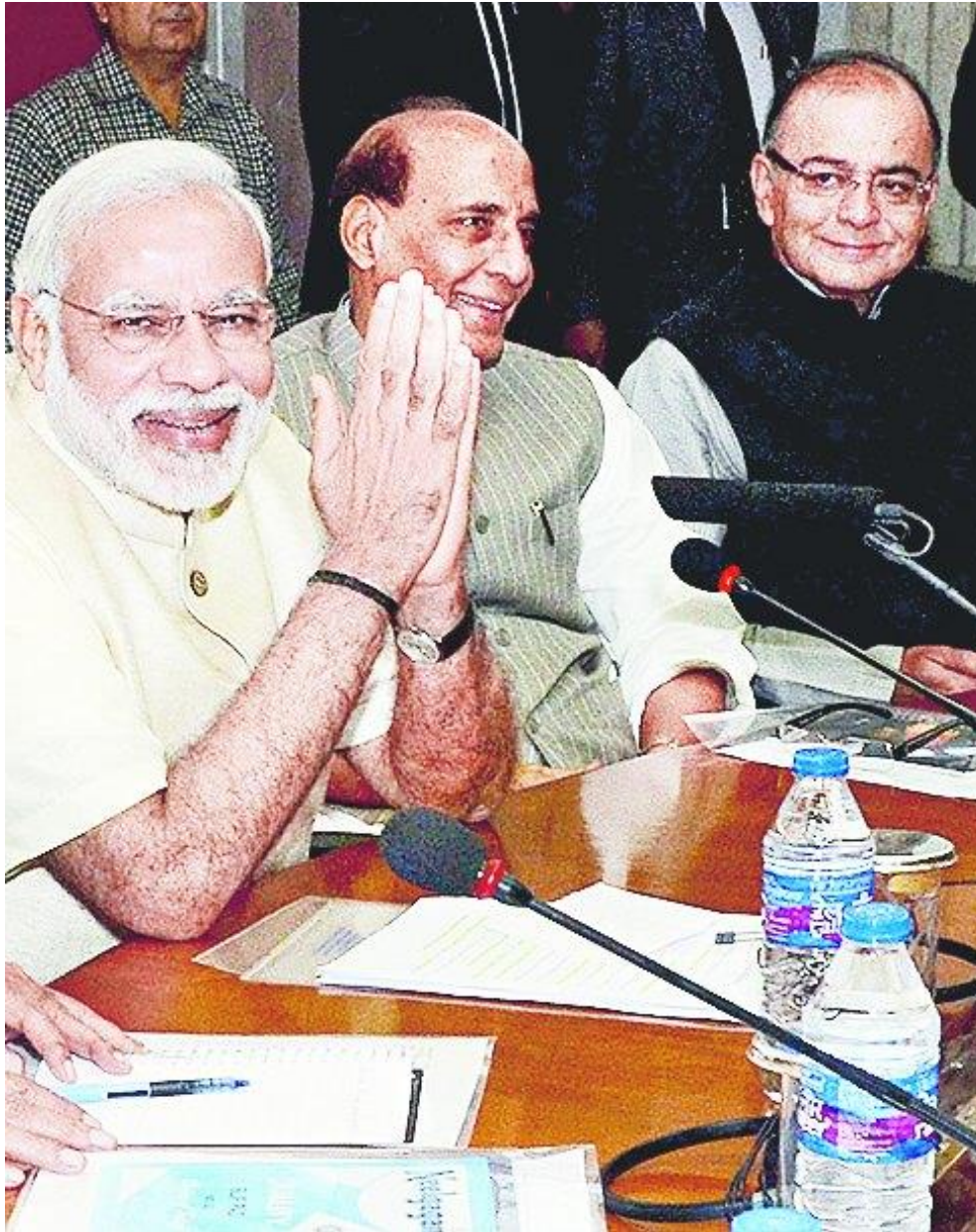


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## Just the first year

- What the Modi government has done and not done so far

The telegraph



Sonia Gandhi as a reluctant entrant into politics modelled herself on her mother-in-law in every respect - dress, mannerisms, delivery. Indira Gandhi herself, when she became prime minister, as Ramachandra Guha points out in *India after Gandhi*, "had rarely invoked the

word 'socialism' before 1967, although it was one of the four pillars of her father's political philosophy". Her Kashmiri Brahmin advisors, led by P.N. Haksar, persuaded her to position herself as pro-poor and for a central role for the government in the economy "to ensure social equity as well as promote national integration". "Whether or not socialism was economically feasible, it was a 'social necessity'." To the Congress 'Syndicate' slogan of "Indira hatao" she countered with " *garibi hatao*". As prime minister she identified explicitly with the poor and vulnerable, landless labour, and all the minorities of India. She defended the public sector from criticisms that it was not making profit (it did not have to since it was building a base for economic development). The same Congress in 1991 liberalized the economy, helped the private sector to boom and transformed India's economic situation.

Sonia and Rahul Gandhi, after his return from vacation, have dropped the credit for liberalization and borrowed a distinct strong Leftward tilt from Indira. They prioritize the farmer, labour, and the public sector. Industry and urbanization must be subordinate. They paint the National Democratic Alliance government led by the Bharatiya Janata Party as pro-business, anti-poor and anti-farmer. This will now define political debate.

