

The Needle's Eye



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The Numbers Narendra Modi Needs to Stack Up

One year ago, as voting got underway in our national elections, I titled my first column in this newspaper 'A Witch's Brew'. That referred to the choices India's voters had. Now we know that Prime Minister Narendra Modi has had to quaff quite a potent concoction since he rode to power. In equal parts, he has imbibed expectation, disappointment, achievement, and failure. When they are given a chance to change course, people as a mass usually seize it. They hope, unrealistically as it turns out time and again, that their lives will change rapidly and dramatically for the better; that they will have more money to spend, that they will live in greater safety and comfort, and that their opportunities, especially their children's opportunities, will expand. Every election is an exercise in optimism. Voters say they are eager and willing to be beguiled.

But then life returns to the mundane, to the everyday frustrations of existence, to the realisation that change will not, and cannot, be at breakneck speed, for who would wish for displaced vertebrae in the pursuit of happiness?

Where are we on the confidence index close to a year after the first single-party majority government in three decades took power? A string of state elections has produced local legislatures that should have been largely aligned with the central government. Yet, the states often contin-

ue to spin centrifugally, pursuing populist agendas that do not feed into a unifying drive for faster economic development. Too much time, energy and attention are wasted on frivolous causes. Take the endlessly spinning wheels on the links between cancer and tobacco consumption, or the bans on beef and cow slaughter; or quotas for already-entitled communities like the Jats and the Marathas. With all appointments centralised in the Prime Minister's Office, many institutions are headless and there is no urgency to get them rolling, even if on this government's track. Much effort has been expended on dismantling the hated systems and structures of the past regime. Indeed, all post-Independence history has been subsumed in a loud lament about lost opportunities and stunted growth.

But has this government seized every opportunity to put its stamp quickly and firmly on this country, and to lead every Indian to a healthy, happy, prosperous future? Not really. Strapped by tight revenues, it has in fact slashed spending on an array of social sectors. The Modi government has withdrawn support to the centrally-sponsored rural drinking water programme. It cut spending on health by 15%; still, Modi tweeted on World Health Day this week: "Govt is working tirelessly to realise the dream of a Healthy India where every citizen has access to proper &

affordable healthcare." The department of rural development's budget was cut by a tenth. The budget for the ministry of women and child development was halved. The education budget was cut by 16% by the FM a day after his chief economic adviser in his Economic Survey quoted Pratham's Annual Status of Education Report as warning that despite rising enrolment in schools, literacy was very low. For instance among rural children, fifth-graders who could read a second-grade textbook grew fractionally to 48.1% in 2014 from 47% in 2013.

What does this imply for a country that aims for universal literacy and a 'Make in India' workforce? Alarming, the Labour Bureau Report 2014 says the current size of India's skilled workforce is a tiny

2%, compared with 96% in South Korea and 80% in Japan. The Economic Survey is pessimistic that the government will achieve its target of an additional 120 million skilled workers in the nine years to 2022. That, by the way, is the 75th anniversary of India's independence, when Modi and the BJP plan to be well into their second term in power. The party says that for that jubilee year, "Team India led by our PM... has a high vision and a lofty goal of all-inclusive development".

Presumably that goal will be easily achieved by the 100 million members the World's Largest Party aims to have on its rolls by April 30, leaving China's Communist Party gasping in its wake. As Modi's May 26 first anniversary in office draws closer, we will see a list of reforms that have

been pushed through. Some of them, like in the insurance and pension sectors, have been in the works for a long time. Some, like the open auctions of coal-mining licences and telephony spectrum, have brought in a welcome transparency as well as much-needed revenue into government coffers. Others, like the push for a real-estate regulator that will protect consumer interests, are a mere tweaking of legislation pending from the previous government.

Cumulatively, the government has taken steps that are 'not insignificant', as one economist put it. If this amounts to fixing the basics, then sustainable growth may kick in once this policy attitude takes root. With unseasonal rains destroying about a fifth of the winter Rabi crop, triggering farm distress and some suicides, Modi has been forced to take a stronger pro-poor stance. But a modest rise in minimum support prices for crops, and a fall-off in the growth rate of rural wages, have combined with the inclement weather to dampen sentiment and demand.

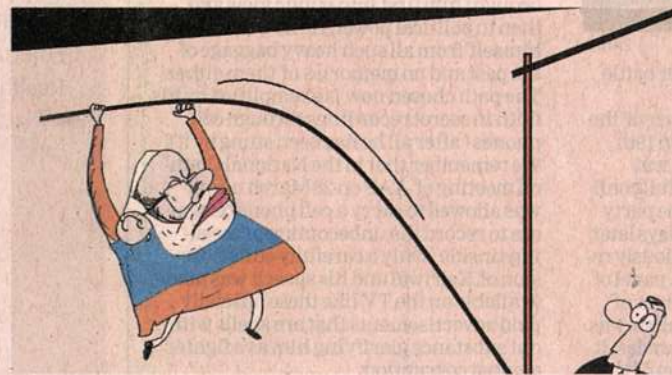
Elsewhere, credit growth sank to below 10 per cent in the year to March, gross capital formation has been crawling along, and it took a broadside from the Reserve Bank of India governor to force banks to pass on the benefits of two off-cycle interest rate cuts to customers.

Pallid corporate confidence has been made worse by an overhang of

poorly-leveraged debt. Here again the government is trying to bridge a large gap in tax revenues by speeding up its disinvestment timetable. It got off to a good start on Wednesday with the sale of 5 per cent in the Rural Electrification Corporation, which was oversubscribed.

You would think that the Rashtriya Swayamsevak Sangh and its cohort would hold their Hindutva fire and let Modi concentrate on the economy. Not very likely. Right-wingers have been abuzz about a Pew Research survey that predicts India will have the world's largest number of Muslims—311 million—by 2050, and that the Muslim share of the population is expected to increase to 18 per cent in 2050 from 14 per cent in 2010. The survey also said that Hindus will grow to 1.3 billion and continue to be a large majority in India in 2050—77 per cent, down slightly from 80 per cent in 2010. India will be the world's most populous nation and have about one-fifth of humanity in 2050—a very daunting prospect indeed. This did not stop the Vishwa Hindu Parishad from urging Hindus to have more children to correct the 'demographic imbalance'. Shouldn't we be focusing on how we will clothe, feed and shelter all Indians a hundred years after independence?

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50th column!

Economic Times 9 April 2015