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THE NEEDLE'S EYE The truth is, India isn't rich enough to be a welfare State

Do Poor Choices Win Votes?



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William Safire must be turning in his grave. The language maven and Richard Nixon speechwriter came up with the 'nattering nabobs of negativism' phrase that US Vice-President Spiro Agnew used in a 1970 speech. Finance minister Arun Jaitley first used 'nawabs of negativity' in a video Q&A on January 19, and then quoted the correct phrase again in a Facebook post two days later. (Note: Agnew had to resign in disgrace in 1973 over allegations of corruption and tax evasion. The Agnew-Safire phrase referred to mainstream US media).

The finance minister, who is in New York for a medical check-up, has unleashed an alliterative attack on the Opposition on social media. He was in fine fettle a couple of days after landing in the Big Apple with a post on 'Compulsive Contrarians'. Part of that blog post was about the 10% reservation for 'economically weaker' upper castes. I suggest he calls critics of this move 'Quota Querulists'.

Jaitley wrote: "[The Contrarians] picked holes in the proposal to give 10% reservation in education and public jobs to the poor, compelling me to comment in the Lok Sabha that this was the first illustration in history where the communists were obstructing a step taken to support the poor." But who exactly are the poor? Therein lies the nub.

Any household in the 'general' category will now be considered poor and

qualify for a 10% quota in government jobs and public college admissions if it earns less than ₹8 lakh annually. You pay income tax if you earn over ₹2.5 lakh a year. How do these facts fit together? More importantly, where will the extra jobs and seats come from? We have already seen 25 million applicants for 90,000 railway jobs. Now we hear that government colleges will have to create a million new seats — which will need funding — to take in the newly entitled.

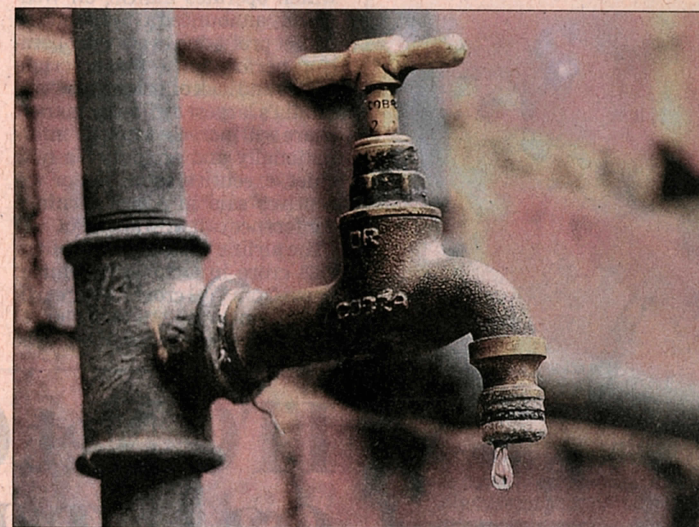
That was about the largely urban upper-caste poor. The rural poor are also dear to the government in this general election. Jaitley has dropped heavy hints about splurging on welfare spending, fiscal deficit be damned. Most of the profligacy will be disguised as the interim Budget next week, which will not pretend to be a vote on account and unabashedly churn out the blank cheques before the Code of Conduct kicks in around mid-February.

A Statement or a Sentence?

As rural distress soars, fuelled by a sclerotic agricultural economy, the government has moved far away from February 27, 2015, when Prime Minister Narendra Modi delivered a withering speech in Parliament. The Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA), he said, was "a living monument to [Congress's] failures. Sixty years after independence, you had to send people to dig ditches".

Two years of severe drought followed by an output glut and plunging crop prices have forced the Modi government to not just embrace, but also expand, MNREGA. Last week, it announced extra funding of ₹6,084 crore, taking the outlay in 2018-19 to a record ₹61,084 crore.

Forget ditches — a long ministry of rural development paeon to MNREGA said the programme had resulted in a huge number of community assets in



FILE PHOTO

What a drip

the countryside. From April 2014 to January 2019, more than 1.73 million farm ponds had been dug, and 512,398 cattle sheds, 112,341 goat sheds, and 37,936 Anganwadi centres had been built.

Over the past three years, MNREGA had generated employment averaging 2.35 billion person-days annually. At least 50 million households sought work under the scheme every year. What does this say about the pledge to double farmers' income by 2022, never mind the International Monetary Fund's (IMF) roseate forecast of average GDP growth of 7.5% in the short term?

In fact, inspired by the Telangana Rashtra Samithi's (TRS) landslide election victory last month, the Modi government is reportedly poised to imitate its version of a Universal Basic Income (UBI). TRS' 'Rythu Bandhu' scheme offered ₹4,000 per acre per crop season to farmers as a direct cash transfer, which meant up to ₹8,000 a year. (The party has vowed to raise this to ₹10,000 an acre.)

Critics note that the cash dole has not worked very well. It goes only to farmers with land titles and so benefits absentee landlords, not marginal farmers or share-croppers. But since the Modi government does not want to be

seen joining the race of the lemmings in farm loan waivers, it appears to favour UBI.

Whether it is the (quota) poor or the electorally sensitive rural poor, Jaitley is confident Modi's chemistry will any day trump vote-bank arithmetic. But what about the vision of a more prosperous New India?

Fearing the Future

Last month, 13 Indian economists, both resident and expatriate and including IMF chief economist Gita Gopinath and former Reserve Bank of India (RBI) governor Raghuram Rajan, laid out an economic strategy for the next five years. The absence of an inclusive and sustainable growth agenda, the economists said, has triggered demands for loan waivers and more reservations.

"This reflects Indians' growing anxiety about their future and that of their children in an increasingly winner-take-all society, where they often end up on the losing side. Our welfare schemes like the MGNREGA and Pradhan Mantri Gramin Awas Yojana are mostly directed towards the very poor... so they do not serve the purpose of protecting those outside that group." Poor choices, all round.

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