

The True State of Development

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In an editorial to commemorate 100 years of the *Guardian* newspaper in 1921, its editor C P Scott wrote that “comment is free, but facts are sacred.” It is the tragedy of the times that comment is no longer free, but increasingly policed through institutional and non-institutional means, while the objective validity of facts is being delegitimised by ruling governments. *A Quantum Leap in the Wrong Direction?* seeks to restore the sanctity of free comment and objective facts in public discourse, a vital endeavour in today’s political climate.

Every democratic government has the prerogative to highlight aspects of official data that present itself in the best possible light, as long as it allows the opposition to test the validity of its claims; this is essential for a healthy functioning of democracy. This necessitates that data is allowed to circulate freely in the public realm. The problem is that the current government has blocked or discontinued the dissemination of official data, be it the quinquennial surveys of the National Sample Survey Office, the Periodic Labour Force Surveys, or the parliamentary report on demonetisation. Where official data have been released, it has been criticised by academics for its untenable claims, such as the revised figures of gross domestic product (GDP) or the claim of formal sector employment generation using Provident Fund data. This is inimical to the exercise of democracy, and has brought to the fore the “public-good” character of data, as highlighted by P C Mohanan (2019).

This book serves as a necessary fact-check on the claims of the Bharatiya Janata Party (BJP) government that development has been delivered. Through examination of publicly available data from a number of official sources, it critically examines the promises made by the government in 2014 to see whether they have been achieved. Across a range of sectors such as employment, health, education, banking, agriculture, etc, not only has the government

BOOK REVIEWS

A Quantum Leap in the Wrong Direction? edited by Rohit Azad, Shouvik Chakraborty, Srinivasan Ramani and Dipa Sinha, Hyderabad: Orient Blackswan, 2019; pp 315, ₹495.

failed to meet its announced objectives, it has overseen a deterioration in absolute terms with regard to livelihoods and economic performance.

Reduction in Livelihoods

The constantly shifting goalposts of the government make it difficult to carry out an easy comparison between the growth performances of the National Democratic Alliance-2 and previous governments. But, an examination of different indicators reveals the hollowness of claims that the Indian economy is on a sustainable high-growth path. The ratios of credit and exports to GDP have reduced, and the share of investment in GDP has also fallen. This does not square with claims being made that India is currently experiencing its highest ever growth rate. The agrarian sector is currently experiencing deep distress, as evidenced by falling output prices and real wages, a cruel mockery of the promise of doubling farmers’ incomes. The banking sector is teetering on the knife-edge of instability, an outcome that cannot simply be reduced to the non-performing assets crisis. The articles by Azad (pp 17–40), Bose and Dasgupta (pp 41–65), and Banerjee and Anand (pp 66–88) testify to the multitude of crises facing the Indian economy.

The current problem is not just the one of deteriorating economic conditions for already existing livelihoods, but the vanishing of all forms of livelihoods itself. As figures from the leaked Periodic Labour Force Survey have shown, India is currently facing the highest unemployment rate ever in 45 years. Subhanil Chowdhury’s submission in this volume

outlines the magnitude of the employment crisis facing India today (pp 89–106). Not only has the unemployment rate risen, the labour force participation rate has fallen. This implies that while a greater number of people are giving up on the prospects of searching for a job altogether, this reduction in the number of jobseekers has not benefited those who remain in the labour market looking for work. This is in contradiction to the situation in the United States, where the fall in the unemployment rate is in some part driven by the reduction in the number of people seeking work. The fall in the labour force participation rate and rising unemployment are signs of a total collapse in the ability of the Indian economy to generate jobs, as can be seen from the extremely high rates of youth unemployment today.

The tragedy is that the current crisis facing India has been completely self-inflicted, through the twin body blows of demonetisation and goods and services tax (GST). This loss in livelihoods could be counteracted through an expansion of existing safety nets such as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and the public distribution system. However, the BJP government has elected to make access to welfare measures even more difficult, either through curtailing the funding of MGNREGA, or through the imposition of Aadhaar. Anmol Somanchi’s contribution shows how the claims regarding Aadhaar’s success do not stand up to scrutiny, and the burden of infrastructural facilities required for Aadhaar authentication has effectively translated into a denial of welfare to the vulnerable population (pp 256–76).

Perverse Formalisation

Ghatak and Mukherjee (2019) have gone over much the same terrain as this volume with regard to an analysis of India’s current economic problems. A close reading of the articles presented here, however, reveals an underlying trend that allows one a better understanding of the impulses driving current policymaking. Economic policy today has been geared towards formalisation of an iniquitous and perverse kind. Rather than transforming the informal sector, current policy has sought to expand

the formal sector through either a destruction of the informal, or through a worrying retreat of the state.

