

Opinion

SATURDAY, MAY 25, 2019



EU'S TURNING POINT

Jeremy Corbyn, Labour leader

Taken slightly historically, the turning point in the EU was actually the Single European Act, the Thatcher/Maastricht-era stuff, which was turning the EU into very much a market system

Rational Expectations

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THIS ELECTION WAS ABOUT PAST PERFORMANCE OF THE MODI GOVERNMENT, AND EXPECTED FUTURE PERFORMANCE. THE VOTING PUBLIC IS UNLIKELY TO BE DISAPPOINTED

NO PROOF REQUIRED

What explains Earthquake Modi?

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WHAT WAS EARTHQUAKE Modi all about? I know that there are several descriptions (wave, tsunami, Black Swan, Rashomon, 2.0 etc.), but I prefer earthquake for the following important reason—the foundations of what we think the democratic vote is all about has been shaken, stirred, and perhaps dispensed with. And only an earthquake can do that.

There will be time again to discuss what we think the objectives, and policies, of the new Modi government should be. Today, I want to discuss what history, and economics, tells us about what this vote was all about—and what not. I do believe that history has a lot to teach us—only problem is that often, historians let ideology structure their interpretation of reality, i.e., suffer from the Rashomon effect, a subject I talked about in one of my earlier articles. How best to avoid Rashomon? By filtering ideology with data reality checks.

On the history side, the refrain from most analysts has been that caste matters, that people 'caste' their vote. On Thursday, my co-panellists on CNN News18 had a semi-heated discussion (normally, we are restrained but an earthquake does get emotions high) on whether caste mattered in this election. I repeated what I have said numerous times, and also discussed in detail in my book, *Citizen Raj*. (I hope the editor allows me to publish this self-serving sentence—a good and possibly prescient forecast about the determinants of Earthquake Modi is contained in the book).

Briefly, my argument is not that caste does not matter—of course, it is one of the factors determining your vote. But it does not allow me to fore-

cast or analyse what, why, and who you will vote for in any meaningful way. If it did, and given that caste composition is known, and constant like the Northern star, then *everybody* will be able to call *all* elections perfectly.

But I have repeated myself enough. I want to quote an email that Anil Maheswari (author and journalist) wrote to me on April 20, 2019: "In 1971 caste permutations and combinations were shattered in the wake of call of Mrs Gandhi's clarion call *garibi hatao*; in 1977, it was again demolished in the wake of anger against Mrs. Gandhi; in 1984, it was the Phoenix of Majority communalism in the wake of the assassination of Mrs Gandhi; then in 2014, in the wake of Modi's aspirational call, and now in 2019, it is poised to be shattered again in the wake of *developmental* activities during the Modi regime" (emphasis added).

Let us settle, the contributions of historians and sociologists notwithstanding—Indian elections are not about caste. Neither in 2014 (split opposition) nor in 2019 (joint opposition in the important caste states of Haryana, Bihar and UP) did caste matter much for winning. Indeed, one prominent caste leader, Lalu Prasad Yadav, did not win a single seat in 2019 after winning four in 2014.

Was this election about Modi? Of course it was, but we need to get beyond that description (similar to that people vote their caste). What was it about Modi

that people voted for him in such large numbers, and in even larger numbers than the record-breaking 2014 election? Recall that many "experts" wrote off the 2014 election as a minority 31% vote election. In 2014 the BJP fought only 424 of 543 constituencies. If the BJP had fought all, this translates into 40% of the national vote share; incidentally, the NDA in 2014 garnered 39% of the vote. In the six elections between 1952 and 1980 (excluding 1977) the Nehru-Indira Gandhi Congress obtained an average vote share of 44%.

In the first election in 1952, Nehru obtained 45% of the vote; the next election, 47.8%. In his first national election, Modi obtained 31% of the vote; in 2019, the figure is close to 38%, i.e., an increase of 7 percentage points. The NDA as a whole is likely to average above the Nehru-Gandhi benchmark of 44%. Hence, the nutting *nawabs* of negativism (with due apologies to William Safire) should stop carping about Modi's victories not being a reflection of liberal (in the true sense of the word) democratic forces.

