


THE NEEDLE'S EYE  Be careful what you digest from the results of the assembly elections

Of Fudges and Shakes



Chaitanya Kalbag

Like only one kind of fudge and one kind of shake, the chocolate kind. And I especially dislike fudges and shakes of the economic kind. The Narendra Modi government, by no means on its last legs, has treated us to quite a bit of the second type over the past two years.

It's not a healthy diet, and the bad news is that we are very likely to get more dollops of it in the next few months. Strange as it may sound for a government that came to power with the first single-party majority in 30 years, we're seeing the same kind of flailing that marked the final months of coalition-bound UPA 2.

After the loss of Chhattisgarh, Madhya Pradesh and Rajasthan, BJP is on the defensive. Rahul Gandhi's 'suit-boot ki sarkar' jibe has stuck in the BJP's craw, and it is going to launch an all-out populist assault. Expect a Santa Claus economy until the national elections — never mind that GDP growth has dropped sharply from 8.2% to 7.1% in the first two quarters of fiscal 2018-19, with many forecasters seeing a further slide in the second half — and you're going to see extravagant healthcare measures, sops for small businesses, and a cornucopia of pro-poor goodies.

Expect swingeing nationwide farm-loan waivers. See what a difference it made for Congress in Chhattisgarh wh-

ere Rahul Gandhi promised loan waivers within 10 days of coming to power.

What few dare to point out is that this is a race to the bottom. The government's fiscal deficit crossed its full-year target in just seven months. So, it is on the prowl for more money. Which is why it has gone to such extraordinary lengths to siphon off the Reserve Bank of India's reserves.

Both parties seem bereft of prudence. No new economic star is shining in the Congress firmament. We see the same suspects, minus Pranab Mukherjee. So, it is naive to expect a bejewelled new dawn if Congress wins the 2019 Lok Sabha polls.

Mower and Shaker

The heartland results are not so much a vote for Congress as they are a vote against Modi's reforms — more likely the lack of the right reforms. Witness the 'Angry Farmer' factor in state after state. But is there time for Congress to prove it has learned its lesson in 2014 and can provide good governance? Small chance. My suspicion is that Congress will embark on a beggar-thy-neighbour splurge of populism of its own to set the stage for 2019.

Look no further than Telangana, where an incumbent government was re-elected with a landslide because it is likely India's only true welfare state, with a generous health insurance programme, direct cash transfers in the Universal Basic Income mould, and much else.

The vote shares, as always, are telling. In Chhattisgarh, where Raman Singh was decisively voted out, BJP's vote share plunged from 41.06% in 2013 to 33% in 2018. In Madhya Pradesh, where the fight was fierce, it fell from 44.87% to 41%. In Rajasthan, it fell from



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Cherrypick at your peril

46.03% to 38.8%.

Sachin Pilot's quiet and hard work over the past four years to build grassroots support in Rajasthan helped Congress increase its vote share from 33.68% in 2013 to 39.3% in 2018. In Madhya Pradesh, Congress rose to 40.9% (showing how close the contest was) from 36.37% in 2013. In Chhattisgarh, Congress' share rose to 43% from 40.29% in 2013.

In other words, except for Chhattisgarh, where voters turned decisively against BJP, vote shares for the two major parties in Madhya Pradesh and Rajasthan are close enough to show that the results were more anti-incumbency than a dramatic swing towards Congress.

Nowhere does Congress have an unambiguous choice of leader. In Chhattisgarh, T S Singh Deo has to contend with Bhupesh Baghel. In Madhya Pradesh, it is a tussle between Kamal Nath and Jyotiraditya Scindia. And in Rajasthan, Pilot faces old warhorse Ashok Gehlot.

But back to my high-sugar opening: the Modi government has set a dangerous precedent with the controversy over the GDP 'back-series' data, which

re-stated growth during the UPA years below the average in the Modi regime: implausible at best, a fudge at worst.

The involvement of NITI Aayog in the exercise has further muddled the water. Economist Pronab Sen, who was chairman of the National Statistical Commission from 2013 to 2016, told me, "NITI Aayog's involvement is reprehensible. It casts doubt on both the integrity of our economic data as well as the Central Statistics Office."

Cherry on Top

As for the shake, the resignation of RBI governor Urjit Patel ended a period of unedifying friction between government and central bank. Modi has many firsts to boast of, but not this one: he is the first prime minister in India to see off two non-pliant central bank chiefs.

Patel's exit was not as 'abrupt' as it appeared. He quit a month after a meeting with Modi in Delhi. And his successor Shaktikanta Das, a recently retired bureaucrat and a key member of Modi's demonetisation team, was named the next day, with not even a nod towards a search committee.

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