

India Macro Flash

Exit Polls Predict BJP led Govt; Election Results on May 16th

- **Exit Polls Favor NDA Led Govt; Election Results Due on May 16th** — The exit polls released after the last phase of polling which ended today indicate an NDA-led government with the range for the NDA alliance projected between 249 and 340 seats. (see Figure 1 below). 272 seats would indicate a clear majority. Counting will begin at 8am IST on Friday May 16th and thanks to electronic voting machines the outcome should be known within a few hours on May 16th itself.
- **Better Chances of Opinion/Exit Polls being right in 2014** – While admittedly the pollsters got it wrong in 2004 and 2009, they have better chances of getting it right this time around. This is based on (1) NDA gaining momentum closer to the polls (2) Record high voter turnout which usually reflects anti-incumbency and (3) Incremental 120mn voters, which more than makes up for the difference between votes secured by the Congress and BJP in the past elections (see pg 2).
- **Key Upcoming Political/Macro Events to Look Out for** — The election results will be announced on May 16. As per the constitution, the President will appoint the Prime Minister, who is normally the leader of the party/alliance that gets the majority. The PM will then appoint the Cabinet of Ministers, which we expect will take place at the latest by May 31. Following this, the key macro events would be the 'budget' – we expect the new government to announce it in the first week of July. (The monetary policy is scheduled for June 3.)
- **Macro/Market Implications** — As mentioned in our recent [US/Asia Trip Tales](#), while admittedly, there are apprehensions about the pace of reviving investments and consumer sentiment, investors' perception of India has changed from 'hated' to 'loved'. This is a result of potential political change, micro-level policy reforms, and a watchful central bank. With the INR likely to be stable – a result of rebuilding reserves – a positive election outcome would bode well for equities and bonds as many real money investors claim to have abstained from taking a 'political' bet

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*With thanks to
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Figure 1. Exit Polls for 2014 Elections – May 12th, 2014

	NDA	UPA	Others
Headlines Today	272 +	115+	156
CNN – IBN –CSDS	270-282	92-102	159-181
India Today – Cicero	261-283	110-120	150-162
Times Now – ORG	249	148	146
Bloomberg TV, C-Voter	289	101	153
ABP News – Nielsen	281	97	161
Today's Chanakya	340	70	133

Source: Bloomberg; Media Reports

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See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

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Voter Turnout – Past and Present

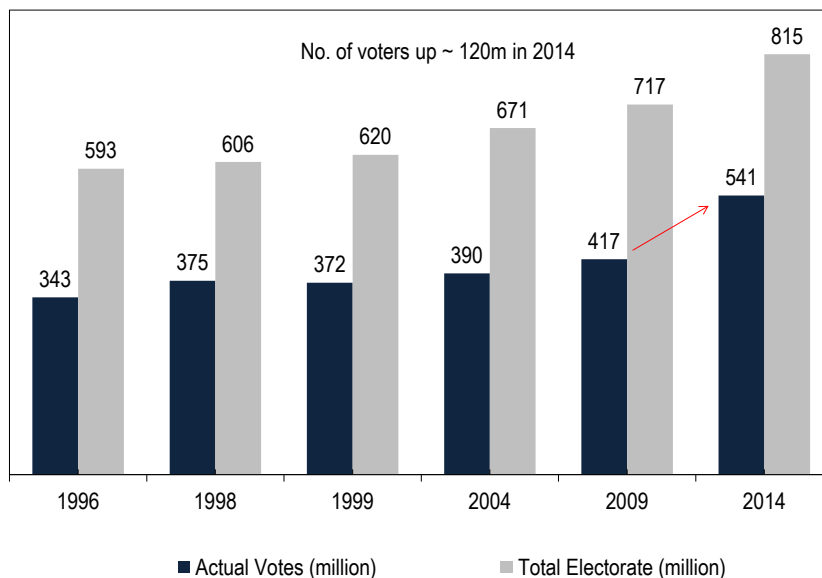
VOTER TURNOUT AT 66.4% IN 2014 – 120MN INCREMENTAL VOTERS

2014: Based on media reports ([NDTV news](#)) India registered record voter turnout at 66.4% of total electorate i.e. 540mn votes cast. The number was up ~120mn from previous elections.

