

# INDIA FOUNDATION JOURNAL



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- Modi 2.0: Charting India's Foreign Policy in a Changing World - Sandhya Jain
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Editor

**Maj Gen (Dr) Dhruv C Katoch**

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## About India Foundation

*India Foundation is an independent research centre focussed on the issues, challenges, and opportunities of the Indian polity. The Foundation believes in understanding contemporary India and its global context through the civilizational lens of a society on the forward move. Based on the principles of independence, objectivity and academic rigour, the Foundation aims at increasing awareness and advocating its views on issues of both national and international importance.*

*With a team of dedicated professionals based at its office in New Delhi, the Foundation works with partners and associates both in India and overseas to further its stated objectives.*

## About India Foundation Journal

*The India Foundation Journal is led by an Editorial Board of eminent scholars and leaders from various spheres of Indian public life. The bi-monthly journal covers a wide range of issues pertinent to the national interest, mainly focusing on international relations, national security, legal and constitutional issues and other issues of social, religious and political significance. The journal seeks articles from scholars with the intent of creating a significant body of knowledge with a nationalist perspective and establish a recognised forum for debates involving academicians and policymakers.*

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## The Second Wave

Dhruv C. Katoch\*

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Two years of Modi 2.0 should have been a joyous occasion. There was much to celebrate about, from a turning around of the economy after the havoc caused across the world by the Chinese SARS-CoV-2 virus, which caused the Covid 19 pandemic. After a year of sustained effort, the pandemic was contained, despite the numerous challenges that a country of India's size and diversity faced. That, by itself, was a stupendous achievement.

The internal security situation across the country has also seen vast improvement, especially in the Union Territory of J&K and the affected states of Northeast India. In the areas impacted by Left Wing Extremism, the overall capacity of the Maoists to carry out targeted attacks against the security forces and the civil population has reduced, but as the recent ambush on CRPF personnel in early April in Chattisgarh's Bijapur district has shown, the Maoists retain the ability to carry out well coordinated attacks on specific targets of their choosing. Obviously, there is a requirement to improve tactical responses by operating troops, but more importantly, the need for good front line leadership is something which the CRPF desperately needs.

These two years also saw the passage of the Citizenship Amendment Act and the Farm Laws, which have the potential to bring in another Green Revolution. That there was opposition to both these legislations was expected as certain vested interests were badly impacted. Another important legislation passed was making instant triple talaq a punishable

offence. This will go a long way in providing gender equity to Muslim women in India. The focus on gender, education, health, development of infrastructure, etc is but a part of the vast progress made in many spheres in the last two years.

The second wave of the pandemic appears to have caught both the centre and the states by surprise. The situation on 1 March presented a rosy picture, with the number of cases having decreased to the lowest level. It was perhaps assumed that this trend would continue. However, from the very next day itself, we saw a small surge in cases. A one-days surge obviously is not something that excites suspicion, but when the trend did not reverse for a week, the bureaucrats responsible to monitor the Covid impact should have raised the red flag. This was not a Black Swan event which hit the nation with sudden ferocity. It was a Grey Rhino. The evidence of what could happen was available and should have been foreseen by the secretaries working in the health department in the States and in the Centre and they should have advised their Ministers accordingly.

Now, a massive effort is required by the nation as a whole to rid ourselves of this scourge. Let us plan for a year without election rallies, religious festivals, bandhs and dharnas, and private gatherings which are larger than 50 people. These gathering too should be carried out with all protocols in place. Obviously, we as a people must unite to win this battle. Under the leadership of the Prime Minister, this is a battle that we will win.



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*\*Maj. Gen. Dhruv C. Katoch is Editor, India Foundation Journal and Director, India Foundation.*

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## Two Years of Modi 2.0 – Challenges and Response

Ram Madhav Varanasi\*

The 2014 mandate that catapulted Narendra Modi into the prime ministership of the world's largest democracy was essentially due to three factors – Modi's personal charisma, united grassroot efforts of the party and Sangh Parivaar cadre and the failures of the previous UPA II government. When the elections took place five years later in 2019, the third factor was no longer there. Yet, the mandate that Modi secured in 2019 General Elections was even bigger than the 2014 mandate. Modi's charisma continued to be a factor. In fact, defying conventional political wisdom about incumbency, Modi's personal popularity with the masses has increased with each passing year and was at all-time high when he faced the electorate in April 2019. Under Amit Shah's leadership, the party organization has also grown in strength and expanse.

But the most important factor that was responsible for the favorable mandate in 2019 was the 5-year performance track record of the Modi government. In fact, Modi went before the people with his progress card and secured massive endorsement from them. Two qualities that distinguished Modi's government in its first term were 'decisive' and 'hands on'. Unlike his predecessors who largely stayed dormant, Modi led from the front. He not only demonstrated

courage in taking strong actions, like demonetization, Land Border Agreement with Bangladesh and withdrawal from the J&K government of BJP & PDP, he also clearly showed that he was the one handling the matters. He sat through the entire night monitoring surgical strikes against Pakistan after Uri attack in 2016 and the Balakot air strikes after the Pulwama attack in early 2019.

As he began his second term after the landslide in 2019, the decisive and hands on approach continued. It became clear from some of the significant legislative decisions taken by the Modi government within months of the coming back to power that Modi was confident about victory and had already chalked out plans for his second term in office. Several major decisions taken in the first 100 days clearly indicate that the government was preparing for them before the elections itself. Merger of 10 public sector banks into 4 big ones and announcement of major incentives like pension to farmers were announced by the Finance Minister within a month after the new cabinet was sworn in on May 30, 2019. The bill for abrogation of triple talaq was introduced and passed in July. And in early August came the historic abrogation of Articles 35 A and 370 of the Indian Constitution affecting a major change in the

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constitutional status of Jammu & Kashmir. Towards the end of the year another big step was taken by passing the Citizenship Amendment Act – CAA.

Speaking on the completion of first 100 days of his Modi 2.0 government, Prime Minister said that development, trust and big changes mark the performance during the period. Trust and big changes certainly. That people have trusted Prime Minister massively is beyond dispute. But people also included the core supporters of the party and Parivaar. They always trusted him. Modi decided to pay them back in the first few months through big changes and the result was the passing of triple talaq, Article 370 and CAA bills. In November same year, the Supreme Court had delivered its final verdict on Ram Janma Bhoomi dispute allowing for the construction of a temple on the site under question. Modi did not waste time in constituting a trust led by people not only dedicated to the cause but also involved in the temple movement for decades.

The country has overwhelmingly supported Modi on almost all of these issues. In the eyes of his core supporters, Modi acquired the stature of a supreme leader. Perhaps, Modi wanted these contentious issues to be addressed as soon as possible so that he could focus on the third issue of development in the remaining duration of his government. In that sense, Modi 2.0 opened with a big bang.

Decisions like neutralization of Article 370 and annulment of Triple Talaq were not easy. They needed determined effort to pass in the parliament and also secure popular support. In his characteristic style, Modi went ahead and got the

bills passed in both Houses. He seemed to have quietly worked on the draft bills for months with the help of a couple of trusted officials. Large sections of the political establishment came to know about them only on the day of their presentation before the parliament. Modi had elaborate plans ready to tackle the fallout of such momentous decisions like Article 370 too. The result was the all-round applause and support he got for those historic decisions.

However, there are four areas in which the government faced challenges. They are – pandemic, economy, security and foreign policy, and perception.

### **Pandemic:**

At a time when the government was preparing to embark on a major developmental drive with \$ 5 Trillion GDP as the target, the country, and the world were hit by the Corona pandemic. Unlike many other countries including the US, Modi government acted swiftly by imposing restrictions on foreign passengers in early March 2020. It finally went for full lockdown for close to two months during March-May that year. These strict measures together with Prime Minister's continuous monitoring and engagement with masses have helped in India successfully overcoming the deadly impact of the first wave of Covid.

India also led in the manufacture of vaccines and their supply to many countries. Two Indian made vaccines have come into the market by the end of 2020 while more were added subsequently. India also helped neighbors and many other countries through what it described as 'Vaccine Maitri'.

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However, the deadly attack of the pandemic in its second wave has caught the country off guard. It turned out to be much more virulent than the first wave leading to total suffocation of the healthcare establishment. The government's handling has come under severe criticism among the netizens primarily because of the high expectations they had from Prime Minister Modi in view of the experience from last year. The government should take this criticism in right spirit and address the challenge.

One important lesson that the healthcare crisis has taught was the need for empowering grassroots institutions. Decentralization and popular activism should be the way forward for a country of India's size and diversity. One of the hallmarks of Modi's government has been to make people the stakeholders in its programs. He also repeatedly asserted his commitment to minimum government and maximum governance. In the Constituent Assembly, when members insisted on a strong center, Ambedkar explained the need for decentralization of power structure to cater to the aspirations of diverse sections of the society. That was how a union with federal structure was created as a compromise. The way forward is not hyper-centralization, but 'cooperative federalism'.

### **Economy:**

In the first five years, Modi focused on setting the economic basics of the country right. They included eradication of corruption, addressing the perils of parallel economy and black money, restructuring banking system and integrating the last mile citizens into the economic network. As the government entered the second term, it moved

fast on the reforms front. New and broad-based reforms in agriculture and banking sectors, together with the push to dispense with public sector bulge indicate government's bold commitment to further liberalize the economy. Modi understands the need for encouraging private capital both from within and without to stimulate economic growth in the country. Boggled down by basic weakness of Indian economy and political imperatives in the first term, Modi boldly decided to move ahead in his second term with much needed opening up.

Bold push for encouraging market forces to take lead in the agriculture sector has led to some resistance from a section of the farmers. Vested interests have joined them to put pressure on the government to withdraw the reforms. On an earlier occasion at the beginning of the first term, Modi had to succumb to political pressures and walk back on important land reforms. But this time, the government seemed determined to push ahead ignoring the ill-motivated protests. For the long-term benefit of India's agriculture sector these reforms are going to be a turning point for the farmers of the country.

At a time when the Indian economy was all set to take off with improvement in ease of doing business indicators and investor-friendly policies, the pandemic struck. Pandemic has significantly crippled Indian economy. Despite intensive rehabilitation measures taken by the government, it still seems limping. The second wave is going to further delay the recovery. However, the determination shown by Modi 2.0 to forge ahead with right policies for greater liberalization can certainly help in the process of economic recovery.

India's economic future depends on how

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successful its Atma Nirbhar programs and start up and innovation initiatives would be. The real aim of Atma Nirbhar is to make citizen-investors less dependent on government and more integrated with global supply chain economy. Similarly, the start up and innovation sector needs greater attention and focus. So far, despite best efforts of the Prime Minister, these sectors remained low key. The critical component for its success is the infusion of capital. For want of the capital, innovation in India has so far remained limited to secondary and tertiary applications. India seriously lags behind in deep-tech innovations and research.

Climate change is another area that has the potential to impact India's economy. Prime Minister Modi has championed the cause of climate change in a big way since the Paris Climate Summit of 2016. The Indian government has taken many proactive and progressive measures to meet global climate change challenges. It has successfully upgraded its targets in renewable energy generation while simultaneously imposing heavy additional duties on fossil fuel based energy generation. Modi government has set generation of 450 G Wt of renewable energy by 2030 as the target. It is also under pressure from the Western powers to commit for Net-Zero emissions deadline. As a developing nation with high targets for its domestic development and recovery, India needs to tread the climate path rather cautiously. Endlessly invoking arguments like historic responsibility and per capita emissions may be a political winner, but India cannot ignore the lead taken by Prime Minister Modi in the matter. It has to take a more balanced, yet constructive approach on climate issues thus not giving up on the leadership role

Modi acquired for himself. It was after all Modi's initiative that has brought International Solar Alliance into existence and its headquarters to Gurugram in India, the first ever UN headquarters in the country.

### **Security and Foreign Policy:**

One important area where Modi 1.0 came out in flying colours was security and foreign policy. Its handling of Doklam crisis in 2017 and its befitting reply to Pakistan in 2016 after the Uri incident and again in 2019 after Pulwama attack have won laurels domestically and internationally for Modi. He emerged as a strong leader when it comes to India's security imperatives. On the foreign policy front too, the first 3 years of Modi 1.0 had been a runaway success for the country with Modi's and India's stature going up and up in the world. Almost every important leader of the world had made it a point to engage with Modi on bilateral level. Modi built exceptional personal equations with a number of world leaders.