This election was about economic reforms and primarily the economic hope for the future. A favourite com-

plaint of the Modi detractors (and several very good friends of mine) is that Modi erred in not implementing economic reforms like privatisation, etc., and in implementing negative reforms like demonetisation. Indeed, demonetisation and its perceived ills was a favourite slogan of the Congress. What I have shouted hoarse for the last nearly three years (and been pilloried even by objective commentators) is that demonetisation was an *integral* part of Modi's economic agenda against corruption and tax evasion. It did not succeed perfectly and instantly—what does? But, it, along with other reforms like Jan Dhan bank accounts, was necessary to provide direct benefit transfers to the poor (PM-Kisan, health insurance, etc.); to provide

public services like sanitation (toilets), LPG cylinders, and free housing to the bottom 50-70% of the population. Not everyone got the benefit, but the eligible beneficiaries believed in Modi's promise that all those eligible will eventually receive the benefits.

Add to these reforms (imperfect but well begun and well intentioned) GST and bankruptcy code, and *initial* attempts to reform agriculture, and you have achieved more *inclusive*

economic reforms than any other regime in Indian history. The stage has been well and truly set for the next generation of economic reforms. There is no going back; and the people believe Modi and trust Modi to deliver. That is why this election was about the delivery, and promise, of the Modi government.

It is not that caste does not matter—of course, it is one of the factors determining your vote. But it does not allow one to forecast or analyse what, why, and who the voter will vote for in any meaningful way

After Modi's victory, some commentators spoke of a 'toxic masculinity', others of India's soul 'lost to a dark politics', even of a country plunging into a 'moronic inferno'

What's the best way to divide India?

It could be along caste lines like Mayawati/Akhilesh/Lalu would want, or a north-south divide like Chandrababu seems to prefer

THE ATTACKS ON prime minister Narendra Modi, always sharp, have increased in intensity after he pulled off a spectacular victory for the BJP/NDA. While most expected the alliance to lose a large number of seats due to the economy slowing and joblessness rising, there were the additional factors of cow-related violence and costs to farmers with stray cattle eating their crops in Uttar Pradesh and, of course, the fact that two big caste parties—the SP and the BSP—had got together to beat the BJP.

Despite this, however, the BJP got 20 seats more than in 2014—the 282 in 2014 itself was a record of sorts for non-Congress parties—and with an increased vote-share of around 6%; it rose from 31.3% in 2014 to 37.4% in 2019. That is quite a change from earlier elections when winning parties typically got just around 28-30% of the votes polled. Indeed, in key states, the vote-share was dramatically higher. In UP, where the BJP was expected to lose 30-40 seats, it lost just nine, and managed to increase its vote share from 42.3% in 2014 to 49.5% this time around. In West Bengal, where the party stormed Mamata Banerjee's citadel by bagging 18 of 42 seats—TMC held 34 and the BJP just two in 2014—it raised its vote share from 17% to a massive 40.2%. In Odisha, where the BJP rose from one seat to 8—the BJD fell from 20 to 13—the party's vote-share rose from 21.5% to 38.4%. By all accounts, the big takeaway from the elections was the decimation of caste warriors.

It would be premature to say caste is dead since even Modi pays close attention to the caste of his candidates and, during the campaign, he did mention his caste; also, the government's plans to do a sub-categorisation of OBCs to ensure that just powerful castes didn't corner all the reservation benefits makes it clear caste is alive and kicking. The difference, however, is that when there is a larger cause—Ram *mandir* in the past, and 'nationalism' this time around—it is possible to get voters to subsume their caste identities while voting. So, when Modi is blamed for the 'toxic masculinity' that characterises the BJP's ideological discourse, to quote one observer, what is one to make of this?

Certainly the party's stance on cow-related violence has been condemnable; while Modi did come out against the self-styled *gaurakshaks*, it was a bit late in the day and his chief ministers were not able to stop this. Also, Modi's running down of the 'pink revolution'—the colour of beef—is what emboldened the *gaurakshaks*, as did the subsequent large-scale closing of abattoirs by the UP government. According to *factchecker.in*, there were 127 incidents of cow-related violence across the country between 2012 and 2019 which resulted in 47 deaths; 124 of the incidents and all the deaths took place since 2014. One crime doesn't justify another, but, in the case of caste-based violence, the NCRB reports 799 murders of SCs in 2016 alone. It is likely that *factchecker.in* doesn't have all the details of cow-related violence—the NCRB doesn't report this at all—but it does appear that incidents of caste-based violence are far greater. So if—and that is a big 'if'—since removing caste-bias will take decades—focusing on an identity bigger than caste reduces caste-related violence, is that something Modi should be praised for or blamed?

