



Great expectations

The Jaganmohan Reddy government must build on Andhra Pradesh's high potential

The YSR Congress Party begins only the second government in the bifurcated successor State of Andhra Pradesh following a thumping win in the Assembly and Lok Sabha elections. The party won all-round support across classes, with significant gains among Dalits and Adivasis. A firm mandate from farmers and the youth in favour of the YSRCP catapulted it to a four-fifths majority in the Assembly. Strong mandates come with great expectations, and the new government will have to address the fiscal issues that have lingered since bifurcation. While registering high economic growth rates, Andhra Pradesh, which lost a significant portion of the undivided State's revenues, has sustained high public debt; it reached 28.79% of the State GDP, according to latest figures. The previous Telugu Desam Party government led by N. Chandrababu Naidu had gone on a populist spree in the latter part of its tenure, exacerbating the State's debt situation. The YSRCP has also promised its own set of welfare measures. While redistribution measures tend to spur consumer demand, wasteful populism could hurt the State; and Chief Minister Y.S. Jaganmohan Reddy must be more discerning on this aspect than his predecessor.

Another legacy of the TDP government was its emphasis on building a grand new capital at Amaravati. The State needs a functioning and workable capital city; the new government should scale back the pointlessly grandiose aspects of the plan and focus on the necessary brick and mortar. The government should take forward the previous regime's work towards the diversification of the State's economy by focussing further on industrialisation. New industries and capital have flowed in after bifurcation, helping spur economic growth. Much more can be done considering Andhra Pradesh's potential, including leveraging its strong diaspora. This should be among the priorities of the government. Much has been made of the need for special category status for the State, but this may have little benefit beyond its emotive value. The government can address fiscal concerns through growth, diversification and meaningful redistribution rather than expending political capital seeking a largesse from the Centre. In any case, as Mr. Reddy has noted, there is little chance of the Centre conceding the status to the State as the BJP-led government at the Centre enjoys a clear majority and does not require the YSRCP's support. Another encouraging sign for the State is the amiable relationship between Mr. Reddy and Telangana Chief Minister K. Chandrababu Naidu, in contrast to the animus that persisted during Mr. Naidu's tenure. This should enable the States to resolve issues related to sharing water resources, and so on. Mr. Reddy should hit the ground running.

Slowdown confirmed

With the economic crisis deepening, the government will have to hasten reforms

There is now no denying that the second Modi government takes office amid a clear economic slowdown. The first macro data set released under the new Finance Minister, Nirmala Sitharaman's watch, on Friday, showed an under-performing economy with GDP growth falling to 5.8% in the fourth quarter of 2018-19 and pulling down the overall growth for the fiscal to a five-year low of 6.8%. Growth in gross value added (GVA), which is GDP minus taxes and subsidies, fell to 6.6% in 2018-19, pointing to a serious slowdown. If further confirmation were needed, the growth in core sector output — a set of eight major industrial sectors — fell to 2.6% in April, compared to 4.7% in the same month last year. And finally, unemployment data, controversially suppressed by the Union government so far, showed that joblessness was at a 45-year high of 6.1% in 2017-18. These numbers highlight the challenges ahead for Ms. Sitharaman as she sits down to draft the Budget for 2019-20, to be presented on July 5. The economy is beset by a consumption slowdown as reflected in the falling sales of everything from automobiles to consumer durables, even fast-moving consumer goods. Private investment is not taking off, while government spending, which kept the economy afloat during the last NDA government, was cut back in the last quarter of 2018-19 to meet the fiscal deficit target of 3.4%.

The good news is that inflation is undershooting the target and oil prices are on the retreat again. But the rural economy remains in distress, as seen by the 2.9% growth in agriculture last fiscal; the sector needs a good monsoon this year to bounce back. Overall economic growth in the first quarter of this fiscal is likely to remain subdued, and any improvement is unlikely until the late second quarter or the early third. There are not too many options before the new Finance Minister. In the near term, she has to boost consumption, which means putting more money in the hands of people. That, in turn, means cutting taxes, which is not easy given the commitment to rein in the fiscal deficit. In the medium term, Ms. Sitharaman has to take measures to boost private investment even as she opens up public spending again. These call for major reforms, starting with land acquisition and labour, corporate taxes by reducing exemptions and dropping rates, and nursing banks back to health. On the table will be options such as further recapitalisation of the ailing banks, and consolidation. The question, though, is where the money will come from. With tax revenues likely to be subdued owing to the slowdown, the Centre will have to look at alternative sources such as disinvestment. There may be little choice but to go big on privatisation. A rate cut by the Reserve Bank of India, widely expected this week, would certainly help boost sentiment. But it is the Budget that will really set the tone for the economy.

Depths of field, defined and blurred

When the history of our time is written, how will the year 2019 come to be assessed?