However, Modi 2.0 began with mounting security and foreign policy challenges. It is important to understand that national security does no longer mean military security alone. It involves economic, technological and political aspects also. For example energy security, cyber security, communications security and health security are also important aspects of a nation's overall security. Political stability in the extended neighbourhood is also an important element of the national security. Hence, globally, national security is understood more as a diplomatic endeavour than a military one.

While Modi government has a strong and stable military security apparatus in place and is

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able to counter its recalcitrant neighbours like Pakistan and China effectively, its diplomatic endeavours need further sharpening. Indian diplomacy, right from the time of its first Prime Minister Jawahar Lal Nehru, has had two undeclared priority commitments. They are – Asian pre-eminence, and non-alliance. In the last seven decades, successive leaders have adhered to these two commitments although using their own formulations and vocabulary. Neighbourhood first policy of the previous governments or strategic autonomy policy of the Modi government are an extension of those commitments only.

Indian diplomacy needs to pursue these twin commitments vigorously. Perception of its over-dependence on one Western power may hinder its larger security strategy. While India's relations with America have improved substantially under Modi government, it is imperative for India to pursue a policy of frontline state in its Asian neighbourhood. Prime Minister's inclusive approach to Indo-Pacific region is an important indicator of India's distinct vision for the region. While Quad is an important minilateral for India, it also needs to pursue other relationships in the region like the BIMSTEC, East Asia Summit and the Indian Ocean groupings like IORA.

Also important are its relations with the immediate neighbourhood. Modi 1.0 saw great enthusiasm among the neighbours. Almost all the top leaders of the SAARC neighbourhood were present at his oath-taking in 2014. Modi emerged as a cynosure of all eyes in the neighbouring countries also. But over the last few years, the neighbourhood relations are slipping due to intense pressure from the other big neighbour – China. India has to quickly reorient its strategy towards

the important neighbours like Afghanistan, Sri Lanka, Nepal and Myanmar.

### **Perception:**

The greatest challenge that Modi 2.0 faces is the perception challenge. Modi 1.0 saw Modi himself aggressively pushing for a major image makeover for India through various initiatives. His initiatives at the UN, bilateral engagements with senior world leaders and hosting of BIMSTEC and African Leaders Summit have all helped in creating a positive perception about Modi. His proactive engagement with multilateral forums like G-20, Paris Climate Summit, East Asia Summit etc has also helped in further enhancing his prestige as an important world leader. He constantly interacted with world leaders in politics, industry, academe and civil society. There was a time when he was projected by many international magazines as an important global statesman.

However, in the last couple of years, the perception related challenge has certainly become serious for the Indian leadership. The negative perception that was sought to be created globally was based on fictitious and biased conjectures. Certain interest groups like the radical Left-Liberal cabal, are in the forefront in the misinformation campaign. These groups have no support base in India, but have their tentacles spread across the NGO, media and think tank circuits globally. They provide fodder for the neutral liberals in the Western countries, thus influencing many right thinking individuals and institutions also adversely. These mischievous attempts have resulted in India ranking poorly on several indices presented by various think tanks and other institutions.

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Critics have succeeded in damaging India's reputation misrepresenting some of the progressive measures like the agricultural reforms or constitutionally sound measures like the Citizenship Amendment Act and abrogation of Article 370. Indian response varied from 'who-cares' smugness to innuendo-filled angry outbursts. Neither would help India address this perception challenge. The fact that several Indian interest groups were also actively conniving with others globally in spreading canards about India should make Indian response much more coherent and comprehensive. India should step up its efforts to engage with global public and civilian institutions in a more proactive and constructive manner so as to be able to address this perception challenge.

### **Conclusion:**

Despite these challenges Prime Minister Modi continues to be popular with the masses primarily because of his direct connect with them and also because they see in him a leader genuinely and selflessly committed to the welfare and well-being

of the country. The utter disarray in the opposition ranks also helps strengthen Modi's position as the only hope for the country. In the political arena though, Modi is expected to carry every election on his shoulders using his popularity. Yet, in the elections to state legislatures, the BJP is securing mixed results only. Of the nine Assembly elections held in the two years of Modi 2.0, the BJP could win in only three states – Arunachal Pradesh, Haryana and Bihar. In the current round of elections that took place in April 2021 to five assemblies, the party was able to retain Assam while the big win expected in the prestigious election in West Bengal eluded it once again. In Tamil Nadu and Kerala too the performance of the party has been dismal. That leaves half the states outside the NDA and in the hands of various opposition parties.

In order to overcome the four important challenges that the country is facing, Modi 2.0 needs to put greater focus on decentralism and cooperative federalism domestically and proactive engagement globally.



## Modi 2.0: Charting India's Foreign Policy in a Changing World

Sandhya Jain\*

Prime Minister Narendra Modi moved dextrously across the globe from May 2014, making high profile foreign visits and hosting dignitaries in turn, with the aim of entrenching India as a strategic pillar in a changing world. The United States, Russia, China, Australia, Israel, Japan, neighbouring SAARC and ASEAN nations, Arab and Muslim States, Europe, Africa, and even Pacific Islands States received meticulous attention. Geopolitical exigencies have dictated the priorities of Modi 2.0, viz., getting India acknowledged as a legitimate stakeholder in Afghanistan; adding heft to the Indo-Pacific alliance; rising to the challenge of the Coronavirus pandemic; and strengthening ties with traditional allies.

In highly emotive symbolism, India conferred the Gandhi Peace Prize 2019 on late Majesty Sultan Qaboos bin Said Al Said of Oman, and the Gandhi Peace Prize 2020 on late Sheikh Mujibur Rahman, first President and later Prime Minister of Bangladesh. These indicate the government's commitment to its immediate neighbourhood and to West Asia, which is critical for India's energy needs.

### United States, Quad and Indo-Pacific

At the Shangri La Dialogue in 2018, Prime Minister Modi outlined the geographical span of India's idea of the Indo-Pacific, stretching from the East Coast of Africa to the West Coast of the

United States. Earlier, Modi had enunciated India's concept of oceans through its vision of SAGAR (Security and Growth for All in the Region), emphasising the inclusive and open nature of the oceans which must conform to a rules based order. This marked a welcome shift from the post-1947 perception of India as only a continental power and reflected a desire to reclaim its strong maritime heritage.

Since 2014, India has deepened military ties with the United States, agreed to a 2+2 defence and foreign ministers dialogue, and become an active member of the "Quad." During the face-off with China in 2020, the Trump Administration gave India two advanced surveillance drones on lease and cold weather gear for the soldiers. An issue facing both countries now is whether the Biden Administration will apply or waive sanctions on India under the 2017 Countering America's Adversaries Through Sanctions Act (CAATSA) due to India's purchase of Russia's S-400 air defence system (to be delivered this year).

The Quad (Quadrilateral Security Dialogue) was born on December 28, 2004 in response to the Indian Ocean tsunami of December 26, 2004 that killed 230,000 persons along the Indian Ocean rim. In mid-January it handed over the task to the United Nations and faded away. It was reborn in November 2017 and met twice a year in 2018 and 2019. Maritime strategist James Holmes views the

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Quad as an *entente cordiale* rather than an Asian NATO.

The first ever virtual summit of Quad leaders (Joe Biden, Narendra Modi, Scott Morrison and Yoshihide Suga) was held at the initiative of President Biden on March 12, 2021. The joint statement, “*The Spirit of the Quad*,” recalled the tsunami of 2004 and upheld “a region that is free, open, inclusive, healthy, anchored by democratic values, and unconstrained by coercion.” They pledged to jointly face the global devastation wrought by Covid-19, combat climate change and security challenges facing the region (including in cyber space, critical technologies, counterterrorism, quality infrastructure investment, humanitarian-assistance and disaster-relief).<sup>1</sup> The Quad endorsed ASEAN’s unity and centrality and the ASEAN Outlook on the Indo-Pacific, the role of international law in the maritime domain, especially the UN Convention on the Law of the Sea (UNCLOS), and to collaborate to meet challenges to the rules-based maritime order in the East and South China Seas.

In a joint article for *The Washington Post*, the leaders stressed the need to strengthen the Paris agreement, adding, “We are determined to end the Covid-19 pandemic because no country will be safe so long as the pandemic continues.”<sup>2</sup> They agreed to expand production of safe, accessible and effective vaccines in India and ensure that vaccines permeate the Indo-Pacific region by 2022. The Quad tasked India’s Biological E firm to produce one billion Covid-19 vaccine doses by end-2022, including the Johnson & Johnson vaccine; India could thus emerge as the manufacturing hub for Quad countries.<sup>3</sup> At the time

of writing, India had gifted/sold around 80 million vaccine doses to 85 countries.

The four nations also plan to build a rare-earth procurement chain to secure elements critical in manufacturing smartphones, high-performance motors, EV batteries, etc.<sup>4</sup> Currently China produces nearly 60% of the world’s rare earths (neodymium for electric vehicles; and lithium for batteries, wind turbines and other “decarbonisation” infrastructure). Given China’s frenetic port-building along the Indian Ocean, India is increasing naval exercises with the Quad and other allies to build a “credible deterrence” against China. US Secretary of Defence Lloyd Austin visited New Delhi (March 19-21) amidst the India-China stalemate in eastern Ladakh, though troops disengaged at Pangong Tso in February 2021. He discussed enhancing the bilateral defence relationship and ensuring “a free, open and inclusive” Indo-Pacific region in talks with defence minister Rajnath Singh.<sup>5</sup>

Gen. Austin also tweeted that the Western Indian Ocean would be an area for collaboration as hitherto Washington has focused on the Eastern Indian Ocean and Western Pacific, but India faces threats in the Western Indian Ocean from piracy, the Pakistani navy, and a Chinese base in Djibouti on the east coast of Africa. India has a large diaspora in the Middle East and imports of energy from the region. The Trump Administration included the Western Indian Ocean in the Indo-Pacific by expanding its boundaries from the west coast of India to the east coast of Africa. It invited an Indian liaison officer at US Naval Forces Central Command (NAVCENT) in Bahrain.<sup>6</sup>

However, Darshana M. Baruah points out that Madagascar and the Comoros were excluded from

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the Indian Ocean Division of the Ministry of External Affairs until December 2019. Both nations are still excluded from the Indian Ocean Coastal Surveillance Radar Network and India has no defence attaché in either country.<sup>7</sup>

The Quad members joined France's "La Pérouse" exercise in the Bay of Bengal (April 4-7, 2021), where India deployed its stealth frigate INS Shivalik, helicopters, and P-8I maritime patrol aircraft from the Eastern Naval Command at Vizag.<sup>8</sup> The exercise aimed to project dominance in the Indo-Pacific from the Gulf of Aden to the north and far Pacific, touching the western coast of US. The UAE is joining the "Varuna" naval exercise between India and France in the northwest Arabian Sea near the Persian Gulf (April 25-27, 2021). France has deployed its nuclear-powered aircraft carrier FNS Charles de Gaulle with Rafale-M naval jets for the exercise.<sup>9</sup> France, Germany and Canada are also enhancing maritime collaboration with the Quad. The "Malabar" naval war games in the Indian Ocean in November 2020, the first-ever Quad military drills, were followed by "Sea Dragon," an anti-submarine warfare exercise of Quad members and Canada, in January 2021.<sup>10</sup>

India has inked reciprocal military logistics pacts with Quad partners as well as France, South Korea and Singapore to enhance its strategic reach in the entire Indian Ocean region and is building ports in Chabahar, Chittagong, Colombo and Sittwe; Japan has offered access to its facility in Djibouti. India is also developing an air and naval base on the Mauritian island of North Agalega in the south-western Indian Ocean, with communications and electronic intelligence facilities. Agalega will support

India's P8I fleet, and facilitate maritime patrols over the Mozambique Channel through which large commercial ships, especially oil tankers, pass. It will enable the Indian Navy to observe shipping routes around southern Africa, through which China's energy imports pass.

Quad-Plus ties are being developed with Vietnam, New Zealand, South Korea, Brazil and Israel. France and Indonesia could join the Defence and Security Plus group, while Taiwan, Korea and The Netherlands could join the group on semiconductors. Britain is trying to return to Oceania; it will have to determine its role in the region.<sup>11</sup>

## Russia

India's relations with Russia are strong, tied through a strategic partnership and long-standing friendship. US hostility to Russia has compelled the latter to buttress ties with China—a nexus likely to grow in coming years. However, Moscow refused to take sides between India and China during the standoff in eastern Ladakh in 2020, and expedited military supplies to India several weeks after the Galwan clash and "responded positively to every defence requirement that India had."<sup>12</sup> Michael Kugelman states that Russia discretely aided bilateral negotiations between the two nations after the Galwan conflict.

