice has been recognized in *Chambers Asia-Pacific* (2009-2013); *Chambers Global* (2010-2013); *The Legal 500 Asia Pacific* (2008-2013); and *India Business Law Journal* (2009-2013).

If you have any questions concerning the material discussed in this client alert, please contact the following members of our India practice group:

Ralph Voltmer
Simon Amies

+1.202.662.5479
+44.(0)20.7067.2002

rvoltmer@cov.com
samies@cov.com

This information is not intended as legal advice. Readers should seek specific legal advice before acting with regard to the subjects mentioned herein.

In an increasingly regulated world, Covington & Burling LLP provides corporate, litigation, and regulatory expertise to help clients navigate through their most complex business problems, deals and disputes. Founded in 1919, the firm has more than 800 lawyers in offices in Beijing, Brussels, London, New York, San Diego, San Francisco, Seoul, Shanghai, Silicon Valley, and Washington. This communication is intended to bring relevant developments to our clients and other interested colleagues. Please send an email to unsubscribe@cov.com if you do not wish to receive future emails or electronic alerts.

© 2014 Covington & Burling LLP, 1201 Pennsylvania Avenue, NW, Washington, DC 20004-2401. All rights reserved.