RUCHIR JOSHI

When the forensics of the 2019 Lok Sabha election are done in the future, strange things may emerge from the examination. While some answers might be surprising, the questions themselves might be quite different from those many are asking today. Given a chunk of hindsight time and a thicker sandwich of context around this moment, some of our current assumptions and head-scratchings might look extremely dull to people conducting the review. Just as we now see historic events in their 'totality' — for instance, the toppling of different dominoes that led to the start of the First World War, or how Partition could perhaps have been avoided in 1947 — people may look back at the period leading up to these elections and the aftermath, and see both the funny and epically tragic sides of the moment.

At a frivolous level, people may chuckle at how the Sangh Parivar successfully managed to dub different liberal pockets with unifying negative labels such 'Lutyens Elite' and 'Khan Market Gang', even as the Sangh Parivar strengthened its already tight hold on the bungalows and secretariats of the actual Lutyens' Delhi, while so many people frequenting the actual Khan Market were from the demographic that either worked for the Sangh power circles or enthusiastically voted for them.

On a more serious note, the exhumation of the bones of Election

2019 might well be conducted after far more seismic historic events have occurred: a trade war between China and the U.S. that debilitated the world economy for years to come; or an armed conflict between the U.S./Israel and Iran with major knock-on effects that turn India into just another nation-state billiard ball, cannoning out of control. In such a case there might even be a recognition already in place that it was the BJP-RSS 'victors' who caught the short straw, and the Congress and other 'losers' who got lucky, because it was a very good time *not* to be in charge of this country.

Impending catastrophes

Leave aside an economic meltdown or missile-apocalypse, there could also be an understanding that no Indian political party was equipped to handle the ecological-disaster meteor hurtling towards the country, that none of them even saw it coming, and it was Modi 2.0 which was in charge when it struck. Today, we are already in the midst of a catastrophic air-pollution crisis and heading swiftly towards a major water-crisis; we could well be looking at a food crisis of almost 1943 proportions, where our harvests are adequate but our skewed distribution systems lead to quasi-famine situations. If ignored or mis-handled — and this regime has a terrific record of doing both — this could leave future historians looking at a huge renting of the fabric of the nation, a huge transformation, but not of the sort the Sangh Parivar imagines in its fevered dreams.

What could a granular political archaeology yield in the future? 2019 might be seen as the first serious beginning of a north-south division of the country, the moment where the south begins to



G. RAMAKRISHNA

understand that they want no part of the Hindutva agenda, that it is of no advantage for advanced, educated people of different religions who are confident in their own secularism, the Hindu majority of whom are confident in their own kinds of Hindu practice, to be sucked down by the horribly feudal, backward notions of nation and society being offered by the zealots in control of the central north. These recently executed elections might throw up yet another irony of abusive labelling: posterity might see the Sangh Parivar and its vassal parties and media as the real Tukde-Tukde gang, the ones who turned the Union of India into a brittle biscuit.

The health of the nation

There would also have to be an examination of the changing character and role of the Indian Deep State at this moment. If we define the phrase 'Deep State' to mean a covert nexus between industrial corporations and the security services, with their self-defined mission being to keep the country at a working status quo tilted conservatively, then what was this Deep State's reaction to the second victory of the Narendra Modi-Amit Shah combination? To what extent did they participate? Was there any concern that the country would be radicalised beyond their

control? Was there any recognition that the attempted suppression and de-legitimisation of nearly 200 million Indians might have cataclysmic effects that were not in the Deep State's own long-term interests?

Let's imagine that our future historians have as an instrument one of those animated infographic maps of South Asia, with the countries differentiated by patterns indicating different elements that make up the 'health' of each nation: clear separation between state and religion, between state and military; operational democracy at all levels of society, democracy that is constant and not just nodulated around elections; the rule of law and order; effective public health systems; unassailable human rights; freedom of expression and a free media under a diverse ownership; a properly competitive business environment with checks and balances; a cross-institutional understanding of environmental problems and robust programmes to deal with those challenges; and, most importantly, reliable indicators for food security and poverty levels. In such a map, will 2019 be the point when the patterns of our favourite failed state, Pakistan, and India begin to merge with increasing speed? Will people say that this was the tipping point where the Pakistanisation of India gathered full pace? When the moral gangrene infecting the so-called 'severed limb' was invited back into the main body?

As the years slide by on this map, do the colours indicating military conflict and, simultaneously, the shifting of massive refugee populations begin to sweep and bleed into each other? Does the Bay of Bengal rise at the same time and start biting into the Sunderbans? Does the desert start to

spread across the forehead of the subcontinent?