And while Modi is accused of pushing a majoritarian—or anti-Muslim—agenda right through the election, it is possible, as Modi and the BJP argue, that the media highlighted only certain parts of his speeches that related to 'nationalism'/Balakot/Hindutva, and ignored the parts where he spoke of what the government had done for development. That seems plausible since, in the pre-election period, the government made much of the fact that over ₹2.3 lakh crore was distributed to the poor via DBT over the past five years, over 5 crore persons got subsidised life insurance and 13 crore accident insurance, 6 crore got free LPG connections, 1 crore subsidised houses were built, as were close to 10 crore toilets... If the government was highlighting this before the election, why would it not do so during the elections since the poor would certainly see this as a reason to vote Modi?

Another big takeaway from the elections in states like Odisha, for instance, is that voters are quite discerning even if they are poor and poorly educated. In Odisha, on the same day, voters were able to vote in Naveen Patnaik in the assembly elections and Narendra Modi as the country's prime minister; the voters were able to distinguish between the fact that national and local priorities are different. This was also evident in states like Rajasthan where, just months after the BJP lost the assembly, it swept the national election—even when the BJP lost the assembly, one of the slogans of the electorate was "*Vasundhara teri khair nahi, Modi tujhse bair nahi*" (we will fix you Vasundhara, but we have no quarrel with Modi).

While the Opposition needs to come out with a more coherent strategy than *chowki-daar-chor-hai* or the allegation of Anil-Ambani's-₹30,000 crore-Rafale-payoff if it hopes to beat Modi in 2024, the country's intellectuals who run down Modi need to think over these issues, to explain how the assertion of caste-based and regional identities is a preferred alternative. Just last year, Chandrababu Naidu was trying to get south Indian chief ministers to get together to protest about how they were subsidising poorer north Indian states; surely this too was against the idea of India as a conglomeration of states and identities. And, if this assertion was to be accepted, why should the rich pay more taxes as individuals to subsidise the poor? Modi needs to ensure the Hindutva agenda doesn't become anti-Muslim or anti-Christian, but he is not the only one that needs to do some introspection.

Parched Chennai

The southern metropolis faces one of its worst water-crises ever; India must focus on building storage capacity

CHENNAI IS FACING one of the worst water crises it has ever seen. There is just 1.3% water left in the city's reservoirs—the fifth-lowest amount in 74 years. In 2018, the city received less than what is usually does from the retreating/northeast monsoon that accounts for 60% of its annual rainfall. Consecutive years of drought have worsened the crisis. The city, whose water requirement is estimated at 2,000 million litres per day (MLD), is now receiving only 550MLD. The need to provide water for agriculture in the rest of the state and to the parched city simultaneously has caused a massive problem for the state government, since the land under cultivation and the population have both increased. Studies show that the three main sources of water—Red Hills Lake, Poondi reservoir and Cholavaram Lake—will not be able to provide water by June.

Against this backdrop, NITI Aayog, in June 2018, published a water management index report of India's states. It mentioned that cities in 21 states, including Chennai, Hyderabad, Bengaluru will run out of groundwater by 2020, affecting 100 million people. With large scale migration and urbanization, water is needed to feed industries, agriculture and the humans settling in these cities. Indian cities—indeed, the country itself—need to make serious water conservation and harvesting efforts. Even in a bad year, India gets around 2,600 billion cubic metres (bcm) of rain while it needs around 1,100 bcm to meet all requirements; but its capacity to store water is a mere 253 bcm. So, with 90% of the available rain water not getting stored, a failure of rain is a near-catastrophe, especially so for parched cities like Chennai.

India's unhappy election

The election campaign was an unhappy one, highlighting external threats, and creating internal ones where they do or need not exist

MY LAST COLUMN, over a month ago, was about the reasons for India's low ranking in national lists of "happiness," a shorthand for survey measures of self-reported life satisfaction. In that column, I suggested that Indians have been expecting better than what they have been getting, especially in material well-being, and that makes them unhappier than numerical measures such as GDP per capita and healthy life expectancy might predict.