2009: As per Election Commission, the voter turnout was 58.2% in 2009 i.e. 417mn votes cast

2004: Voter turnout was 58.1% or 390mn votes

Figure 2. Record High Participation in 2014 elections



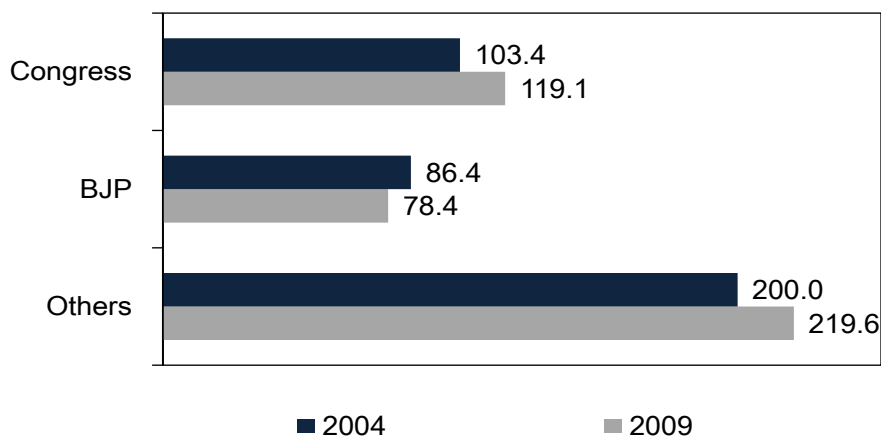
Source: Election Commission of India, Citi Research, Votes for 2014 elections estimated at 66.4% turnout

VOTES SECURED BY CONGRESS AND BJP – GAP ~40MN IN 2009

CONGRESS: Congress secured a total of 119mn votes in 2009 elections and 103mn votes in 2004. It represented 28.6% and 26.5% of total votes cast

BJP: BJP secured a total of 78mn votes in 2009 elections and 86mn votes in 2004 elections. It represented 18.8% and 22.2% of total votes cast

Figure 3. Votes Secured by Major Parties in 2004 & 2009 General Elections (million)



Source: ECI; Citi Research

Past Election Results

A LOOK AT 2009 RESULTS

UPA: Led by Congress (206), the UPA gained 262 seats in 2009 elections and formed government with external support from SP(23) and BSP(21)

NDA: BJP (116) led NDA managed to get only 159 seats in 2009 elections

Figure 4. Election Results 2009 – Party-wise

Party	Seats	Party	Seats
UPA	262	NDA	159
Indian National Congress(INC)	206	Bharatiya Janata Party(BJP)	116
All India Trinamool Congress (AITC)*	19	Janata Dal (United) (JD(U))	20
Dravida Munnetra Kazhagam (DMK)*	18	Shiv Sena(SS)	11
Nationalist Congress Party (NCP)	9	Rashtriya Lok Dal (RLD)	5
National Conference	3	Shiromani Akali Dal (SAD)	4
Jharkhand Mukti Morcha*	2	Telangana Rashtriya Samiti (TRS)	2
India Union Muslim League	2	Asom Gana Parishad (AGP)	1
Others	3		
		Other Opposition	66
External Support	56	Left Demo. Front	25
Samajwadi Party (SP)	23	Biju Janata Dal (BJD)	14
Bahujan Samaj Party(BSP)	21	AIADMK	9
Rashtriya Janata Dal (RJD)	4	Telugu Desam Party (TDP)	6
Janata Dal Secular (JD(S))	3	Independents	9
Others	5	Others	3
UPA + External Support	318	Total Opposition	225
Seats Need for Majority	271	TOTAL LOK SABHA	543

*indicates pre-poll alliance, these parties withdrew from the UPA later; Source: Election Commission of India

STATE WISE RESULTS IN 2009 AND 2004 ELECTIONS

Regional parties have been strong in the largest state of UP (80 lok sabha seats) as well as in West Bengal (42 seats) and Bihar (40 seats)

BJP performance in UP and Bihar in 2009 and 2004 elections had been poor. These states could prove to be the battleground states.