In his visit to New Delhi (April 5-7, 2021), Foreign Minister Sergei Lavrov discussed Beijing. Speaking to *The Hindustan Times*, he said Russia was "closely watching the process of normalisation" along the border.<sup>13</sup> Lavrov however showed discomfort with the term "Indo-Pacific," preferring "Asia Pacific". Acknowledging close

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ties with Beijing, he said Moscow eschewed “military alliances” and cautioned that groupings such as “Asian NATO” (Quad) can be “counterproductive” and at odds with “inclusive cooperation”.<sup>14</sup> Disregarding South Block’s new taboo on hyphenating India and Pakistan, Lavrov proceeded to Islamabad to discuss the Afghan peace process and bilateral cooperation. In Islamabad, Lavrov said Russia and Pakistan had “convergent positions” on the Afghan peace process. The bilateral cooperation in the field of energy, security, including counter-terrorism and defence, was within the framework of the Shanghai Cooperation Organisation.<sup>15</sup>

New Delhi is keen to promote links between the Indo-Pacific and the Russian Far East. Visiting Vladivostok in 2019, Prime Minister Narendra Modi averred, “the Far East will become a confluence of the Eurasian Union on one side and the open, free, and inclusive Indo-Pacific on the other.” Currently, India, Russia, and Japan are mulling joint economic projects in the Far East and the Chennai-Vladivostok maritime trade route. Visiting Moscow to prepare for the India-Russia annual summit 2021, Foreign Secretary Harsh Shringla hoped Russia would play a role in three strategic geographies: Eurasia, Indo-Pacific and Russian Far East, and the Arctic.<sup>16</sup> As both India and Russia broaden their respective diplomatic outreach, the bilateral relationship, despite the Russia-China-Pakistan nexus, remains strong with commitments in defence and energy, space and nuclear sectors.

## **Afghanistan**

India is committed to a political solution that

leads to an independent and democratic Afghanistan and a peace process that is Afghan-led, Afghan-controlled and Afghan-owned. India has made significant contribution to Afghanistan’s civilian reconstruction effort and earned tremendous goodwill amongst the Afghan people. However, with President Biden announcing a complete withdrawal of US troops by 11 September 2021, barring limited personnel to guard US installations, including the embassy in Kabul, the security landscape in Afghanistan is changing dramatically.

Earlier, President Donald Trump’s insistence on ending the long war in Afghanistan culminated in a unilateral deal with the Taliban at Doha, Qatar, on 29 February 2020, excluding Afghanistan’s elected government. The Biden administration has recognised India as a legitimate stakeholder in Afghanistan, and has proposed a regional conference on Afghanistan, under UN auspices, with the foreign ministers of US, India, Russia, China, Pakistan and Iran. This is a major relief for India that has made strenuous efforts to reach the negotiating table. Former Afghan vice president Abdul Rashid Dostum visited India in September 2020, former Afghanistan Chief Executive Officer Abdullah Abdullah (now chair of High Peace Council) and Afghan leader Ata Mohammad Noor arrived in October 2020. India’s National Security Advisor Ajit Doval visited Kabul in January 2021. India is also engaging Iran and its investment in the Chabahar port can provide Afghanistan access to the sea.<sup>17</sup>

US Defence Secretary Gen Lloyd Austin discussed new initiatives with the Prime Minister, Defence Minister, and National Security Advisor

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during his visit to New Delhi (19 March 2021). The Russian Foreign Minister, Sergei Lavrov, who visited New Delhi recently along with Russian special envoy for Afghanistan, Zamir Kabulov, also endorsed a prominent Indian role in the peace process.<sup>1818</sup>

Russia Makes a Power Play in South Asia, Michael Kugelman, April 8, 2021.

Russia, now an important player in the Afghanistan peace process, hosted a meeting on March 18, 2021 between the Taliban and Afghan government, with international observers. The meeting failed, as did the 9th Heart of Asia Ministerial Conference at Dushanbe, Tajikistan on March 30, where India was represented by Foreign Minister S. Jaishankar. The Moscow conference alarmed Afghan women who fear loss of agency and legal rights.<sup>19</sup> Later, the United States, Russia, China, and Pakistan issued a joint statement that they “do not support the restoration of the Islamic Emirate” and that “Any peace agreement must include protections for the rights of all Afghans, including women, men, children, victims of war, and minorities, and should respond to the strong desire of all Afghans for economic, social and political development including the rule of law.”<sup>20</sup>

Turkey was to host a meeting of the Afghan government and the Taliban, but at the time of writing the Taliban announced a boycott of the conference. President Biden then announced a complete withdrawal of troops by September 11, 2021. The stage will now shift to the proposed regional conference under UN auspices with the foreign ministers of US, India, Russia, China, Pakistan and Iran.

President Ghani boldly offered to hold early

elections with international observers, to enable the Afghan people to elect their representatives, and rebuffed an Interim Administration as mooted at Doha, saying it would lack legitimacy and contravene the Afghan constitution. As the Taliban are vehemently opposed to free elections, the situation remains fluid but prospects for peace appear dim. India would have to prepare for a worst case scenario in the event of the country slipping into civil war.

## China

Tensions with China rose when, on June 15, 2020, a clash between troops in the Galwan Valley in Eastern Ladakh led to the death of 20 Indian soldiers including Col. Santosh Babu, commanding officer of 16 Bihar. Both sides ratcheted up force accretions on their respective sides, including air power. After initially denying any losses, Beijing admitted four casualties in February 2021 when it agreed to disengagement in Pangong Tso region along the Line of Actual Control after nine rounds of high-level military talks. However, Chinese reluctance to disengage in other sectors has stalled further progress, as evident after the 11th round of talks on 10 April 2021.

While the long standing boundary dispute has strained ties, differing world views have contributed an element of mistrust. Beijing’s insensitivity to India’s core concerns, as reflected in support to Pakistan, opposition to India’s entry in the Nuclear Suppliers Group and stance on international terrorists such as Azhar Masood, amongst other issues, cause concern in New Delhi. Further, China has made no attempts to address the trade imbalance between the two countries which

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weighs heavily in Beijing's favour. Moreover, China, which is vying for superpower status, views India's growing proximity to Washington and the Quad with suspicion.

The Rajiv Gandhi–Deng Xiaoping consensus is over. For a reset, China must reconcile to an India seeking its place in the sun. India understands China's desire to assert on the international stage with the Belt and Road Initiative (BRI), but India cannot join this project as the China Pakistan Economic Corridor (CPEC), a key component of the BRI, passes through Indian territory that is illegally occupied by Pakistan.

For India, the SAGAR vision and its Indo-Pacific strategy is as much of a developmental necessity as the BRI may be for China. Hence, a reset in India-China relations requires Beijing to accept Indian aspirations. Currently, we are witnessing a new phase in India-China rivalry as both sides strive to protect their strategic interests in a fast-changing world.

## **Pakistan**

When the BJP-led government came to power with an absolute majority in 2014, Prime Minister Modi made a major foreign policy initiative by inviting the heads of state of the SAARC countries to his swearing-in ceremony. Many analysts believed the move was driven by a desire for détente with Pakistan. A number of initiatives followed, including a brief stopover in Lahore on 25 December 2015, to greet Prime Minister Nawaz Sharif on his birthday and convey felicitations for his granddaughter's wedding. However, these gestures failed to lessen Pakistani intransigence and a terrorist attack on the

Pathankot air base (2 January 2016) and a military base in Uri (18 September 2016) followed.

The Modi government changed gears and decided to respond. Thus, 11 days after the Uri attack, Indian Army commandoes struck at multiple points across the line of control and eliminated several terrorist camps, thereby demonstrating that India will not tolerate such attacks, nor will she be cowed down by threats of nuclear blackmail from Pakistan. After a lull, on 14 February 2019, a Jaish-e-Mohamed (JeM) suicide bomber rammed his car into a vehicle of the Central Reserve Police Forces in Pulwama, killing 40 police personnel. India responded 12 days later (26 February) with an air strike on a JeM base deep inside Pakistani territory in Khyber Pakhtunkhwa, thus showcasing its willingness to avenge terror attacks on its soil.

The policy of hard retaliation against Pakistani military posts supporting cross border infiltration forced Pakistan to call for an end to cross border firing. In a meeting at the level of the Director Generals of Military Operations of India and Pakistan, Lt. Gen. Paramjit Singh Sangha and Maj. Gen. Nauman Zakaria, on February 25, 2021, both sides agreed to follow all ceasefire accords along the LoC and sectors of the International Border. The ceasefire agreement was first reached in 2003 and reiterated in 2018, but violations were the norm; over 5,000 violations were reported in 2020 and over 600 in the initial weeks of 2021.

Islamabad is under enormous pressure from the international community and Financial Action Task Force to cease using terrorism as an instrument of State policy. The abrogation of laws treating Jammu and Kashmir differently from other

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States on 5 August 2019, and dividing the State into two Union Territories (Ladakh and Jammu and Kashmir) has altered the ground situation in the new UT of J&K. The international community has accepted India's right to change its internal geography and address terrorist threats emanating across the border. The changed political landscape owing to Governor's rule, and India's readiness to show the iron fist, has seriously degraded Pakistan's ability to promote terror in the UT of J&K and other parts of the country. Strategic analysts, however, believe that the call for ceasefire is a ruse to enable Islamabad to divert resources to lend heft to the Taliban in Afghanistan.

### **Sri Lanka**

India abstained from a UN Human Rights Council resolution on Sri Lanka on March 23, 2021, after President Gotabaya Rajapaksa telephoned Prime Minister Modi for support ahead of the vote. Ties between the two nations became strained after Colombo moved closer to Beijing and recently excluded New Delhi from a Colombo Port terminal project while approving a Chinese energy project in the northern islands, close to the Tamil Nadu coast. After New Delhi conveyed displeasure on both moves, Colombo offered an alternative terminal project which is being negotiated with the Adani Group.

Prime Minister Modi tweeted that the

conversation covered issues of bilateral and multilateral cooperation, including the Covid-19 pandemic for which India gifted Colombo Sri Lanka its first consignment of vaccines. However, New Delhi had to balance Colombo's plea with Tamil sentiments at home and the rights of Sri Lanka's Tamil minority. During discussions on the report of the Office of the UN High Commissioner for Human Rights in February, India's Permanent Representative in Geneva said respecting the rights of the Tamil community "including through meaningful devolution, contributes directly to the unity and integrity of Sri Lanka." Hence, India abstained; the UNHRC resolution was passed with 22 countries for, 11 against, and 14 abstentions.

### **Conclusion**

To conclude, since 2014, Indian foreign policy has become more robust and focused on India's core interests. Hitherto, Indian foreign policy strove for a multipolar Asia in a bipolar or unipolar world. Now, as Asia's economic rise challenges Western economic and ideological dominance, New Delhi has to maintain status in a multipolar Asia and a multipolar world. Like Russia and China, and unlike the (affectations of) Western democracies, India is not averse to dealing with political and/or ideological diversity. The European Union shares some of these perceptions. The current world order is in a flux. We live in interesting times.

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## Financial Sector Reforms – A Propellant for New India

Ranvir Singh\*

When the Central government was re-elected for its second term in 2019, it was clear that economic reforms would be the top of its agenda. Its first term was marked by a number of socio-economic measures, including the Pradhan Mantri Jan Dhan Yojana and the Pradhan Mantri Mudra Yojana. It pushed for reforms with its 'Make in India' initiative and the opening up of FDI in several sectors. Among its bolder initiatives were GST, demonetisation, and the overhaul of our antiquated labor laws. There are several notable achievements that really transformed the macroeconomic environment and improved socio-economic indicators.

Government has taken several initiatives to create right enablers and stability for the economy. These reforms are inextricably intertwined with financial sector.