This column is being written after the conclusion of India's general election. Pre-election polls predicted a victory for the ruling coalition, exit polls after the final phase only strengthened that conclusion, and the final verdict was a thumping majority for the BJP. The stock market has reacted positively, so perhaps one can conclude that investors are happy with the outcome, but they are a small proportion of the population. Perhaps, relief is a better characterisation of the emotion behind the response, since a stable government is preferable, other things equal, for the progress of the economy. The premise here, based on the last three decades of Indian experience, is that any government will pursue more or less similar economic policies, differing at the margins in terms of how and to what extent certain kinds of redistribution are carried out, or which business people are favored, but not in the fundamentals of tax policy, expenditure policy or monetary policy. A slow but perceptible economic reform process is a given.

What was most noticeable about this election campaign was the absence of much, if any, serious discussion of economic policies, beyond attempts from the Opposition to create a version of a universal basic income program. This seemed to be a contrast to recent elections elsewhere, where there was debate on whether government policies were promoting adequate levels and sharing of economic growth. Instead, this was a campaign of fear and division, especially from the ruling party. Even in the last US presidential election, Donald Trump combined his xenophobia, racism and reactionary social policies with an economic message, appealing to those who have been left behind by globalisation and technological change.

But in India, the majority of the population has not even had its first chance, so there is nothing for them to miss, except by comparing themselves to those in India who are racing ahead. And the incumbent could hardly blame the failure to deliver economic benefits more robustly on the preceding government, a full five years after its ouster. In mid-May, Simon Mundy, in *The Financial Times*, offered a pessimistic view of India's prospects, based on strong evidence of weakness in consumer demand, both rural and urban. Soutik Biswas, for the BBC, offered a similar conclusion, bolstered by the concerns of economists such as Kaushik Basu, who noted the anaemic performance of Indian exports, and Rathin Roy, who observed the failure of India's consumption story to broaden, so that consumption patterns are looking more like Latin America than East Asia.

Some of this goes back to the continued failures of job creation in India, the lack of sufficient industrial dynamism, including the lack of positive feedback loops from growth in industry to skill acquisition to accumulation of experience to new firm creation. Because the last five years have seen a focus on consolidating political power, and on pursuing a particular vision of nationalism, while many reforms that have been ongoing for years across several governments

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have been carried out, a government headed—for the first time in India—by someone with an urban working-class entrepreneurial background ultimately did not bring much innovation to the formulation and implementation of economic policy. As a result, the election campaign was an unhappy one, highlighting external threats, and creating internal ones where they do or need not exist. This is not a profound observation: everyone has seen how the campaign was conducted. What is surprising is that the opposition did not really seem to provide an answer or be able to rise above the level and tone set by the ruling party. Perhaps there is no way to accomplish that elevation, when a strong communicator is pressing those buttons for voters that will trigger emotions of fear and concerns for safety. That was certainly the case of Donald Trump, who continues on that path more than halfway into his term.

Milan Vaishnav, in an article in *Foreign Affairs* magazine, has used the characterisation of what is happening as "The Battle for India's Soul." This is not just about the election, but what has been happening before it, and what might happen after it, where certain groups in Indian society are marginalised or even demonised, where a broader concept of national identity is made impossible, and where dissent and difference are suppressed. It is an unhappy state of affairs when reasoned debates about economic policy and inclusive growth are replaced by historical grievances and fear of the future as the basis for political choices. An unhappy election campaign, even if it results in a stable national government, may not lead to a happier population. I hope the pessimists are proved wrong, but discussing how that might happen will need another column.