Figure 5. Election Results – 2009 and 2004 – State Wise

State	Seats	2009 Election Results	2004 Election Results
Uttar Pradesh	80	SP:23; INC:21; BSP:20; BJP:10	SP:35; BJP:19; INC:9; Others:7
Maharashtra	48	INC:17; SS:11; BJP:9; NCP:8	INC:13; BJP:13; SS:12; NCP: 9
Andhra Pradesh	42	INC:33; TDP:6; TRS:2	INC: 29, TDP:5; TRS:5; CPI:1, CPI(M):1
West Bengal	42	AITC:19; CPI(M):9; INC:6	CPI(M): 26, INC:6,
Bihar	40	JD(U):20; BJP:12; RJD:4; INC:2	RJD:22, JD(U): 6, BJP: 5, LJP:4
Tamil Nadu	39	DMK:18; AIADMK:9; INC:8	DMK:16,INC:10,PMK:5,MDMK:4,CPI:2, CPIM: 2
Madhya Pradesh	29	BJP:16; INC:12	BJP:25, INC: 4
Karnataka	28	BJP:19; INC:6; JD(S):3	BJP:18, INC:8, JD(S): 2
Gujarat	26	BJP:15; INC:11	BJP: 14, INC: 12
Rajasthan	25	INC:20; BJP:4	BJP:21, INC:4
Odisha	21	BJD:14; INC:6	BJD:11, BJP:7, INC:2
Kerala	20	INC:13; CPI(M):4	CPI(M): 12, CPI:3, IUML:1, Others:4
Assam	14	INC:7; BJP:4; Others:3	INC:9, BJP:2, AGP:2
Jharkhand	14	BJP:8; JMM:2; Ind:2; INC:1	INC:6, JMM:4, RJD:2; BJP:1, CPI: 1
Punjab	13	INC:8; SAD:4; BJP:1	SAD:8, BJP:3, INC:2
Chhattisgarh	11	BJP:10; INC:1	BJP:10, INC:1
Haryana	10	INC:9	INC: 9 , BJP, 1
Delhi	7	INC:7	Congress (6), BJP (1)
Jammu and Kashmir	6	J&KNC:3, INC:2	INC:2, J&K NC: 2
Uttarakhand	5	INC:5	BJP:3, INC:1, SP:1
Himachal Pradesh	4	BJP:3; INC:1	INC:3, BJP:1
Arunachal Pradesh	2	INC:2	BJP:2
Goa	2	BJP:1; INC:1	BJP: 1, INC: 1
Manipur	2	INC:2	INC: 1, IND:1
Meghalaya	2	INC:1; NCP:1	INC:1, AITC:1
Tripura	2	CPI(M):2	CPI(M): 2
Mizoram	1	INC	MNF
Nagaland	1	NPF	NPF
Sikkim	1	SDF	SDF
Andaman and Nicobar	1	BJP	INC
Chandigarh	1	INC	INC
Dadra + Nagar Haveli	1	BJP	BNP
Daman and Diu	1	BJP	INC
Lakshadweep	1	INC	JD(U)
Puducherry	1	INC	PMK
Total	543		