On a longer graph

If the terms of reference are somewhat different, could the historians ask very different questions? For instance, might they be able to see a continuity of the graph of liberalisation in the 25 or 30 years following 1991 where succeeding governments ignored the immediate needs of the majority of India's population and paid the price? Instead of being the moment of great victory for the Hindutva project, could 2019 be the tipping point where the diverse, slowly simmering protest movements gathered critical mass and within a few years toppled the old order and all the old parties completely? Equally, could the period of 1991-2014 be seen as a time of a thinly maintained peace, followed by a period of extreme upheaval for the next 25 years, with 2019 being merely a minor punctuation point, a blip of no great consequence?

In photographic terms, when examining our own time and the current moment, we have no choice but to deal with a very short depth of field, a lot of the past and everything in the future is out of focus, beyond and before the 'today' which is most sharply defined. Looking back at points of history the depth of field is greater, with a lot more things rendered sharply. Perhaps this is a good analogy to remember, both for those bathing themselves in triumphant celebrations today as well as for those who are morose and disheartened and prematurely mourning the death of our precious Republic.

Ruchir Joshi is a writer, film-maker and columnist

Make up for lost time

Narendra Modi must leverage the public trust voters have placed in him to get the economy on track



PUJA MEHRA

Prime Minister Narendra Modi's election campaign, staying clear of bread-and-butter issues, successfully swayed voter attention away from economic hardships. Having won a thumping mandate, his government in its second tenure must now devote itself to a well-thought-out strategy for economic reforms.

The bad news

Official estimates released on Friday, the new government's first day in office, show GDP growth slowed to a five-year low of 6.8% in 2018-19, even as the unemployment rate rose to a 45-year high of 6.1% in 2017-18. Agriculture gross value added (GVA) growth is estimated at negative 0.1% and manufacturing GVA growth at 3.1% in the January-March quarter.

The economy is struggling with an investments and a manufacturing slowdown, rural distress, unremunerative farm incomes, stagnating exports, a banking and financial mess and a jobs crisis. Sales figures from fast moving goods makers and continuing production cuts at car manufacturers confirm that consumption spending has slowed. The top economic priority for the new Modi government ought to be credible

course correction in its attitude to policy — its formulation, articulation and the setting of goals.

The previous Modi government began well but soon lost direction. The announced plans for what looked like a blueprint for structural reforms — spanning an overhaul of labour and land policies and a much-needed manufacturing push, 'Make In India', for absorbing the slack from the farms — had been abandoned by the end of 2015.

The initial energy and enthusiasm gave way to misadventures such as demonetisation and the poorly designed rollout of the Goods and Services Tax (GST) regime. Despite repeated reminders to the Prime Minister's Office from Finance Ministry bureaucrats, the decrepit public banking system and the problems of the financial sector received little policy attention. Even the insolvency and bankruptcy reform, a sound economic reform, that got rolled out rather gradually and tentatively is already in danger of getting diluted.

The cumulative neglect of reforms over the years by Mr. Modi and his predecessors, including Manmohan Singh, has ensured that the economy is falling short of both its growth potential and the people's aspirations.

That the Constitution was hurriedly amended for rolling out reservations based on economic criteria and that fiscal giveaways for middle class Indians and farmers dominated the Interim Budget presented in February suggest Mr.



GETTY IMAGES

Modi was not wholly unaware of the magnitude of the challenge on the economic front. But now, is he listening to sound advice on the solutions needed? The economy's structural problems cannot be resolved with the sort of political balm Mr. Modi resorted to earlier this year; they demand well-crafted economic remedies.

Sustainable livelihoods

Public provision of toilets, cooking gas connections and dwellings or Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) wage jobs and income supplement schemes are temporary sources of relief. They are not an economic growth model or strategies for reducing poverty. They can help the poor survive by providing meagre resources for subsistence. Reducing poverty needs economic growth to generate sustainable livelihoods for the poor.

This cannot be remedied by redistributive taxation policies alone. Deeply entrenched factors hinder the poor's access to income-enhancing skills, education, health and job opportunities and

obstruct the trickle-down of growth to the poor. For instance, the Modi government's 'Make In India' strategy was a step in the right direction, and needs to be revived. Done right, it can absorb the slack from the farms.

Few organised sector jobs generated in India because industries prefer capital-intensive production despite the economy's relative abundance of low-wage labour. With many seekers per job opening, labour has low bargaining power relative to employers. If production were less capital-intensive, more organised sector jobs would be created. Plus, labour's bargaining power would improve.

Successive governments in recent years have only ended up deepening this structural weakness by yielding to the constant clamour by industry lobbies for lower cost of capital. The first Modi government's record was no different. The economic strategy embedded in 'Make In India' got completely side-tracked as its plan for economic revival was reduced to a clamour for fiscal and monetary stimuli.

Mere pursuit of fiscal and monetary policy adjustments is not going to unlock India's economic growth potential, which is impossible without banking, land and labour reforms that no government so far has been able to deliver.