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LETTERS TO THE EDITOR

Ball in Modi's court to uphold secularism

The scale of BJP's victory and the secular parties' decimation marks, or more precisely, cements India's transition into a polity with a certain political complexion. Juxtapose the win of Sadhvi Pragya Thakur with the defeat of Kanhaiya Kumar to appreciate the popular rejection of the pro-poor and progressive forces in the clash of ideologies and its implication. In today's India even Mahatma Gandhi might not make it in an election. The nation has to now deal with the incompatibility between India's civilizational ethos and constitutional values and what BJP represents - Hindutva or Hindu nationalism. A leader who hailed Mahatma Gandhi's assassin as a 'patriot' would now grace the hallowed floor of the Parliament. The most striking and salient feature of the electoral outcome is the preference shown by the impoverished multitudes to Modi and BJP in that order. Clearly, 'Modi worship syndrome' was at work in the election. It is as if the Modi bhakts derive a vicarious thrill out of watching their demi-god play the political game. The appeal of Modi, coupled with that of Hindutva, was so strong that nothing else, not even the unfulfilled promise of *acche din* mattered to them. However huge the victory may be, it cannot make what is wrong right and what is right wrong. Nor can it invalidate Rahul Gandhi's passionate opposition to Sangh Parivar's virulent world-view and his strident criticism of Modi's style of leadership and governance. Narendra Modi is back in the saddle with renewed mandate. Even as we congratulate him, we urge him to try and transmogrify himself from a Hindu nationalist to a statesman worthy of the world's largest democracy. His priority should be to deliver basic living standards to the country's masses. — G David Milton, Maruthancode

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● MODI-LED NDA 2.0

Now for the tough part

It is time to avoid bluster and policy adventurism, and to use the strong political mandate to script the economic rise expected, and voted for, by aspirational India