- Adoption of GST: It was a herculean task to bring a pan-India structural tax reform that is so encompassing and transformative from Day 1. Under the adept leadership of the then finance minister Mr Arun Jaitley, these reforms could see the light of the day. The enabling mechanism was provided by the enactment of the Constitution (One Hundred and First Amendment) Act, following which Parliament enacted four Central laws. Further, all the 29 States enacted enabling laws in their Assemblies, while the Centre notified it for all the seven Union Territories. The GST replaces
- eight Central taxes and nine State taxes. The subsequent refinements in the GST rules and delivery mechanisms have really enabled enterprises of all levels to reap the dividends in the long term.
- Reduction of Corporate Tax: One of the first measures taken by the government in its second term was to slash corporate tax by almost 10%. The concession in tax rates is expected to provide fillip to the Make in India campaign, boost employment, and attract more investments<sup>1</sup>. Its current tax rates also puts India at par with its Asian peers.
- One of the signature reforms of the Central government in its first term was in amending insolvency laws in 2016. This bold step was long-needed to modify India's often brutal and impractical bankruptcy regime. The Insolvency and Bankruptcy Code (IBC) aims to consolidate and amend the laws relating to reorganisation and insolvency resolution in a time-bound manner. According to the World Bank, against the 2016 world average of 2.5 years to resolve insolvency, it took Japan 0.6 years, Singapore and Canada 0.8 years, the US 1.5 years and China 1.7 years. The figure for India: 4.3 years. IBC will help address this disparity and bring swiftness in handling the battered companies.
- On ease of doing business, several initiatives have already been taken by the Government,

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which has helped India went up by 14 points in the World Bank's Ease of Doing Business 2020 survey to be placed at 63rd position among the 190 countries. It is certainly indicative of the Centre's relentless efforts to create a more investor and business-friendly environment in the country in its first term in power. Other than simplifying the tax regime through the revolutionary GST, the government has also made the tax structure more conducive to growth. For tax disputes and litigations, the government launched 'Vivad Se Vishwas' scheme. It is expected to aid direct tax collection by providing an avenue to address any disputes. The other significant measure in this endeavour has been the hike in FDI across different sectors. It has opened up investments, infusing capital and increasing the competition in the market.

The Government's second term promised to continue with its bold reformist legacy. In his second term, Prime Minister has set a very ambitious goal to reach 5 trillion dollar economy by 2024. However, the pandemic has thrown a spanner in the works, forcing the government to focus on immediacy. The economy now needs a real push to catapult itself to the desired growth path at this critical juncture that is slated to be the defining moment of the Indian economy. However, a set of measures in financial sector across five key areas – "Financing Infrastructure", "Continued focus on banking sector reforms", "Strengthening Financial Intermediation with Aadhar, UPI and PMJDY", "Promoting Fintech", and "Realising the full potential of agriculture sector reforms" – will be critical for growth.

## **Financing Infrastructure**

In line with the announcement made by the Prime Minister in his 2019 Independence Day speech, the Finance Minister, in her press conference on December 2019, announced a major push in the infrastructure spending for over Rs. 102 lakh crore over the current 5 year term. One can't underscore the importance of the role of financial lenders and institutions in enabling the long-term growth in these projects. While physical capital creation through capital expenditure (or capex) enhances the total factor productivity (TFP), there is empirical evidence of physical infrastructure enhancing the overall business environment and competitiveness of an economy.

The Union Budget 2021-22 of the Government of India proposed the setting up of a new Development Finance Institution (DFI). In keeping with this, the Budget Session of Parliament will now consider a new bill titled, "The National Bank for Financing Infrastructure and Development (NaBFID) Bill, 2021," to set up a Development Financial Institution (DFI) for the purpose of funding infrastructure projects and their entire ecosystem across their lifespan. In line with the other sector-specific DFIs such as NABARD, EXIM Bank, SIDBI, REC, the current DFI should help provide the capital expenditure for the infrastructure spree that our nation intends to follow for the next several years. To promote investment in the infrastructure projects:

- The need is for liberalised financial markets, deepening and widening of local markets, wider use of risk management and other financial products. There is a need to have a more robust yield curve across different tenors. This will entail not only developing the term

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money market but also secondary trading in long term bond market. This can help create derivatives for hedging across different maturity periods, and also improve monetary transmission in India.

- Strengthen legal frameworks and accounting standards with the usage of new and alternate structures. For example, with the Bilateral Netting of Qualified Financial Contracts Act, 2020, to enforce close-out netting for bilateral financial contracts in India. This will help in development of the over-the-counter (OTC) derivatives market. This will lead to efficient margining system for such OTC derivatives and facilitate productive use of bank funds. It will also act as a catalyst for corporate bond market by wider acceptance of the credit default swap market.
- Tap institutional sources, such as pension, provident and insurance funds that have the advantage of providing a better maturity match for infrastructure financing. These funds could also be allowed to deposit in banks for long periods, subject to banks using them exclusively for infrastructure financing. Further, banks should be permitted to float 10 to 15-year tax-free bonds. With the right framework, large banks with strong balance sheet should be allowed even to float over 30-year bonds.
- Conditions should be created whereby savers are attracted towards investing in long-term debt instruments. In the absence of secondary market, most instruments are currently held to maturity. This keeps many investors away such as retail investors. In addition to development of secondary markets, government should assess issuance of bonds

which can provide part or near-full inflation hedges.

- Opening up FDI in the insurance sector to meet dual objective of infra financing and enhanced customer penetration. It allowed up to 74% FDI in the insurance under the automatic route, up from the previous cap at 49%. This should go in tandem with Insurance Regulatory and Development Authority (IRDAI) driving policies that can help drive more investments in long term assets while providing the right safeguards for hedging of market risks linked to such investments
- The proposed DFIs should be able to reduce complexities associated with the large-scale capital expenditures and should create structures which can help propel an otherwise struck project. The instrument of take-out financing be leveraged adequately while working in conjunction with banks and other financial institutions, who may have appetite to lend for 3-5 years as against the requirement of 15 years for infrastructure.

### **Continued focus on banking sector reforms**

- On 30 August 2019, the government announced a key decision to merge ten banks into four entities. The objective here is to improve the operational efficiency and upgrade the health and financial soundness of the Indian banks, especially Public Sector Banks (PSBs). Further to building transparency and improving accountability, while presenting the Union Budget, Finance Minister Nirmala Sitharaman had announced the privatisation of two public sector banks (PSBs) and one general insurance firm by 2021-22. This should reduce

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the drag on the government coffers in the form of infusion for bank recapitalisation, which is expected to be Rs. 20,000 crore in FY 2021-22. As the Government has intended to reduce its stake to 33% in public sector banks, it will further add to private investments in the banking sector and will help drive the agility and efficiency which is required for the new-age banks.

- After the Banking Regulation (Amendment) Bill, 2020, the chances to have occurrences of frauds seen in the case of PMC Bank is significantly mitigated. In the absence of the current bill, it was allowed that cooperative banks, without the oversight of RBI, could use the same banks to solicit deposits from the customers. The new law makes a concerted attempt at bringing such banks under the regulatory oversight of the RBI. The Central Bank will now have the right to approve the appointment of auditors and recommend removal of auditors to these cooperative banks with the intention of improving their governance and also timely identification of any financial vulnerabilities to prevent a future crisis. RBI should continue to act as a legal guardian of fair play in such situations. The prompt action from RBI will go a long way in signalling the stability of banking sector, as is the case with commercial bank, Yes Bank, in which the functioning was restored without loss of depositor's money after the management changes and other corrective actions were taken promptly.
- The issue of NPA management is not only for the sake of strengthening a particular bank, but also for ensuring the NPA overhang doesn't

stop the flow of credit in sectors that imminently require. The recent Budget has proposed setting up a 'bad bank' to help process the NPAs out of the balance sheet of banks. A bad bank will help streamline the operations of the primary bank by buying NPAs at deep discounts. The banks should be equipped with NPA management capabilities by applying the right regulatory and procedural strategies at their disposal. With a tepid credit offtake in industry and services sector, and strong growth in deposits, the banking sector seems to be in a state of abundant liquidity, while this liquidity is not translated in the commensurate credit growth. And in the absence of setting up of such 'bad banks,' there will be overhang of NPAs that will stress inflows, thereby leading to solvency risk. It is the opportune time to provide allowance in capital adequacy norms and allow space for banks to clean up.

### **Strengthening Financial Intermediation with Aadhar, UPI and PMJDY**

The reforms have little meaning if they don't touch the lives of people who, perhaps, need the most. Though, there are numerous initiatives which have helped deepen financial inclusion, there are three of them which has created the right enabler for drive revolution in financial inclusion. These are linked to adoption of Aadhar, UPI and Pradhan Mantri Jan Dhan Yojana (PMJDY). Government should continue to provide opportunities for private sector to use these enablers for a deep-rooted financial inclusion in India.

- To help identify the targeted beneficiaries for wealth distributive policies and social security schemes, Central Government enacted the

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Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act. Today, Aadhaar has become India's most credible identity currency. It is effectively used in linking direct benefits such as the public distribution system, employment guarantee schemes, etc. For the lower income segments, the data on direct benefits can be used to provide better financial inclusion, such as offering credit and insurance products.

- Within the first few months into the term, Government started with a major financial inclusion program—Pradhan Mantri Jan Dhan Yojana—to bring millions of underbanked and unbanked customers within the financial inclusion ambit, empowering them to avail services like DBT (Direct Benefit Transfer), social security schemes like insurance and pension. Under this scheme, 15 million bank accounts were opened on inauguration day, a global record for the most bank accounts opened in one week as a part of the financial inclusion campaign. As Government embarks on this journey, there is a need for more formalisation in the unorganised sector especially in rural areas where schemes such as Jan-Dhan Yojana are popular. This has helped raise awareness of new banking products. More importantly, this should be promoted for banks and emerging fintech companies to offer products such as unsecured personal loan, supply chain financing, life and health insurance, etc.
- The world can be divided into two types of people – type 1 who have used UPI and type 2 who have not. Though, in this era of data and technology, as many minor and major

innovations happened, UPI was a trailblazer. The scale of UPI impact has been gargantuan. UPI has revolutionised the payments system completely inter-operable across all payment systems removing simplicity arbitrage by enabling one click two factor authentications. It has catalysed high volume, low-cost payments, creating a new ecosystem that billers/billers may adopt without needing a Point of Sale (POS) systems at millions of merchants. UPI recorded<sup>2</sup> 2.73 billion transactions in March 2021 and the value of transaction has surpassed the 5 lakh crore mark. Several large global financial houses have applauded the strong foundation created by UPI upon which private players can ensure innovation. And after the fabulous success of UPI, we now have a highly modernised payments infrastructure that has helped us achieve greater financial inclusion than those achieved by the other developing economies. The appreciation towards the modern Indian payment infrastructure has even been echoed by leading technologists and large billion-dollar enterprises' CEOs. Moreover, several central banks in the southeast Asia and other parts of the world are taking inspiration and drawing up plans to build a payment infrastructure as robust as UPI by working with the technocrats of National Payments Corporation of India (NPCI) and UIDAI.

### **Promoting Fintechs**

Silently, yet not surreptitiously, a new breed of companies started calling the shots, unerringly and harmlessly named Fintech – a broad brushstroke of FINance and TECHnology. They are adorned

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with Machine Learning and Artificial Learning techniques. Though, their lofty over-usage has cheapened the anchorage of these words, though every day they bring new tidings and death-knell for old form of retail banking. James Baldwin, once talking about power of dialects and patois, said,

*To open your mouth in England is to 'put your business in the street': you have confessed your parents, your youth, your school, your salary, your self-esteem, and, alas, your future.*

Perhaps the same can be said about the power of “digital footprint”, with much higher intensity and much better precision. Unlike Fintech, traditional banks had been both timid and tentative in using data. The soft pleasure of meeting the customer before granting loan, seeing them from head to toe with disbelief comes naturally to Indian senses. Packed with data from everywhere - bureau, social media, digital footprint, mobile, self-declared, purchase data, data of associates, sometimes associate's associate, etc. - Fintech are increasing becoming wiser. They use whole host of data models - credit risk model, propensity for pricing model, loyalty model, etc. using variables tested and developed with experience.

For now, fintech are driving innovation in almost all areas of finance – lending, saving product, protection needs in the form of life insurance, health and general insurance, micro-payments, transaction services, etc. With over 400 million internet users and over 1.1 billion mobile phones, reforms are required that bring in more transparency and usage of advanced tools and technologies. The aim should be to provide the end-user with a superior experience with greater convenience, and enhanced security. To promote, the fintech industry, the three things which are critical is availability of

risk capital, presence of public infrastructure, and ease of doing business.