Will Mr. Modi persist in populism of the past, or take up the backlog of economic reforms pending since the first burst in the 1990s? Will sound economics in-

form his policies, or will he retain a disdain for economists, preferring instead simplistic, quick but ineffective fixes?

Take small firms. For the role they play in jobs creation, smaller firms ought to be incentivised with easy credit and taxation norms. Instead, the messy GST compliance and refunds framework imposed uneconomic compliance costs on them. These were explained away by the Bharatiya Janata Party's national executive in September 2018 as 'creative destruction', a supposedly necessary culling of informal firms so that the formal economy can thrive. The only way the GST may lead to more formalisation of the economy is by putting bigger companies at competitive advantage over smaller ones, a policy outcome that no government should want.

Data collection

Lastly, no evolution of the policy paradigm will be possible if the crisis of credibility in the collection, estimation and presentation of official statistics is not addressed appropriately. In response to the questions raised over unemployment and GDP statistics, including by well-meaning and eminent economists and statisticians, the first Modi government did little else than to suppress inconvenient data or allege political motivations. A more mature way of engagement with constructive criticism is called for.

Puja Mehra, a Delhi-based writer, is the author of 'The Lost Decade: 2008-18'

LETTERS TO THE EDITOR

Letters emailed to letters@thehindu.co.in must carry the full postal address and the full name or the name with initials.

Strategy in Parliament

I was shocked by the report, "Shout a little more, Rahul tells MPs-elect" (June 2), on the Congress president's word of advice to his parliamentary party colleagues. Parliament is the most hallowed and dignified forum India has that decides the fate of the nation through fruitful and purposeful debates and has produced many a stalwart like Ashok Mehta, Pilo Mody, Minoo Masani, S.A. Dange, George Fernandes, Annadurai and Ram Manohar Lohia, to mention a few tall names. A forum for democratic values cannot be made a fish market. It is odd that CPP leader Sonia Gandhi did not criticise such advice.

S. LAKSHMINARASIMHAN, Coimbatore

■ When I was in high school, soon after Independence, we often had a mock Parliament where we debated an issue. We were encouraged to speak our mind on a wide variety of topics. The accent was on expressing our point of view and carrying the debate forcefully, but always with the utmost courtesy and decorum. The dictionary defines parliamentary language as "permissible in parliament; admissible in polite conversation; civil, courteous". I am deeply disappointed that the leader of a major political party should exhort his followers to "shout a little more than usual" and to "be a little more aggressive". Whether you like it or not, around half the people of India have elected members of the BJP-led NDA to represent

them. This translates into a massive majority, given our first-past-the-post system. Not one of the other parties, including the Congress, has won the support of anywhere near this proportion. The fact is that in 2019, India has democratically elected Narendra Modi and the BJP to rule us for the next five years. Let us have civilised discussion in Parliament.

M.K. MANI, Chennai

Politics of food

No scientific sampling or survey appears to have been done to prove that food served by the Akshaya Patra Foundation (APF) is unpalatable and was not being eaten in sufficient quantities ('Magazine' section, "The politics of

food", June 2). Interviewing a few unhappy children alone is unscientific investigation. Anecdotal evidence has been used to steer the reader towards conclusions the writer or a group wishes to achieve. The fact file too appears to be misleading as the scientific and health benefits of onion and garlic are proven *in vitro*, not *in vivo*. The supply of hygienic and safe food is a far greater achievement than aiming for 100% acceptability of food, which is always subjective. A significant percentage of the Indian population does not use onion and garlic and if they suffered clinically, socially or otherwise because of non-consumption, society, scientists and others would have noticed this by now.

M.R. RAGHUNATH, Bengaluru

■ The APF subscribes to the tenet that one's nutritional requirement can be met without garlic-onion and the National Institute of Nutrition has concurred with this. Taste, given the diversity and plurality of our society, is a personal choice, and catering to such diverse tastes in mass feeding programmes, logistically and hygienically, is not easy. The programme meets the challenge of classroom hunger and has improved school enrolment and the

nutritional status of students. One does not understand why there is needless controversy now over certain food ingredients. If the activists are troubled with the food served by the APF, they should organise, establish and run a parallel mid-day meal programme with ingredients of their choice. Why disrupt a well-established and successful programme?

H.N. RAMAKRISHNA, Bengaluru

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CORRECTIONS & CLARIFICATIONS:

In the Sports page report headlined "West Indies speedsters bounce out Pakistan in quick time" (Early editions, June 1, 2019), a caption had erroneously said that Andre Russell had taken the wicket of Shadab Khan. The scorecard rightly said that Andre Russell took the wickets of Fakhar Zaman and Harris Sohail. The error was rectified in the city editions.

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