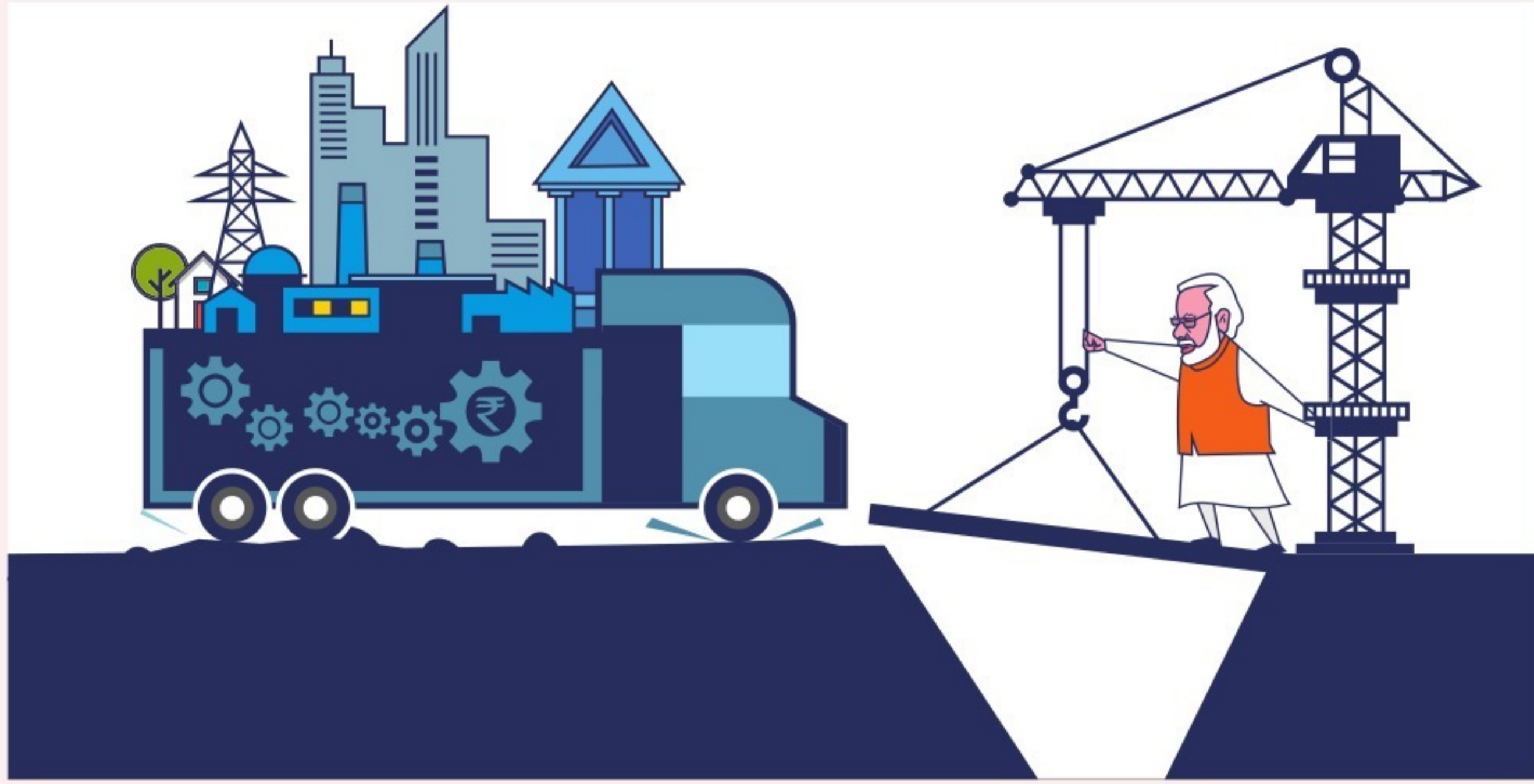


ILLUSTRATION: SHYAM KUMAR PRASAD

WITH THE WORLD'S GREATEST democratic election exercise delivering a decisive victory favouring another term for Prime Minister Narendra Modi, it is time to get back to addressing the economic agenda. India's economic health isn't as bad as the opposition talking heads would have everyone believe, but it still warrants swift corrective policy action on multiple fronts.

Modi-led NDA-1 underestimated its dysfunctional economic inheritance and overestimated its own ability to fix things swiftly. Luckily, the significant decline in international crude oil prices was manna from heaven in the early years of the government. It substantially eased the pressure on India's twin deficits, offered a potential booster for growth, and created policy flexibility to potentially focus on reforms that would strengthen and speed up India's economic evolution.

However, the macro backdrop doesn't offer that flexibility. Still, the unwavering focus should be on addressing the cyclical and structural factors behind the recent downshift in growth that go beyond election-related uncertainty. A spike in international crude oil prices could still alter the still-palatable landscape of external imbalances. However, the best of the policymakers can do is to ensure policy flexibility, including by enhancing export competitiveness and moving up the value-added segments, ensuring reliable long-term stable financing of the current account balance, and perhaps even reserving some fiscal firepower as insurance, if it is needed to absorb any oil price shock.

The Indian economy in recent years has been like a big truck with a messed-up gearbox. Several parts can be replaced, but a shift into higher gear is unlikely if the gearbox isn't fixed. And fixing it requires nursing the asphyxiated banking industry to breathe again. The NDA-1 had a delayed start on fixing this problem, and despite some unprecedented and admirable regulatory activities, the pace of healing remains glacial.

India is a reformer's delight because there is so much to be done. The new government will have to address several challenges, including sagging economic growth, low employment generation and weak employability, structural distress in agriculture, a fiscal ledger that is worse than it appears, unshackling of delivering low and stable inflation over the medium term, unshackling factor markets (land, labour and capital), administrative reforms, and ensuring adequate internal resources for financing sustained

growth acceleration. The government will have its hands full with all of the above plus some more, but the immediate macro focus should be on the trinity of growth, fiscal and inflation without risking macro-prudential stability.

The GDP data for the March quarter due at the end of this month will refocus attention on the deceleration in growth. Growth probably eased to around 6% year-on-year, a disappointing outcome that will also be slower than China's 6.4% in the same quarter. The moderation has been broadening in recent quarters and a quick turnaround in 2019-20 that everyone assumes is a forgone conclusion is wishful thinking, in my opinion.

To be sure, growth in the current fiscal year won't be significantly better than the 7%-mark in 2018-19; it could actually even be a shade softer, if corrective policy action is delayed. The strength in domestic demand is poised to moderate

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further while the "pull" from external demand will soften given the worsening global backdrop. Private consumption is weakening because of both cyclical and structural factors, and investment recovery is patchy and has yet to turn up in a sustained manner.

The combination of risk aversion, hit to confidence, and the liquidity squeeze triggered by the NBFC fallout exacerbates the headwinds for growth. Investors also continue to underestimate the short-term adverse impact on capex and economic

evolution—it also contrasts with the experience of other Asian emerging economies—is that end-product markets have been reformed substantially but factor markets haven't been a key focus. This has to change to increase the speed limit on growth without stoking the fear of sharply higher inflation.