- On availability of capital, there is a need to create the right market mechanism. This will involve an automatic route approval in fintech and linked companies. Government should assess having an 100% FDI norm for fintech with investments of less than Rs. 500 crore. Currently, the market for debt funding is invariably non-existent for small fintech. Government should set-up the framework for more capital flow directly as debt to fintech or through a market mechanism such as venture debt framework. For this purpose, Government can also consider setting up a Rs. 5000 crore fund for providing venture debt for emerging fintech.
- Simplification and digitisation of know-your-customer (KYC) norms will help start-ups offer their services across geographies. They can cater to diffused demand due to the inherent anytime-anywhere-accessible nature of online systems. Further, for financial inclusion, framework for paperless and presence-less onboarding should be developed. To avail the full benefit of Aadhar, UPI and bank account, Government should ease the norms for KYC, while working in conjunction with RBI for a wider coverage digitally. With the new remote customer authentication option, the service providers need not physically reach out to customers in remote locations aiding in cutting down the costs significantly, and KYC norms should be achieved using face-matching software and AI.
- A separate regulator for fintech should be assessed. With varied product offerings and

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heavy usage of data, the need for compliance and regulations cannot be emphasised much. A specialised body under RBI to regulate fintech could not only help operate efficiently in a more organised manner and meet compliances more easily, but could also significantly aid innovation and experimentation. It will also check for potential instabilities on account of unbridled growth, and can avoid illegal practices such as the recent online loan scam. It will contribute significantly on addressing customer grievances too.

- Government should also evaluate emerging themes such as regulation of cryptocurrency and comprehensive outlook on crypto trading. This is critical for ensuring any potential instability coming from alternate monetary units are well managed
- In terms of addition benefits to the industry, there are a series of measures which can be deliberated before translating into policy. For example,
  - the abolition of Long Term Capital Gain (LTCG) tax can help remove the deterrent which low to mid income households face in investing in equities.
  - Relaxation under FEMA to help fintech offer products to people outside India. This should cater not only to people of Indian origin or Indians staying abroad but even the global customers who may have interest in Indian products
  - Support with digitisation of banks, particularly regional banks and cooperative banks which can help partner with fintech better

## **Realising the full potential of Agri sector Reforms**

The boldest reform by the government is undoubtedly the agricultural reforms it introduced in May last year. The long-overdue reforms, aimed at agriculture and allied sectors, will benefit both the farmers and the consumers. Among the slew of measures, the three most important steps were the announcement of an outlay of INR 1.63 lakh crore, amending the stringent Essential Commodities Act (ESA), and offering farmers the freedom to sell their products at any market of their choice<sup>3</sup>.

The farm laws removed inter-state trade barriers and allowed for e-trading in agricultural produce. They have the potential of revolutionising the agricultural sector by removing the hegemony of regional *mandis*. It also opens up the market to participation by the private sector, providing an immense opportunity for farmers to tie up with private players. The relaxation of ESA also frees up more commodities for fair trade. It can help market forces play an overarching goal in ensuring crops get the right prices, stable food inflation, strong growth in farm sector and allied sectors contribution to GDP, improve FDI in the agricultural focused start-ups, streamline the marketing of agricultural produce and boost the rural economy.

On the financial sectors, there are several measures that can help drive and augment the full benefit of agriculture reform. A slew of measures in financial sector should go in tandem for financial intermediation across the full value chain—farmers, traders, warehouse provider, processors, Custom Hiring Centres (CHCs) providing irrigation pumps, tractors, other mechanisation tools, other input providers, etc.

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- Government should plan for expanded and broad-based definition of Priority Sector Lending (PSL). Currently of the 40% of banking asset earmarked as PSL, the direct agriculture is 13.5%, while 4.5% is indirect agriculture and rest includes other categories. Most of the new element will fall under indirect. We need a more expanded definition of indirect. In fact, indirect should be expanded to include at least 10% of PSL. PSL definition should also include agri-e-commerce companies, warehouse providers, processors or aggregators at farm gates.
  - Government should leverage SIDBI and other institutions to drive refinancing and creation of SMEs in agriculture sector, particularly catering to new segments which will become critical as the agriculture reforms plays out.

Further, an equity fund to be created to have direct investments in agriculture sector. For efficient dissemination of equity investment, this can be achieved via “Funds of Funds” structure.

- The secondary market for PSL papers with enhanced definition of PSL will provide a more market-friendly funding for large investments in warehouses, cold storage, processing capability, input requirements in terms or mechanisation, etc.

In summary, the government is on the path to stabilise the economic growth post the pandemic and is not shying away from taking even further bold efforts. These reforms will go a long way in shaping a more conducive regulatory setup for growth of our financial sector and for safeguarding the rights of different participants in our financial system.

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## Manufacturing Sector—Need for a Booster Dose *Labour Reforms, PSU Privatisation and Infra Push Are Steps In the Right Direction*

Gaurie Dwivedi\*

### Abstract:

**T**he Modi Government, if one includes its first term since 2014, is on the verge of celebrating its seventh year in office.

*During its entire tenure since its historic mandate in 2014, the government has taken important policy measures to meet its core social agenda and fulfil poll promises. On the economic front; however, its performance has been a mixed bag, partly due to systemic flaws of the Indian economy, which need to be overcome. Implementation of the GST is one of the biggest economic reforms this Government has taken. Additional reform measures which have now been undertaken need to be supplemented by a concerted push towards unlocking India's manufacturing potential, which will be its gateway to a high growth trajectory. This article highlights the significant achievements of the Modi Government in making India a major manufacturing hub as also draws attention to the sectors which need greater attention. The ongoing agenda of 'Make in India' needs a booster shot of policy measures and a clear vision.*

One of the biggest problems plaguing Indian manufacturing has been an extraordinary, almost excessive, push towards the services sector. The growth in services exports has been so rapid –

much higher than some of the other Asian economies—which now account for 35 percent of total exports – it almost made it unnecessary for policymakers to focus on manufacturing. This has been a major impediment to manufacturing not getting its due share in policy making, almost robbing it of its potential and importance. Not enough investments come into this space, thus not enough policy intervention takes place, reinforcing the trend of suboptimal investment, making it a vicious cycle. The present government has tried to undo some of this, with a slew of measures aimed to make India an attractive investment destination. Some of them, including the quantum jump in India's ranking in World Bank's Ease of Doing Business ratings are notable achievements. From a dismal 142 in 2014 when PM Modi took office to an impressive 63<sup>rd</sup> position in 2020, India has climbed a remarkable 79 points<sup>1</sup> in a short span of time. World Bank ranks countries on a number of parameters to highlight how easy/tough it is to start a business.

The most significant reforms undertaken by the government in its second term have been on the contentious issue of labour reforms and lowering of tax rates for companies to set up a manufacturing base in India. Changes in labour laws, long considered to be one of the most stifling aspects of India's maze of rules that govern

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industry, were long overdue. It is heartening to see the PM unafraid of displaying his hand to back tough, even politically unpopular, reforms. The new labour code, which was originally meant to be implemented from 1<sup>st</sup> of April 2021, has been pushed ahead due to a delay on the part of States. Irrespective of when it is rolled out, the new labour laws will allow greater flexibility to employers in laying off workers. Among other changes, the threshold limit for firing workers without government approval has been hiked three times (from a company having 100 workers to one employing 300 workers)<sup>2</sup>. Earlier labour laws – which were based on the size of the enterprise – incentivised factories to remain small, thereby stunting growth potential. Equally important is the expansive scope of the new labour code. Unlike the earlier laws; gig and platform workers, food and grocery delivery, content & media, ride sharing services and e-marketplace is covered, ensuring workers in these sectors are brought under the ambit of regulation. Since labour is an issue that falls in the concurrent list, allowing both Centre and States to have an equal say, the implementation of these laws will decide their success. Needless to say, states that will adapt to these changes faster will be viewed more positively by investors<sup>3</sup>.

Apart from labour laws, what stands out in the government's big bang reform agenda is the slashing of the corporate tax rate in 2019, to make Indian rates competitive with other Asian destinations. On 20 September 2019, less than four months into the Modi government's second term, in a bold and surprising move, the government cut corporate taxes. Much before the pandemic struck in 2020, Indian economy had slowed down

considerably. As the slowdown led to a clamour for 'out-of-the-box' measures, Finance Minister Sitharaman cut corporate taxes from 30 percent to 22 percent for domestic companies<sup>4</sup>. This was the biggest tax cut in 28 years. To boost manufacturing and invite foreign investments, the FM lowered tax rates even further. From the earlier 25 per cent tax slab, new companies incorporated on or after October 1, 2019 which invested in manufacturing, were to be taxed at 15 per cent. Taking into account surcharge and cess, the effective tax rate for new companies stood at 17 per cent<sup>5</sup>. Post the rate cut, Indian tax slabs were in line with Asian peers. Hong Kong – mired with its own set of far bigger problems - has the lowest corporate tax rate of 16.5 per cent. Singapore has a 17 per cent rate, while both Thailand and Vietnam levy 20 per cent tax on companies.

The third and most compelling reform undertaken by the present dispensation has been the demonstration of its desire to pare losses of sick Public Sector Undertakings (PSU) and to exit government-backed ventures that are eating away precious state resources<sup>6</sup>. Unprofitable PSUs – which are money guzzlers - have been a major bone of contention for successive governments, which continued to put good money behind bad money. PM Modi's Government – which has enough political capital – has shown intent to divest stake or to completely privatise. The decision to privatise PSUs and stay invested only in a few strategic sectors is welcome, since state machinery is highly inefficient and corrupt. Though, selling entities like Air India sounds easier said than done (due to failure of multiple efforts), a clear intent to do so indicates a more welcoming attitude towards

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business in general. This marks a departure from the Prime Minister's earlier position of being wary of being perceived to be 'too business friendly'. The decisive shift began after the PM termed businesses as wealth creators in his Independence Day speech<sup>7</sup>.

But the question to ask is, despite such important decisions, why has India not been able to substantially move the needle on manufacturing? Despite a sharp jump in India's rankings – which signify the growing ease with which business is conducted – why are foreign investors not making a beeline to invest? Easier labour laws should pave the way for big ticket investments, but what is stopping the same to materialise? The answer to all these questions lies in creating a favourable investment climate which is a combination of several inter-related factors. For instance, simplification of labour laws is a very important step towards creating a viable ecosystem, since it reduces compliance burden on companies. But flexibility in hiring and firing is, obviously, not enough to improve the anaemic growth in Indian manufacturing. Likewise, after the 2019 corporate tax cut; Japan, Malaysia, South Korea and Indonesia now have higher rates but that has not translated into a quantum jump in India's investments vis-à-vis these countries.

### **Clearly, more needs to be done.**

It is now a well acknowledged fact that no matter how rapid the growth rates may be in the services sector, it cannot keep pace with the number of new entrants in India's work force. More so, since in India, the services sector contributes nearly 50 percent to the GDP, but only 35 percent

to jobs. This is lower than the average of other countries where services sector contributes equally to GDP and job creation. Given India's demographics, management consultancy firm McKinsey has predicted that in the decade 2020-2030, India will need to create 90 million new non-agricultural jobs. This is needed to absorb the 60 million new entrants joining the labour force and another 30 million for those who will move out of the less productive farm sector to industry<sup>8</sup>. This kind of job creation is possible only through a vibrant manufacturing sector. The services sector, can at best, play only a supporting role to catapult India into the next league of economic superiority.

However, the manufacturing sector will also need to undergo a paradigm shift to cater to the socio-economic needs of India, which are a derivative of its high population and favourable demographics. At present, manufacturing contributes 15 per cent to India's GDP, has a 16 percent share in the Indian economy, but just 11 percent in job creation. From fiscal year 2006 to fiscal year 2012, India's manufacturing-sector GDP grew by an average of 9.5 per cent per year. However, due to the overhang of policy paralysis, scams and other factors, this slowed to 7.4 percent during the next six years – from 2012 to 2018.

In fiscal year 2020, manufacturing generated 17.4 per cent of India's GDP, little more than the 15.3 per cent it had contributed in 2000. (By comparison, Vietnam's manufacturing sector more than doubled its share of GDP during the same interval.) The 'Make In India' program – which was launched in September 2014 with much fanfare – had envisaged share of manufacturing to rise to 25 percent by 2022. Though ambitious

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from the very beginning, the program looked almost unachievable even prior to the pandemic due to the economy's slowing growth in FY19 and FY20.

Post the outbreak of the pandemic, there has been a fresh focus towards manufacturing, led by the Prime Minister's clarion call in May 2020 for '*Atmanirbhar Bharat*'.<sup>9</sup> Since then, there has been a renewed effort to boost Indian manufacturing capabilities. The Production Linked Incentive (PLI) scheme—which identified 13 key sectors in January 2021—is a measure that can contribute significantly to India's aspirations to be a manufacturing hub. Under this scheme, the government's commitment will be Rs 1.97 lakh crore spread over five years, starting from FY 22. As the name indicates, the scheme proposes to provide incentives on incremental sales for a five-year period, which could be from 4-6 percent. Besides providing a fresh impetus to manufacturing, it will spur growth in exports - the one area which has been a disappointment for most of the seven years. (In 2014, the Modi Govt had set a target of Indian exports forming 5 per cent of world exports. However, seven years on, Indian exports continue to be at the same level- hovering in the 1.6-1.7 percent range, not even touching the 2 per cent mark.)