On April 11, 2005, I had written of the visible supremacy of Sonia Gandhi over both cabinet and the then prime minister, the grabbing of the 'loaves and fishes' of office by Congressmen, contradictory voices from ministers, a hotchpotch coalition with no common bond, weak ministers in key portfolios like home, and the lack of clear direction. Modi, similarly, is supreme, perhaps too much so, in the NDA government. His ministers talk little, and confine themselves to their ministries. Human resources development, technology, agriculture, health, even home, are headed by ministers with little visible contribution.



Many BJP members are first- time MPs and MLAs. Some are uncouth and lacking in public civility. Their loose-tongued extremist *Hindutva* statements are embarrassing. They distract from the task of governance and provide a handle for Opposition politicians, media and minority spokespersons. The arrogance and scorn of the NDA leadership towards the Congress and other Opposition parties reinforce their unity. The BJP's small and ignorant extremists have helped create unity among disparate Opposition parties and the Communist Party of India (Marxists). Rahul and Sonia Gandhi have given them the borrowed and backward Indira Gandhi ideology of championing farmers and the poor, against industry and industrialists. This unity and superficial ideology might lose the BJP the assembly elections of Bihar, Uttar Pradesh and West Bengal. It might lose them a chance of a majority in the Rajya Sabha.

In one year, this government has moved quickly in foreign affairs. No earlier Indian government has moved so quickly in establishing or reinforcing its relations with so many countries. The parameters of foreign policy are economic, security related, for the purpose of securing resources, waving the Indian flag in the Indian Ocean (Sri Lanka, Mauritius, Maldives, Seychelles, Fiji), attracting the big money in Japan and China, creating a counterbalance to China by closer relations with Japan and Korea with the United States of America as partner, acquiring technology and defence supplies from the Western powers and

more intense cooperation in counteracting terrorist funding and plotting, reviving uranium supplies and establishing newly initiated nuclear power plants, and getting support for India's permanent seat in the Security Council. With Pakistan, Narendra Modi has shown a soft and a hard side. The coalition with the People's Democratic Party in Jammu and Kashmir displays an unexpected flexibility. Modi has signalled continuity, but with more vigour, in pursuing past foreign policies.

On the various insurgencies - in Nagaland and other parts of the Northeast, Maoist movements in Chhattisgarh, Jharkhand and so on, this government has shown neither vision nor a new approach. It has signalled that it will be fierce in countering violence. It has been unsuccessful in containing it. A more sensitive home minister might have handled it differently.

The past haunts BJP in Parliament. The Atal Bihari Vajpayee government faced the boycott of the minister, George Fernandes. The BJP stalled Parliament and important United Progressive Alliance II legislation. They are getting it back, especially in the Upper House. The regional parties took a year to wake up to the threat to their survival from the BJP. Modi and the BJP appeal to a young and ambitious voting population, and to the aspirations of a large urban consuming class. A fresh Janata *parivar* (including the Congress) will not split votes as it did in 2014. 'Secularism' and 'socialism' are the slogans. The Modi government lends itself to accusations of being pro-business and anti-farmer and labour.

The good luck of falling oil prices helped Modi in the first year, and the economy improved. Now Modi is hit by bad luck: unseasonal rains, the possibility of a failed monsoon, farmer suicides, renewed inflation. The new land legislation is another stone to throw against the government.

Domestic economic policies take time to be effective. Unblocking infrastructure and other industrial projects by speeding up government clearances, and faster government approvals, will release huge blocked investments. Coordinating such government approvals within a promised time frame will stimulate domestic and foreign investment. New uranium supplies will stimulate nuclear power plants and possible private and not just government investments. Coal supplies have already improved after the coalmine auctions. The power situation will improve. Trading in power, coal and transmission investments will optimize supplies. Faster road construction, the national corridors and city improvement programmes will add to jobs. The skills initiatives are already adding to skilled work forces.

Rahul and Sonia Gandhi's recent speeches show that the Opposition is reverting to 'leftist' thinking - or agriculture, rural folk, the farmer, urban labour. The BJP is depicted as 'rightist' and pro-rich, in favour of corporate organizations, middle classes and urban dwellers. The Congress and the 'Left', including the new Janata, will push for reviving old Congress social policies, plus the massive farmer loan write-offs - a UPA hallmark.

The Modi land bill is inevitable. Indian agriculture has too many people dependent on it. Reducing this requires even faster urbanization and massive job creation in manufacturing and infrastructure. Urban habitations must provide jobs, transportation, housing, sanitation, health services, water, education and skills development. This demands land. Dry lands and deserts

may not always be suitable. Displacing agricultural landowners is inevitable. They must be adequately compensated. The BJP will pass the land bill in due course.

But the Modi regime must urgently develop and implement a comprehensive rural and agricultural policy. It must decide: a rational minimum price support policy, a consistent policy for relief from crop damage, releasing markets from the grip of intermediaries, investing in storage, transportation, canals, rainwater harvesting and water storage, and counselling rural migrants in urban areas. The Modi government must act to negate its anti-farmer and anti-poor image. It must be less vocal in opposing social programmes and move quickly on direct transfer of benefits.

Urban development and 'smart cities' will be anti-rural in Opposition attacks. Industry and infrastructure will be slammed for taking away agricultural lands and as pro-business. No amount of compensation to farmers will be considered enough. Reform initiatives that require legislation or Constitutional amendments (even GST) will be stalled. The Modi government will be unable to bring about the transformation that the world expects from India.

The Modi government must shed its arrogance and its contempt for the Opposition. It must swallow all insults and get the Opposition to work with the government. It must accept inevitable compromises. The lack of majority in the Rajya Sabha must be countered by compromise. The battle between political parties must not result in reviving India's stagnation.

***The author is former director-general, National Council of Applied Economic Research***  
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