The first policy focus of the new government will be the full Union Budget for 2019-20. The Interim Budget's spending initiatives will likely be broadly unchanged, but its arithmetic needs to be adjusted to make it more realistic to inspire confidence in achieving the fiscal deficit target of 3.4% of GDP. It is easy for politicians to favour stimulus when growth is slowing (the pressure will increase if the monsoon disappoints), but India's true fiscal picture offers little scope for additional boost to aggregate demand. Admittedly, there is still uncertainty about the size of the transfer of

excess capital from the Reserve Bank of India (RBI) and how it'll be used; it could ease the funding constraint. To be sure, the actual fiscal support to the economy is far greater than what is generally acknowledged, but that still hasn't prevented growth moderation. Total borrowing by central and state governments, and public sector companies stands at an elevated 8.5-9% of GDP, constraining the available firepower for a strong revival in private capex. Off-budget borrowing only masks the underlying fiscal support to the economy. That might facilitate escaping fiscal scrutiny, but it, along with the pressure of other borrowings, asserts itself in the unfavourable dynamics in the bond market, as has been the case in the last several months.

It is the consolidated fiscal position (states' deficits have offset the improvement in the central government's fiscal deficits) and the total public sector borrowing that matter for macro management. Indian policymakers, including the monetary policy committee (MPC), routinely ignore these important metrics. In the interest of transparency, the government or RBI should clearly state and comment on the total borrowings by the public sector.

Good news on inflation cannot be based on a depressed agriculture economy. Also, the government has work cut out to ensure low and stable inflation over the medium term. While the current headline inflation isn't a problem, there is still no effective institutional mechanism for managing food inflation in case of supply shocks. Such a framework would inspire confidence that potential spikes in food inflation won't adversely impact inflation expectations. Even at present, questions about food price dynamics create uncertainty about the outlook for headline inflation over the next 1-2 years.

Headline CPI inflation remains well below the medium-term target of 4%. Food inflation has risen, as widely expected, but core inflation has edged down, in contrast to the fearmongering by some. That should pave the way for a 25bps cut in the repo rate, preferably in June than August. Beyond the anticipated rate cut, the MPC would need to see downward revision in the 1-year ahead inflation forecast to ease again.

India is far from being done with the macro reforms needed to ensure real GDP growth of 8-10% annually with low and stable inflation, and manageable external imbalances. It is time to avoid bluster and policy adventurism, and to use the strong political mandate to script the economic rise expected, and voted for, by aspirational India.

DATA DRIVE

Modi 2.0: Getting economy on track

THE RE-ELECTION OF the NDA alliance led by Prime Minister Narendra Modi has put to an end to uncertainty and raised hopes that the economy will pick up momentum. Growth rate, according to the second advance estimates, has slowed down to 7% in FY18 and is likely to slip further to 6.8% in FY20 because of weak rural demand, slowdown in investment and impact of relatively higher borrowing costs. The fall in the investment rate has driven down corporate margins.

Aggregate demand is slowing down as rising rural distress has led to slowdown in private consumption and households have gradually reduced consumption due to insufficient income growth. Volume growth at leading FMCG companies—which derive more than a third of sales from the rural areas—has dropped, as for the first time in five quarters, FMCG major HUL reported single digit (7%) volume growth in the three months to March this year.

The rural demand slowdown is unlikely to reverse immediately because of the fall in farmers' profitability led by low prices. Slowdown in consumption can also be partly attributed to tighter financial conditions following the credit default in the non-bank finance segment, and the slowdown in global growth led to weaker export income.

Monetary policy support in the form of policy easing and easier liquidity conditions will help to ease financial conditions and positively impact domestic demand. A cyclical recovery in consumption will bode well for capacity utilisation and capex, and give a fillip to manufacturing activities that had contracted in March.

Gross fixed capital formation dropped to 28.6% of GDP in FY18 from an all-time high of 34.3%, as private sector investment remained stagnant at 11% of GDP during the period. Household investment, which accounts for small and medium enterprises, reported a steep fall—from 15.7% of GDP in FY12 to 10.3% in FY18.

Tax collections in FY19 have been lower than the revised estimates, which will strain government finances. Government expenditure may derive increasingly shift towards compensatory expenditure and away from development expenditure, which may further constrain overall investment in infrastructure.

The Centre should continue to rationalise GST rates, revamp corporate tax rate and lower headline rate to 25% for large corporates, as promised by finance minister Arun Jaitley. The government should continue its focus on building infrastructure with \$1.4 trillion as target for the ensuing five years as stated in the manifesto. Though the target looks ambitious, if public capex crosses 10% of GDP in three years, it will be a good outcome.