From 1 April 2021, the PLI scheme for white goods will be rolled out after the expenditure finance committee cleared the proposal of Department for Promotion of Industry and Internal Trade (DPIIT) for investing in AC and LED segments. This would entail an investment of Rs 6,238 crore by the government. DPIIT has estimated the scheme would lead to additional exports of Rs 64,000 crore, and an additional GST

collection of Rs.38,000 crore over a five-year period<sup>10</sup>. This segment can witness global players making sizeable investments.

The mobile handset manufacturing has been one of the few success stories in Make-in-India. From two units in 2014, the segment witnessed 200 units being set up, with production increasing from 60 million to 290 million. The value of handset production increased from USD 3 billion to USD 30 billion, all along catering to the domestic market. The next phase of growth will require the mobile handset cluster to become globally competitive and capture more than just the domestic Indian market. In the process, it will also test the efficacy of the PLI scheme - which skeptics say may not realise its stated objective due to the stiff targets for eligibility of incentives.

Beyond PLI, the solution to fixing India's manufacturing woes requires action on five fronts - providing better infrastructure, creating efficient and predictable regulation, developing customer and supplier linkages, ensuring access to credit and solving the biggest conundrum of land acquisition.

Infrastructure bottlenecks are being addressed by the Government, but a combination of port connectivity and creating world-class manufacturing zones is the need of the hour. Seven out of the ten biggest ports in the world are in China; including the biggest – which is the Shanghai port. It is time Indian ports are upgraded on a war-footing. Though China's economic model – with its focus on heavily subsidised state-owned enterprises and lack of any individual liberty - is incomparable with democracies, there are important lessons from its economic success. China opened six economic zones in 1979, followed

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by export processing zones across its coastal cities. As the largest recipient of foreign direct investment among developing nations (over 40 per cent), China saw total FDI inflows of USD 128.1 billion between 1979 and 1995. The distribution of this FDI highlights the role integrated infrastructure development (port linkages, better road/rail connectivity for cargo) plays in the growth of any economy. The coastal areas accounted for over 90% of all FDI China received during this period. Among coastal regions, Guangdong, Fujian, Shanghai and Jiangsu attracted substantial amounts of FDI, with Guangdong topping the list. About 60 % of the total FDI in the first decade of China's SEZ policy flowed into Guangdong<sup>11</sup>. This indicates how important it is to have large manufacturing clusters with back-end linkages. The corrupt, inefficient SEZ policy under the UPA-era needs to be replaced by an integrated plan to create top-end manufacturing zones with world-class infrastructure.

Creation of large manufacturing zones would also solve another issue that plagues this sector - which is of size, or the lack of it. Indian manufacturing landscape is dominated by 'dwarfs' or companies that should have scaled up but did not. Despite dwarfs making up almost half of organised manufacturing, their contribution in employment is a meagre 14 per cent and in value added is just 8 per cent. So, to be globally competitive and to provide jobs, Indian factories need to be scalable - which will be achieved through a combination of factors - technological evolution, better skills and access to credit on easier terms. In the past 13 years, India's manufacturing-sector share of employment has risen by just one

percentage point, as against a five-point increase for the services sector<sup>12</sup>. This anomaly can be addressed only after addressing the dwarf problem.

Defence manufacturing - where government allowed FDI upto 74 percent via the automatic route in September 2020 - could be the next big growth frontier for India<sup>13</sup>. India imports about 65 percent of its arms needs and is hardly a global exporter (0.2percent as per SIPRI). Technology transfer via joint ventures with global companies, identifying goods that are in 'negative list' and India's own growing security needs will act as the real catalyst to growth in this sector.<sup>14</sup>

India's path to manufacturing should take two complimentary routes - one, driven by cost factors where it will have to compete with other low-cost destinations like Bangladesh or Sri Lanka in low-end goods, and two, based on innovation and R&D. What India lacks in terms of global supply chain linkages and economies of scale, it can make up by leveraging its strengths as an IT superpower. By developing niche areas of industrial research, domain expertise in industrial innovation can be created. This can be achieved through close collaborations with German, American, Swedish, Swiss and Japanese industries. These are countries that have been rated at the top of World Economic Forum's global competitiveness index. With the help of tie-ups and sector-specific approach, India can identify its distinct edge and superiority in industrial innovation. This will be a key driver of future growth.

The Modi government needs to push the pedal on manufacturing since it is not just about economics but also about geo-economics and geopolitics. China's strength in world affairs is due to

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its economic heft. China's muscular geopolitical stance – both in Asia and beyond; and on its land border with New Delhi - has to be viewed alongside its economic lead and superiority over its principal rival in Asia- India. Unless India is able to address some of the inherent weaknesses in our economic system, China's hegemonist designs are unlikely to be tamed. Beijing's ability to pour money in economically unviable projects in India's neighbouring countries, build more infrastructure

on its borders with New Delhi in acts of intimidation and continued military upgradation are all derivatives of a stronger economy. For India to respond effectively to all these acts, it first needs to get its economy into a high-growth orbit. And for that it needs to usher in the next wave of economic reforms. Post the pandemic, global companies can, and will exit China, if not fully then partially. It is up to the present dispensation to decide if India will be their next destination.

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## Taking Governance to the Marginalised

Swadesh Singh\*

**K**eeping the fundamental principle of Antyodaya in mind, the Modi government enthused technological advancement in all the policies and programs and ensured leakage-free delivery for all in general and marginalised in particular. The governance framework prepared by Prime Minister Narendra Modi has paid well during the pandemic that has emerged as a primary battleground in his second term.

“The voters in this country did not care about Congress schemes. Very few benefitted from the schemes of Congress governments. This time they got gas cylinder and Rs 1.5 lakh for house. We were looking for the evidence to the contrary but we could not find it. We even peaked inside houses and found gas cylinders. The government gave funds through Direct Benefit Transfer (DBT). They used JAM trinity - Jan Dhan, Aadhar and Mobile. Initially, I thought that MUDRA loans are rubbish and fake but I have recorded videos. Shobha Lal, sitting 50 km away from Azamgarh, is a Dalit who got Rs 50,000 as MUDRA loan. I came back and checked the MUDRA loan data where 4.81 crore people had got loans and Rs 2.1 lakh crore had been dispersed. This is a big change. This is a big governance exercise.”<sup>1</sup>

These were the views shared by senior journalist Shekhar Gupta during a program after the election results were announced in 2019, where he recounted the reasons for BJP’s victory. This was a programme where panelists and audience

members were not supporters of Prime Minister Narendra Modi; however, at this point, even they could not deny the glaring reality.

In the 2019 general election, Narendra Modi again formed government with even more votes and seats than before. He had promised a transparent, accountable and corruption-free government at the Centre in 2014 and he had fulfilled most of his promises over the next five years. As a result, people showed even more faith in him and the BJP won 303 seats and 38% votes. There were more than 200 Lok Sabha seats that the BJP won with more than 50% votes.<sup>2</sup>

Now, Modi government has completed seven years at the Centre and the personal popularity of Prime Minister Narendra Modi has only increased in these many years—even during the time of pandemic.<sup>3</sup> The framework designed by the government in the initial years is now reaping benefits for common people. The governance principles of the Modi government have been clear since the day one in office. On one side, he was inspired by the ideology of Antyodaya propounded by the Jana Sangh ideologue and founder, Deen Dayal Upadhyay, and on the other hand, he enthused technology to ensure delivery with minimum leakage and pilferage. While doing so, his government never forgot unhindered and easy delivery to those who have been unattended since long and have been waiting at the end of the queue.

This is politics of ‘welfare of all’ where

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governance and justice enthused with technology are an integral part of the core agenda of Modi government. Any individual or political party wanting to win elections, now has to come up with certain policies, proposals and programs that directly target and benefit the people. These are different from the perfunctory face saving schemes of the past as any schemes now are spoken of in terms of deliverables, deadlines and achievements. The blanket and vague slogan of ‘Garibi Hatao’ (Eradicate Poverty) does not work anymore; people expect political aspirants to provide effective solutions with visible benefits for the last women standing in the line. The schemes are also not bureaucratic tools anymore; they have a political face and hence answerability. With an outcome based approach entering politics under Modi government, the discourse around politics of welfare and governance seems to have completed a full circle. Under this approach, there is no negation of foreign investment, or profit making by the corporates but at the same time the revenue earned by the state has to be utilised for the vulnerable, poor and downtrodden without any leakage and pilferage to bridge the socio-economic divide in the country.

As the Chief Minister of Gujarat for 13 years and then as the Prime Minister of India, Narendra Modi has directed his efforts at bridging the socio-economic divide through the intervention of state policies and people’s participation. The objective of his policies is always clear in terms of people it aims to reach. It naturally follows then that the impact is huge and closely monitored implementation leads to time-bound deliveries. He wrote in a letter to the people of India after the

completion of one year of Modi 2.0, “The people of the country voted for a substantial transformation. The nation saw how the administrative apparatus broke itself free of status quo and from the swamp of corruption as well as mis-governance. True to the spirit of ‘Antyodaya’ the lives of millions have been transformed.”<sup>4</sup>

Given the size of the Indian populace, each of Modi’s schemes takes a comprehensive approach where every aspect of application is considered. The policies are clear about targets, benefits, and how these will reach where intended. The policies are designed in a way that there is minimum leakage and pilferage. The focus remains on the skill, scale, and speed for any program, policy, or campaign. The ‘Welfare of All’ approach under Prime Minister Modi has seen three key aspects: use of technology, corruption free government and Antyodaya.

### **Technology and Transparency**

Technology has emerged as a great enabler in this process by delivering democracy and governance. For a country like India where democratic traditions are part of a vibrant cultural system, technology has become a crucial catalyst. Technology is today a partner in democracy in all these senses. It allows reach, access, dissent, diversity and justice. It has changed the face of governance through innovation and enhanced public participation and response. Long before Narendra Modi became the Prime Minister, he understood the power that technology could lend to implementation and governance. As the Chief Minister of Gujarat in 2013, he said during a Google chat show, “Internet is a game changer. Common

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citizens can now directly engage in policy making process. Internet has empowered people and made communication with leaders and the government a two-way process.”<sup>5</sup> After forming government in 2014, one of the mega campaigns launched by Modi was Digital India. It created awareness towards improved online infrastructure and electronic availability of services. With this, the country decisively stepped towards e-governance where the Information and Communication Technology (ICT) was used to deliver government services, exchange information, integrate systems and services and manage interactions within the government system. The aim of this campaign now is to connect rural areas with high-speed internet and create universal digital literacy.<sup>6</sup>

### **JAM Trinity**

In the development and governance sector, the government has turned to the technological trinity of Jan Dhan-Aadhar-Mobile (J-A-M) to make the system more effective, accountable and transparent. The biggest single achievement of this trinity has been cutting out middlemen, and gradually putting more than 350 schemes from 51 ministries into the Direct Benefit Transfer (DBT) programme which saved Rs 1.70 lakh crore while disbursing Rs 13 lakh crore in the first six years of the government.<sup>7</sup> These three factors have worked in tandem to ensure ease of operation. The absence of one would have led to the failure of other, hence their appearance as a trinity. First, Jan Dhan accounts ensured financial inclusion of the entire population. Then Aadhaar number brought in a secure identification system to prevent misuse, duplication or pilferage. Mobile phones

further completed the circle of online and mobile transactions and verification.

Jan Dhan is now the world’s biggest program of financial inclusion. It was launched on 28 August 2014. More than 42 crore bank accounts have been opened by April 2021 under Jan Dhan scheme where a balance of 147,000 crore is there in beneficiary accounts with the help of 1.26 lakh Bank Mitras delivering branchless banking services in Sub-Service Areas.<sup>8</sup> Today, people don’t have to run from pillar to post to get scholarships, pensions, subsidies, MNREGA payment, funds for housing or toilets. Once approved, these funds, subsidies or scholarships directly reach the account of the beneficiaries.

### **Government E-Market**

While JAM is sweeping in its reach and impact, several other systemic changes were also introduced to incorporate technology. Take for example, the Govt E-Market or GEM. GEM is a dedicated e-market tool for goods and services procured by government organisations, departments and public sector units. It uses technology to automate procurement processes and systems, introducing greater accountability in public procurement. A small entrepreneur can now register on the Government e-Marketplace (GEM), and bid competitively for supply of goods to the Government.