Source: Election Commission of India

Statistical Snapshot

Figure 6. India Macroeconomic Summary FY02 – 15E

Fiscal Year to 31 March	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14E	FY15E
National Income Indicators														
Nominal GDP (Rs bn)	23,676	25,500	28,617	32,422	36,934	42,947	49,871	56,301	64,778	77,841	90,097	101,133	113,205	127,921
Nominal GDP (US\$ bn)	496	527	623	720	834	950	1,241	1,224	1,367	1,708	1,873	1,873	1,841	2,012
Per Capita GDP (US\$)	477	499	582	662	754	847	1,090	1,061	1,168	1,440	1,558	1,539	1,478	1,638
Real GDP growth (%)	5.5	4.0	8.1	7.0	9.5	9.6	9.3	6.7	8.6	8.9	6.7	4.5	4.9	5.6
Agriculture growth (%)	6.0	-6.6	9.0	0.2	5.1	4.2	5.8	0.1	0.8	8.6	5.0	1.4	4.6	3.0
Industry growth (%)	2.6	7.2	7.3	9.8	9.7	12.2	9.7	4.4	9.2	7.6	7.8	1.0	0.7	3.9
Services growth (%)	6.9	7.0	8.1	8.1	10.9	10.1	10.3	10.0	10.5	9.7	6.6	7.0	6.9	6.9
By Demand (%YoY)														
Consumption	5.3	2.3	5.4	1.9	8.7	7.7	9.4	7.7	8.4	8.2	8.9	5.2	4.4	5.6
Pvt Consumption	6.0	2.9	5.9	1.7	8.6	8.5	9.4	7.2	7.4	8.7	9.3	5.0	4.1	5.5
Public Consumption	2.3	-0.4	2.6	3.4	8.9	3.8	9.6	10.4	13.9	5.8	6.9	6.2	5.5	6.0
Gross Fixed Capital Formation	7.4	6.8	13.6	20.7	16.2	13.8	16.2	3.5	7.7	11.0	12.3	0.8	0.2	2.5
Cons; Invst, Savings * (%GDP)														
Consumption	78.9	77.2	75.0	70.1	69.2	68.0	67.2	68.6	69.1	67.5	68.5	68.8	69.8	70.1
Gross Capital Formation	22.3	24.6	26.9	32.8	34.7	35.7	38.1	34.3	36.3	36.5	36.4	34.7	35.3	35.7
Gross Domestic Savings	22.6	25.4	28.7	32.4	33.4	34.6	36.8	32.0	33.7	33.7	31.3	30.1	30.5	30.8
Real Indicators (%YoY)														
Commercial vehicle sales	-4.5	40.4	36.2	22.4	10.1	33.3	4.2	-21.4	39.2	27.0	19.5	-1.9	-25.0	-5.0
Car sales	3.2	5.3	27.2	17.8	7.7	20.7	12.1	0.3	25.7	29.2	3.9	2.4	-5.0	3.6
Two-wheelers	15.3	15.8	11.3	15.7	13.6	11.5	-7.8	2.7	25.9	25.8	13.9	2.7	5.0	10.0
Diesel consumption	-3.7	0.3	1.2	6.9	1.4	6.7	11.1	8.5	8.9	6.5	5.0	6.8	0.0	4.0
Mobile Tele density	0.6	1.3	3.1	4.8	8.2	14.1	22.0	33.0	48.5	66.8	75.1	79.0	87.9	89.7
Monetary Indicators (% YoY)														
Money supply	16.0	16.1	13.0	14.0	15.9	20.0	22.1	20.5	19.2	16.2	15.8	13.4	17.0	18.0
Inflation – WPI (Avg)	3.6	3.4	5.5	6.5	3.7	6.5	4.8	8.0	3.6	9.6	8.8	7.5	5.9	5.5
CPI (Avg)	4.3	4.1	3.8	3.9	4.2	6.8	6.2	9.1	12.3	10.5	8.4	10.2	9.5	8.0
Bank credit growth	15.3	23.7	15.3	30.9	37.0	28.1	22.3	17.5	16.9	21.5	17.0	14.1	15.0	15.0