One of Gsr's aims was to expand the reach of the formal by incentivising small-scale units to register themselves as taxpayers. But, the infrastructural burden it has placed on small-scale producers has led to huge problems, for they are unable to absorb the costs required to comply with the new administrative machinery. Demonetisation severely hurt small enterprises reliant on cash, which is a majority of the economy, and diverted purchasing power—what remained after the withdrawal of currency notes—towards enterprises already connected with formal digital payment mechanisms. As Azad has shown, both income and wealth inequalities have increased over the last five years (pp 20–22).

The second route towards “formalisation,” of allowing for corporate entry into fields primarily reserved for the state, can be seen in the sectors of health, education, and agriculture. The major policy initiatives of the BJP government in agriculture and health betray a similar understanding, that public welfare must be brought about through corporate entry, whose profits are to be subsidised by the state. The Pradhan Mantri Fasal Bima Yojana (PMFBY) and the Ayushman Bharat scheme both seek to provide welfare through the problematic sphere of market-based insurance schemes. Not only are these schemes, touted as “game changers,” merely a rebranding of existing insurance schemes, their introduction has serious implications for conceptualising the changing role of the state with respect to welfare provision.

Arindam Banerjee and Ishan Anand document the problems of the PMFBY. Private insurance companies have registered a profit of around ₹6,459 crore in 2016, while instances of farmers receiving scanty to no compensation have been reported in mainstream media. The authors show that while premiums have increased by nearly 348%, the number of those insured have risen by 0.4%, indicating an inflation of profits of the most egregious kind. The priority given to the Ayushman Bharat scheme—as argued by Indranil Mukhopadhyay and Dipa Sinha—has led to a fund

crunch for schemes such as the National Health Mission, the Integrated Child Development Services, and even the Ministry of Women and Child Development (pp 155–79). The problem with Indian health is not just about affordability of private healthcare; it is about the availability of sound health infrastructure as well, a task that requires the presence of the state.

While the current discourse around the state of Indian universities has revolved around their patriotic credentials—or lack of it—Ayesha Kidwai highlights a disturbing trend. Universities are now being forced to move towards a system wherein they are expected to generate their own resources through the imposition of user fees and grants, while the only help afforded by the government would come in the form of loans. This has already led to a reduction in faculty numbers (p 148), as well as an increase in the entry of private institutes (p 143). Under the guise of “efficiency,” this would only imply pushing education further away from the reach of those who have always been denied it.

As Roshan Kishore argues in a lucid and insightful essay in this volume, the BJP government has sought to obfuscate this marked preference for the operation of private corporates in the policy sphere by zealously proclaiming its opposition to forms of corruption and its desire to do right by the “common man.” This might explain why the government undertook the policy misadventure of demonetisation, and why the BJP did not face any immediate electoral backlash, as it was able to convince voters of its anti-corruption credentials (p 246). In doing so, the economic prospects of the current generation have been mortgaged to pay for political gains. What this should tell us is that the current state of the economy is not the result solely of ill-advised policy measures, but is the outcome of a specific ideological lens through which the government views the world.

Taxation

While the essays in this collection span an impressive breadth of sectors, one would have liked to see a chapter examining claims with respect to taxation, since many—such as Surjit Bhalla and Arun Jaitley—have highlighted the increase in

taxpayers and increased tax buoyancy as vindication of the government's policies. Rupa Subramanya (2018) has shown how the supposed successes of the current government with regard to tax policy are invalidated once one takes a longer term view of the data. The high levels of buoyancy currently seen is still below levels experienced during the early 2000s. Moreover, tax buoyancy today is mainly driven by increases in indirect taxes, which is regressive when compared to direct taxation (Muthukumar 2017). While Azad (p 36) and Kishore (p 245) do address these questions, a greater interrogation of these issues would have been welcomed.

While the content of the book is insightful and comprehensive, there are some issues regarding presentation. Since most of the graphs are not presented in colour, it becomes hard for the reader to discern which line refers to which indicator; this makes it difficult sometimes to follow the argument.

These issues should not detract from what is a vital contribution. The contributors have provided an exhaustive examination of the state of the Indian economy and the performance of the current government. The essays in this volume provide a valuable context to understand why the ruling party, that campaigned extensively on the plank of development five years ago, has now pivoted to issues of nationalism and communal polarisation. This is a volume much needed in today's fragile democratic atmosphere.

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