As he expands his business, he also contributes to lowering the cost of procurement for the government. This leads to increased efficiency and greater value for public money. The platform has a network of around 13 lakh sellers and service providers. The cumulative transaction value of

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goods and services procured from GeM by state and central government organisations grew from Rs 51,200 crore a year ago to Rs 1.1 lakh crore by the end of March 2021. <sup>9</sup>

### **Corruption-free Government**

A prerequisite to the ‘welfare of all’ approach is corruption-free government. Elimination of corruption is also the cornerstone for Antyodaya as the benefits meant for the last person in the queue cannot possibly reach her in a corrupt system. Here also, technology assumes a key role. The recent advancement of technology is not only because of its benefits in terms of enhanced output but also because it assures a system that is not vulnerable to human corruption. It provides transparency and adherence to a pre-approved set of rules with no exceptions. The extensive use of technology for governance in the last seven years has reaped rich dividends.

Over the span of seven years, there was not a single case of political corruption against the Modi government. It seems we have come a long way since the time of former Prime Minister Rajiv Gandhi, who had said that out of every single rupee sent by the Centre, only 15 paise reaches at the village level. When corruption takes place, the pilferage and leakage eats into the funds meant for the poor. Understanding this, the Narendra Modi government tried to minimise pilferage and leakage of funds at different level by using different technological tools.

Today, various weaker and vulnerable sections are getting benefits of this technological disruption in welfare schemes, policies and programs.

### **Geo-tagging**

The practice of geo-tagging is an example of how technology has been used to check corrupt practices. Modi government started monitoring important schemes through apps and dashboards in which posting of geo-tagged pictures of the beneficiaries or the work done by the ground-level government official became mandatory. This was not a small change; a geo-tagged picture shows the date and time of the picture apart from the picture of the beneficiary or the work done. It takes just seven clicks on your computer to find rural development projects, including the names and details of the projects or the individual beneficiaries, right up to the village level. For example, on the AwaasApp one can find out how many houses have been built say in Andaman and Nicobar under Pradhan Mantri Aawas Yojana with details and pictures of the beneficiaries with their new homes.<sup>10</sup> There is a proof of every home and toilet made under the scheme. This has helped put a stop to pilferage of government money in the name of bogus work. Now, the said assets have to be imaged, geotagged and digitally documented, deterring corrupt practices and ensuring optimum utilisation of funds.

### **Social Justice and Governance**

Politics can be understood as authoritative allocation of values. The existence of such practices for a substantive time results in a just society taking shape and politics becoming a tool of social transformation. On the other hand, take a simple definition of justice - treat equal equally, unequal unequally. When we club both the definitions of politics and justice, then the idea of social justice

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begins to emerge. Justice can be understood at two levels - procedural and distributive. Governments normally focus on distributive justice when policies and programs are framed for the public. They don't think how these will reach people in different parts of the country living in vastly different conditions. The result is leakage and pilferage at different levels. Hence, considering procedural justice along with distributive justice becomes a prerequisite for the success of any scheme or policy. In the last 7 years, Modi government ensured that both distributive and procedural justice come into play. Schemes were designed to ensure people's participation and maximum benefit.

This government is totally aware and committed for the upliftment of poor, vulnerable and excluded and introduced many policies ensuring affirmative action in different ways. Since independence, reservation in jobs was considered as the only way of affirmative action which was very much required and if the task was accomplished with full sincerity then the scenario might have been different today. Modi government is ensuring backlog vacancies to be filled on one hand and on the other coming up with many innovative ways of ensuring affirmative action. Today when millions of youth are passing out from higher education institutions every year so this is not possible to give job to everyone. Modi government has created an ecosystem for entrepreneurship for everyone especially the weaker section. The government has redefined the whole idea which is now - Political change to economic change and development to social change.

We have always considered caste as the parameter for backwardness and formulated program and policies. Modi government is continuing with this but also serving new parameters for empowerment of vulnerable, weak and backwards. In one of his new approach Prime Minister Modi has taken district as the centre. If the district would be backward and disconnected, then every individual living in that area would be backward in comparison with others. So, 115 districts of the country have been identified which are most backwards and they are now named as aspirational districts.<sup>11</sup> A new roadmap for their overall development is being prepared. Finally, Modi government has tried to connect governance with social justice and ensured welfare of all in the society.

Modi government ensured leakage proof disbursement of benefits through technology. Many schemes had been in existence before, but due to bad governance, funds were under-utilised, unutilised or misdirected. Under the transformed set up, the list of beneficiaries includes people from all walks of life – farmers to pensioners and students to businessmen. For example, the Dalit Venture Capitalist Fund was set up to boost entrepreneurship among the scheduled castes. Under the Stand Up Scheme, loans up to Rs 1 crore were given to the youth of the community.<sup>12</sup>

Under the Prime Minister Micro Units Development Refinance Agency (MUDRA), Dalits, Backwards and EBC are being given preference, and 62% beneficiaries are from these communities. Earlier, the scholarship of Dalit and backward students was either not disbursed or there was a delay. The HRD Ministry has given

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total fee concession to the Dalit, Tribal and Divyang students and all students whose annual income is less than one lakh. The numbers of National Fellowship for the students of OBC community has increased multifold. 100% increase has been done in the construction of hostels for OBC students. The number of beneficiaries under Dr Ambedkar Educational loan for OBC students has been increased. Stringent SC-ST Act to stop atrocities against Dalits has been formulated and Constitutional status to National Commission for Backward Classes was given in 2019. New policy for senior citizens was announced where the changing socio-economic concerns were kept in mind. As the numbers of senior citizens are increasing so the funds have been increased upto 80% for their welfare schemes. For the first time in the history of independent India, nomadic tribes were taken into policy framework and a new Board has been set up. Hostels for nomadic tribes were started in the name of Bharat Ratna Nanaji Deshmukh. Another target group where no one paid enough attention before was the disabled. Prime Minister brought them in focus and called them Divyanags. Social Justice Ministry has organised more than 2000 programs and 100 mega camps of artificial limbs, hearing aid and tricycle distribution.

Women have been at the forefront of nearly all of Modi's schemes ever since 2014. Nearly 8 crore women living below poverty line got benefits of Ujjwala scheme that provided gas cylinder for cooking. Under the Sukanya Samridhi Yojana, small deposits supported by the Government of India were made for female children. The campaign Beti Padhao, Beti Bachao had a successful run on social

media to improve the sex ratio and social condition of women. A cash incentive of Rs 6,000 was given to pregnant mothers and more than 50 lakh women are getting benefitted every year from this scheme. Maternity leave was also extended up to six months for working women.

Another major beneficiary group has been of farmers. The PM Irrigation scheme, PM Crop Insurance Scheme, PM Kisan Samman Nidhi where 6000 Rs every year was given to every Kisan. Earlier, this scheme was for farmers who had cultivated land below two acres, but it was extended to all the farmers after Narendra Modi won election for the second time. The recent farms reforms are being opposed by some rich farmers but these will only help the farmer community in increasing their income. The Prime Minister has also started Ayushman Bharat scheme which is the world's largest health insurance scheme under which 50 crore people have been provided a cover of up to 5 lakhs. More than 10 crore are now registered and 1.77 crore have been admitted under this scheme.<sup>13</sup>

### **Tackling the Pandemic**

The second term of Modi government kick started with the resolve of taking a great leap forward and making India a 5-trillion economy. Besides effectively continuing the schemes of the first term, Modi government also took many landmark decisions that are bound to have a positive impact in long run. Among these watershed moments was the abolition of Triple Talaq and revocation of Article 370 in Jammu and Kashmir in August 2019. A new pension scheme was announced for traders and shopkeepers helping 3

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crore people. Ushering the next phase of Swachh Bharat Abhiyan, the Prime Minister started a campaign to make India plastic free by 2022. More than 90 lakhs houses were sanctioned under the Pradhan Mantri Awas Yojana Urban. E-gram Swaraj and Swamitva Yojana was launched by the Prime Minister to give a push growth in villages. But in March 2020, the government was forced to announce a lockdown to save lives in the wake of the deadly Covid-19 virus. Following this, various quick steps were taken by the Modi government to protect life and living of common people. Under the Vande Bharat mission, 28,000 Indians stuck abroad were brought back to the country. The government set up robust health infrastructure for Covid-19 that saved life of millions of people. The fatality rate in India was the lowest in the world. Union government launched 'Aarogya Setu' app to facilitate easy tracking of the risk of the virus. Lockdown announced by the Modi government reduced the intensity of Covid-19 spread by more than 60%. India became second biggest producer of PPE kits and N95 masks in the world where the production was almost zero in February 2020.

After assessing the problems faced by fellow countrymen, the Modi government announced an economic package of Rs 20 lakh crore and gave a bold call for Aatmanirbhar Bharat Abhiyan (Self-reliant India). He outlined five pillars for this - Economy, Infrastructure, Technology, System, Demand. Massive relief package of Rs 3 lakh crore was allocated for the MSME sector. Key measures for strengthening agricultural infrastructure logistics, capacity building, governance and administrative reforms for agriculture, fisheries and food processing sectors were announced.

Infrastructure reforms in eight sectors - coal, defence, rural development, corporate, finance, public health, public sector enterprises and business were also announced. Just after the announcement of the lockdown by the Prime Minister, a relief package of Rs 1.70 lakh crore was announced to give instant help to the distressed people belonging to marginalised sections of the society. It was ensured that 80 crore poor get 5 kg wheat or rice and 1 kg pulses for free for the next few months. MGNREGA wages were increased from Rs 182 to Rs 202 per day which benefited 13.62 crore families.

In the midst of the raging pandemic, the Modi government has completed its second year. The pandemic, however, shows no sign of receding. In this scenario, besides the continuation of pro-poor pro-marginalised schemes, the government has come up with a vaccine which is in the market now and more than 13 crore people had already been vaccinated by April 2021.<sup>14</sup> As the second wave of virus broke across the country, the government opened the vaccination program for all above the age of 18 years, making the Indian vaccination drive the largest in the world.

In the two years of its second term, the Modi government has safely navigated the Indian ship through difficult seas. The challenge that has presented itself in the form of Coronavirus is not a small one. It has affected all corners of the world and has managed to destabilise countries and their projections. In India, the government has managed to steer a very large population through this unforgiving virus, and in this sense, its achievement is tremendous. Modi government has taken care of those who needed it the most. The future,

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however, is not clear yet as further mutations and waves of the virus are expected. The journey hence is expected to be long and arduous.

In the coming months, the government will not only have to further safeguard the life of its citizens but also restore their livelihoods that have been inevitably affected by the pandemic. The

government will once again have to kick-start the economy and put it on the right track, while remaining cautious of the ever-changing virus and its vagaries. Given the past record of Prime Minister Narendra Modi and projections by the international agencies, it seems India will overcome these uncertain times.

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## **Infrastructure Development: The Key to a USD 5 Trillion Economy**

Deeksha Goel\*

**D**evelopment of nations, advancement of societies and progress of mankind is often weighed quantitatively through the parameters of infrastructural development. Be it the signs of globalisation or mapping governance priorities, the visual impacts are often in terms of buildings built, roads laid, operational airports, with contemporary indicators like pipeline network laid, digital connectivity infrastructure amongst many others.

As the Narendra Modi led government was sworn in for its second consecutive term in office in 2019, a clear emphasis amongst a multitude of priorities was on turning India into a USD 5 trillion economy. For India to achieve this goal, the key lies in re-aligning priorities and ensuring the development and governance of robust infrastructure. To ensure holistic and multi-sectoral development, India needs to ensure supply side reforms. Not just upgrading the existing facilities but creating new ones which will drive both the supply and domestic demand side of India's development story.

As per an estimate, a global investment of USD 94 trillion is needed to meet the infrastructure requirement of the world between 2016 and 2040<sup>1</sup>. Of this, 50% of the requirement is in Asia. Major areas of investments are expected to be water and energy. It is to further this agenda that the Government of India under its National

Infrastructure Pipeline has made a commitment to invest INR 100 lakh crore to develop infrastructure in the country.

The National Infrastructure Pipeline (NIP) is an ambitious whole-of-government project rolled out by the Government of India for fiscal 2019-25 to mobilise investments for infrastructural development in India. The project aims to capture the information of all projects (Brownfield, Greenfield, Under Development, Under Implementation or Under Conceptualisation) worth Rs 100 crore or more.

The first term of the NDA Government rode high on numbers in terms of expansion of road network, railway lines, upgrading existing infrastructure, development of ports, laying of pipelines for gas transmission, ensuring availability of cleaner fuel, electrifying the nation and expansion of airports. The second term so far has been more focussed on a qualitative upgradation and build-up of such facilities. The NIP, through its six priority areas, clearly defines the Government's vision of an infra-structurally developed India of 2025.