Deposit growth	14.6	16.1	17.5	13.0	24.0	23.8	22.4	19.9	17.2	15.9	13.5	14.2	13.5	14.0
Fiscal Indicators (% GDP)														
Centre's fiscal deficit	-6.0	-5.7	-4.3	-3.9	-4.0	-3.3	-2.5	-6.0	-6.5	-4.8	-5.7	-4.9	-4.6	-4.1
State fiscal deficit	-3.6	-3.5	-3.9	-3.4	-2.5	-2.1	-1.4	-2.3	-2.9	-2.1	-2.4	-2.3	-2.2	-2.6
Combined deficit (Centre+State)	-9.6	-9.2	-8.2	-7.2	-6.5	-5.4	-4.0	-8.3	-9.4	-6.9	-8.1	-7.2	-6.9	-6.7
Off Balance Sheet Items					-0.5	-0.9	-0.6	-1.7	-0.2					
Combined liabilities (dom+ext)	87.2	90.7	90.0	88.8	84.6	79.9	76.1	76.8	75.5	70.2	69.6	69.8	69.6	68.5
External Sector (% YoY)														
Exports (US\$bn)	44.7	53.8	66.3	85.2	105.2	128.9	166.2	189.0	182.4	250.5	309.8	306.6	323.4	349.3
% YoY	-1.6	20.3	23.3	28.5	23.4	22.6	28.9	13.7	-3.5	37.3	23.7	-1.0	5.5	8.0
Imports (US\$bn)	56.3	64.5	80.0	118.9	157.1	190.7	257.6	308.5	300.6	381.1	499.5	502.2	472.1	514.6
%YoY	-2.8	14.5	24.1	48.6	32.1	21.4	35.1	19.8	-2.6	26.7	31.1	0.5	-6.0	9.0
Trade deficit (US\$bn)	-11.6	-10.7	-13.7	-33.7	-51.9	-61.8	-91.5	-119.5	-118.2	-130.6	-189.8	-195.7	-148.7	-165.3
Invisibles (US\$bn)	15.0	17.0	27.8	31.2	42.0	52.2	75.7	91.6	80.0	84.6	111.6	107.5	111.9	118.6
Current Account Deficit (US\$bn)	3.4	6.3	14.1	-2.5	-9.9	-9.6	-15.7	-27.9	-38.2	-45.9	-78.2	-88.2	-36.8	-46.7
% to GDP	0.7	1.2	2.3	-0.3	-1.2	-1.0	-1.3	-2.3	-2.8	-2.7	-4.2	-4.7	-2.0	-2.3
Capital Account (US\$bn)	8.6	10.8	16.7	28.0	25.5	45.2	106.6	7.4	51.6	62.0	67.8	89.3	50.1	63.6
% GDP	1.7	2.1	2.7	3.9	3.1	4.8	8.6	0.6	3.8	3.6	3.6	4.8	2.7	3.1
Forex Assets (excl gold) (US\$bn)	51.0	71.9	106.1	135.1	145.1	191.9	299.1	241.6	252.8	273.7	260.9	264.7	278.4	294.8
Months of imports	10.9	13.4	15.9	13.6	11.1	12.1	13.9	9.4	10.1	8.6	6.3	6.3	7.1	6.9
External Debt (US\$bn)	98.8	104.9	112.7	134.0	139.1	172.4	224.4	224.5	260.9	317.9	360.7	400.3	400.3	415.3
Short Term Debt (US\$bn)	2.7	4.7	4.4	17.7	19.5	28.1	45.7	43.3	52.3	65.0	78.2	96.7	94.8	
Exchange Rate														
US\$/INR - annual avg	47.7	48.4	45.9	45.0	44.3	45.2	40.2	46.0	47.4	45.6	48.1	54.0	61.5	63.6
% depreciation	4.4	1.5	-5.2	-2.0	-1.6	2.0	-11.1	14.4	3.0	-3.8	5.5	12.3	13.9	3.4

* At current prices.

Source: CSO, RBI, Ministry of Finance, Citi Research estimates

Appendix A-1

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