



2016.4.11

The Focus of India's State Parliament Election

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The Indian economy is continuing to do well. As the slowdown of growth of the Chinese economy becomes clear and as natural resource country's economy worsens because of stagnation of primary products prices, developing country's economy overall is gloomy but India, mainly because of expanding domestic demand, the economic growth rate is looking up. As the world economy, beginning with China, continues to slump, the fact that India's export proportion in the economy is small and amongst that China bound exports also is small, is supporting the Indian economy. Also, its' natural resources stock is not large, making it favorable because it is less susceptible to the price drop of primary products. Further, the economic reform by the Modi administration that came to be in May 2014 supported the economy too. Up till now, in matters like, the easing of foreign capital regulation, such as raising the limit of foreign capital in insurance and the defense industry, the opening of the rail industry to the private sector and foreign parties and the promotion of maintenance of infrastructural such as harbor developments, these were successful by certain amount.

On the other hand, amongst the political promises the administration made at the time of its establishment, system reform, such as, the implementation of the Good and Services Tax (GST), the review of the Land Expropriation Act and the amendment of the Labor Law, the delays of these are becoming noticeable. The main reason is the government's upper and lower house of parliament is a twisted parliament. Although the majority party, the BJP, led by Prime Minister Modi, holds majority in the lower house, in the upper house it only holds 20% of the seats, making government management difficult since the administration was established. The implementation of the GST was necessary to simplify the complicated structure of indirect taxes but because of opposition from the minority parties in the upper house of parliament, the original implementation date of April 2016 had to be postponed. In addition, the review of the Land Expropriation Act, because of strong opposition from the farmers, a nationwide common amendment had to be postponed and was left for the state government to handle it.

A midst all this, to check the progress of economic reform the outcome of the coming state parliament elections will be a something to watch for. One reason for this is that if the majority

party BJP wins in the state parliament elections they can increase seats in the upper house of the federal government. In India the upper house of the federal government, not like the lower house where members are elected by general elections, many members are selected from state parliaments. Currently the leading parties of state parliaments are diversified, so the BJP, the majority party of the federal government, by dominating each state parliament election, can gradually increase seats in the upper house of the federal government and will be able to realize policy that reflect the current Modi administration. Another reason is that a BJP victory in state parliaments itself can led to the progress of important policy that have been left in the hands of the state government, such as Land Expropriation Act.

In April and May parliament election will be held in five states or union territories, Tamil Nadu, Kerala, West Bengal, Assam and Puducherry. In West Bengal and Assam elections have started from April 4th, then to the other states or union territories as the week go by and the result will be come out in sequential order. The track record of the BJP in state parliament elections in 2014, right after Prime Minister Modi was elected, showed continuous victories but in 2015 in the national capital territory of Delhi and the state of Bihar suffered losses, has not won since and it seems like intense battles will continue from now on. But BJP's goal to implement the GSP will unify the indirect taxes of the federal and state governments and is a must needed policy to simplify the current complicated tax structure. Together with the Land Expropriation Act, these are strongly demanded by Japanese as well as other foreign cooperation. As Modi's administration progress in its goal to improve the investment environment, to realize the strengthening of an economic base by expanding incoming foreign investments, the key would be how many seats the federal majority party would be able gain in the coming state parliament elections.