

Saha said that crack troops have

attempting to bring back the Kashmir

operations in which troops had en-

going for a complex up-
grade that will make the fence much
more difficult to cross.

Stability in the Asia Pacific
is emerging as a strategic priority for
both the US and India in light of the

government is monitoring the ratch-
eting of tension in Southeast Asia.

Time Now for Modi to Take Pictures of a Credible India

The Needle's Eye



Chaitanya Kalbag

Modi is betting that Make in India will spawn huge numbers of new jobs and mitigate rural distress. To pull this off, he has to persuade a skittish private sector to take the investment plunge

Perhaps it is because every tremor registers as an earthquake on social media, but we seem besieged by one 'not again' moment after another. Whether it is suspect instant noodles or larvae-infested baby food or lecherous taxi drivers, is India simply predisposed towards badness, or are we just too much of a glass-half-empty nation?

Let's face it: much of the hand-wringing takes place in comfortable, upper-class drawing rooms. Towards the bottom of the proverbial pyramid, people wrestle daily with very different problems. One man from a Delhi slum (which we call unauthorised colonies to hide our embarrassment) told me that one year of Narendra Modi and four months of Arvind Kejriwal meant that his landlord was paying far less for his electricity but charging his tenants in their one-room sets the same rate as last year. Not just that – the tenants were hooked to illegal and dodgy sub-meters. Water supply had worsened noticeably, and the slum-dwellers, mostly domestic workers, were lugging plastic canisters of water back home from their employers' homes so they could cook a meal for their children. Lower food inflation meant nothing – if food cost three times what it did two years ago, and

their wages were up only marginally, how did it matter that the inflation rate was lower? They would never go back to the prices they paid three years ago. All these poorer parents had one burning desire: they wanted their children to go to good schools so they stood a chance of climbing out of poverty.

A little further away, a few farmers I spoke with in a couple of bread-basket states wished Modi had done them a couple of dramatic favours. One: the government could have ordered all district- and block-level officials to ensure that the 100 public-works days guaranteed under the National Rural Employment Guarantee Scheme happened outside of crop sowing and harvesting seasons, so that farmers would find farm-hand willing to work. That would immediately push down farm costs. And two: if every Indian city set up farmers' markets for direct sales to consumers, that would push down vegetable prices drastically, raise farmers' incomes, and put paid to fat, rich middlemen.

As for the hullabaloo over the Modi government's first year in power, most of the poorer citizens in Delhi couldn't care less. They were agog over posters put up by the Aam Aadmi Party government that said 35 corrupt officials had been jailed,

and 152 suspended. The BJP asked Kejriwal to name these officials, but the aam aadmi wasn't as bothered – he thought it was an excellent idea to set up the 1031 helpline to report corruption. If it meant skulking around government offices with your phone video switched on, hoping to sting today's bribe-taker as Kejriwal suggested, then hurray.

No wonder, one taxi driver told me, that Kejriwal had chosen not to run a single department in his government. He needed to keep himself free to slay the dragons and position himself for greater glory. He would

give Modi a run for his money in the next big election. Modi was meanwhile busy retweeting pictures of Incredible India his followers posted at his invitation, a nice antidote to the heat, dust and scant rainfall.

A second year of weak rainfall is bad news for the economy. Everything in India slows when rural incomes plunge and demand is sickly. Gross Domestic Product grew 7.3% in 2014/15 but there is scepticism about the robustness of the data, and the gimlet-eyed Raghuram Rajan took some of the sheen off on Tuesday when he

warned that investment was still very tepid, corporate results were quite weak, and the economy was not up and running. There were doubts about whether growth between December of last year and June of this year was really what it was cracked up to be. Like a surly groom at a shotgun wedding, the central bank trimmed its key interest rate by a quarter of a percentage point for the third time in 2015, but the governor refused to be sanguine. He said this was a 'Goldilocks policy' – just right given the current situation, but the RBI was not going to be a cheerleader. "There are other people in the economy who can play the role of the cheerleader," he said.

Scared by the pessimism, there was a sell-off in the markets on the day the RBI announced its tiny rate cut, and the following day. Worst off were sectors like real estate, struggling with huge inventories of unsold properties, and automobiles, both badly in need of far lower interest rates. The markets tanked, as our feverish headline-writers are fond of saying. Did they? The BSE was eight per cent higher than it stood a year ago, and just 10% lower than its 52-week high. Not so bad. What is worrying, though, is that India's richer trading partners are not in good shape and allowing in

"secular stagnation". As Western populations age, people are more concerned with building savings, spending less, and provisioning for ill health, so aggregate demand steadily declines.

New jobs need to be created for newer entrants into the workplace in emerging economies like India. That additional income is needed to finance a social net for older generations.

So we exult at our peril about India outstripping China in GDP growth. India's exports have fallen five months in a row. Modi is gambling on a high-stakes strategy – spend aggressively on infrastructure like roads, railways and ports, even if it means cutting back on social-sector spending. Mid-week, the government was sued in the Supreme Court for quietly smothering spending mandated under the Food Security Act for mid-day school meals and nursing mothers. Modi is betting that Make in India will spawn huge numbers of new jobs and mitigate rising rural distress. To pull this off, he has to persuade a skittish private sector to take the investment plunge. Only some success stories will alter the mood. The people are waiting.

Follow the author
@ChaitanyaKalbag on Twitter