### **Transport Infrastructure**

The bedrock of any nation's progress lies in its network of connectivity. A nation progresses when it moves, and it moves when the country is

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connected internally through a network of accessible and robust network of roadways, railways, airways and waterways. Keeping in mind the idea of a New India, transportation sector has been one of the key sectors for priority development and investments for the NDA Government in its second term.

## **Roads**

The pace of construction of roads touched an all-time high of 10,237 kms of highways constructed in 2019-20 alone<sup>2</sup> with an ambitious target of increasing this to 12,000 kms a year. But constructing highways by itself is not enough. There is a need to develop feeder roads, ring roads, and arterial roads around these highways to ensure decongestion and last mile connectivity. In order to fill this gap, the *Bharatmala Pariyojana* was implemented by Government of India with the vision of constructing greater lengths of highway roads, upgrading the existing ones and bridging critical infrastructure gaps to ensure a more efficient and effective utilisation of resources. Under this programme, special attention is being paid towards ensuring connectivity with ports and loading docks, backward and tribal areas, areas with high economic activity, places of religious and tourist interests and connectivity with neighbouring countries, wherever applicable.

The programme, which is also the flagship programme of the Ministry of Road, Transport and Highways (MORTH), was approved in 2017 with an initial corpus of INR 5,35,000 crore and a target of upgrading/constructing 34,800 km of highways by 2022. As per official statistics, projects for about 13,000 km have already been awarded with 2,587

km worth of project under bidding and another 13,000 kms under feasibility study. In terms of its economic benefits, the programme under its various phases will focus more on creating affordable infrastructure following the principles of shortest distance green project development wherever applicable instead of redevelopment of brown field projects while creating 35 crore man days of employment.

Tapping of the potential unleashed by private sector participation has acted as an enabler in achieving the speed at which roadways have developed in the country. However, there is still scope for greater cooperation between the private and public players to ensure timely delivery of projects. Greater digitisation of services like use of FASTags for toll collection, use of artificial intelligence for surveillance and traffic management, etc, have ensured better compliance and easier governance in case of violations. Penetration of deeper technological innovations for improved safety is a pillar of the Government's vision for the road sector in 2025.

## **Railways**

Indian railways form the lifeline of India's transportation sector with an operational track network of over 1,00,000 km and a daily passenger movement of about 1.1 million people<sup>3</sup>. The upgradation of the railways under Modi 2.0 has essentially been based on three broad pillars: Development and upgradation of hard infrastructure, betterment of passenger amenities and adaptation of new technology to keep up with the pace of national development.

The development and enhancement of existing

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rail infrastructure has had multiple benefits. In 2019, Indian railways has reported zero passenger fatalities. This success comes in the backdrop of reforms like upgradation of 96% of the signalling equipment from primitive ones to modern ones, and electrification of a majority of broad-gauge rail routes with a target of electrifying the remaining 28,000 km by December 2023<sup>4</sup>. Investments have also been channelised to upgrade locomotives, betterment of the condition of tracks and skilling of personnel.

The second aspect of development of rail infrastructure in India is the modernisation of passenger amenities. Railways under Modi 2.0 has received a digital push with greater use of technology in passenger services like rail ticket booking, rail enquiry and other such allied services. A major modernisation drive was undertaken to upgrade the existing railway stations and equip them with essential conveniences like lifts and escalators. Keeping with its commitment to make development eco-friendly and in line with Sustainable Development Goals (SDGs), the government introduced services of bio-toilets and solar panel installation for lighting the railway tracks.

To keep with the pace of development and ensuring that railways is not left behind plans have been put in place to ensure the development of Dedicated Freight Corridors (DFCs). The development of Eastern and Western DFCs is being looked at as a move towards reducing the logistics costs and thus in turn give a push to the Make in India campaign.

The sector however still faces its share of challenges with trains running at frequent delays

because of overlapping in high density corridors. Though there has been a massive improvement in passenger amenities, these are still limited to a few special trains with a lot of scope for improvement. While national railway has started to see its share of good days, the suburban trains are still running at overcapacity and are in need for massive decongestion.

It is to meet these challenges, that the Government proposes to invest a sum of about 13.7 lakh crores over five years through the NIP towards building of the DFCs, high speed rails and making railways more reliable and safer. Private participation is also being encouraged with two stations of Gandhinagar and Habibganj being developed on PPP basis.

## **Airways**

With an annual growth rate of over 10% since 2008-09, the Indian aviation market ranks as the fastest growing domestic aviation market in the world. It also ranks 9<sup>th</sup> globally in terms of civil aviation. As per an estimate by the Airports Authority of India, Indian airports will be handling a passenger movement of about 400 million by 2024-2025.

When the Narendra Modi led NDA Government took to helm of affairs there were a total of 65 operational airports in the country which has now increased to 125 operational airports. Under the Regional Connectivity Scheme – *Ude Desh ka Aam Nagrik* (RCS-UDAN) launched by the Government, 57 unserved/under-served airports have been operationalised with 347 new routes offered by 11 operators<sup>5</sup>. The newly added airports have cumulatively served over 6 million

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passengers and have received a viability gap funding in excess of INR 1000 crore.

Private potential too has been thoroughly tapped in the maintenance and operation of brownfield and greenfield airports across the country. The expertise of private players in passenger amenity facilitation and service provision has played a big role in ensuring a Compound Annual Growth Rate (CAGR) of 12.4% in the immediate 5 years preceding the covid era<sup>6</sup>.

In terms of fleet management the Indian aviation operators rank better than the average with over 70% of the fleet being on lease basis against a global average of about 50%. Additionally, civil aviation in India is being made more efficient by involving the Indian Air Force in route management of commercial flights to ensure efficient use of the airspace while charting shortest possible routes with lowest fuel consumption.

While the aviation sector has seen a healthy growth, It has its share of challenges. Many of the airports in India are still operating at over 100% of their capacity, leading to longer lean times in passenger management, manual surveillance leads to delays in boarding and thus the use of artificial intelligence (AI) is being proposed to de-clutter the boarding process.

## Ports

Revival of the use of inland waterways for maritime transportation has been a priority area for the Narendra Modi led NDA Government since its first tryst with power in 2014. The Government has taken several steps to ensure the mainstreaming of maritime routes as preferred

means of transportation for commercial and non-commercial purposes. As per an estimate by the Ministry of Ports, Shipping and Waterways of the Government of India, approximately 95% of the country's trade by volume and 68% by value happens through waterways. With a long coastline of 7,517 km marked by 12 major and 200 non-major ports, the Indian shipping industry plays a crucial role in supporting domestic and foreign trade<sup>7</sup>.

In order to develop new ports and work on modernisation of the existing ones, the Indian government has rolled out the *Sagarmala* Project. Besides port building and modernisation, resources sanctioned for the project are being diverted towards enhancement in capacity utilisation. At present, most of the ports in India are operating with basic to minimal technological intervention and thus are plagued with operational inefficiencies like higher turnaround time and under-utilisation of capacity. The aim of the Sagarmala project is to ensure holistic development of shipping ports. Project feasibility studies have also been conducted to develop coastal industrial zones around busy ports to reduce logistics cost to the extent possible. Beginning from 2015, over 500 projects with a total estimated cost of INR 3.59 lakh crore have been identified for implementation by 2035<sup>8</sup>.

Apart from commercial exploitation of maritime trade routes, Sagarmala project also deploys resources for development of coastal tourism, lighthouse tourism, skill development and building of new technology centres. A phased and quick adaptation of technology in the shipping sector will lead to better capacity utilisation of the

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existing and upgraded infrastructure coupled with reduction in logistics costs. Under this ambitious program, the government aims to increase the port capacity utilisation to 65% of the total available capacity.

## **Energy Infrastructure**

Amongst the various pillars on which the NDA government is envisioning India's progress, energy security has been given a high priority. The Prime Minister aspires to create a self-reliant and energy surplus nation by 2025. Connecting the length and breadth of the country with accessible sources of power which are not just affordable but provide for generation of clean energy is a priority goal for the Government.

As per the statistics released by the Ministry of New and Renewable Energy, India has a total renewable energy production of 94.43 GW with a well-placed target of increasing this to 175 GW by 2022. Moving towards alternate sources of renewable energy production, the Government is also pitching natural gas to be the wonder fuel of the future. Plans are being laid out to increase the share of gas in the national energy consumption mix from 6% to 15% by 2030.

Infrastructural developments in terms of laying over 16,000 km of gas pipeline across the country and approval for an additional 16,000 are on the anvil. Bidding has successfully been concluded for the tenth round of City Gas Distribution Network (CGDN) which affects 70% of the country's population across 53% of the total geographical areas. This will ensure the availability of clean energy in 229 Geographical areas (GAs) benefitting 400 districts in total<sup>9</sup>.

To fuel vehicles, infrastructure has been adequately upgraded with 1906 CNG stations functional across the country to fuel 35.17 lakh vehicles on Indian roads<sup>10</sup>. Apart from building up the gas infrastructure, milestones have been achieved in the exploration of oil and gas as well. The national kitty of solar energy too has expanded with 40.09 GW of the 94.43 GW of total renewable energy being solar in nature<sup>11</sup>.

At the policy level, important reforms like replacement of the production sharing contract Open Acreage Licensing Policy (OALP) with the revenue sharing contract Hydrocarbon Exploration and Licensing Policy (HELP) has been welcomed by the industry and is being seen as a big step towards attracting greater investments for future exploration and production opportunities. While great inroads have been made in the energy infrastructure under the NDA government lacunae still exist in better use of technology to minimise AT&C losses, smart metering and user management services.

## **Digital Infrastructure**

Modi 1.0 kick started the sprint of digital upgradation of India with the roll out of its much celebrated 'Digital India' campaign. The campaign was aimed at making the most of technology by adopting various digital and technological tools to ensure ease of living for the common man. Successful attempts were made at digitising governance and doing away with unnecessary paper trails, large scale digitisation of records took place, banking was reformed with the opening of bank accounts for every Indian along with digital banking services and linking with Aadhar, subsidy

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refunds were changed to digital transaction to plug leakages.

The fruits of this mammoth digitisation exercise reaped benefits in the COVID era with the availability of JAM trinity ensuring Direct Benefit Transfer (DBT) payments under various central government and centrally sponsored schemes. A transaction of over INR 27,000 crore was made to 11.42 crore beneficiaries even when the whole nation was in a state of lockdown<sup>12</sup>. A digitally connected India also ensured the availability of all essential services through various e-platforms during the unusual circumstances of the global pandemic. Availability of not just services but goods through e-commerce served the twin purposes of catering to both the demand and supply side of the equation.

In terms of hard digital infrastructure, India today boasts of 119 crore mobile subscribers, an internet penetration of 40%, 1 lakh gram panchayats connected through Bharat Net, 796 Digital Villages, 128.99 crore enrolments for Aadhar, over 4 crore financial transaction through Unified Payment Interface (UPI) and 4.69 crore digitally literate beneficiaries<sup>13</sup>.

However, challenges for building a digitally connected New India still lie in terms of increasing the penetration of internet connectivity in the rural belt. The Government has set for itself a target of increasing this to 80% by 2025. A complete roll out of 5G network to ensure better adaptation towards emerging technologies like cloud computing, e-Healthcare, Internet of Things, advancing Fintech and artificial intelligence will further give a boost to an already accelerating Digital India program.

## Conclusion

The Narendra Modi led NDA Government came to power for the first time in 2014, riding on the promise of 'Development For All'. The second term too was won on the strong foundational development work done between 2014-2019. Continuing on its commitment of ensuring an infrastructurally advanced India, the first two years of Modi 2.0 were about delivering promises made.

Former President of India Dr APJ Abdul Kalam in his much-celebrated work 'India 2020' had laid a comprehensive vision of how the India of 2020 will look like. He was optimistic of India and Indians being more forward looking and closer to being a developed nation. His idea of an India of 2020 was that of a more self-reliant nation, not just economically but in terms of ensuring national security, technological superiority, agricultural productivity, energy availability, literacy, and higher standards of living for its people.

While India might still be a little farther away from Dr Kalam's vision of an India in 2020, the government has shown steadfastness in its commitment to reach there. Self-reliance of various kinds is being ensured through targeted reforms under the Atmanirbhar Bharat program, rolled out to inject life in an economy crippled by the ensuing pandemic.

The government remains committed to its promise of good governance, by ensuring holistic development of the country across all sectors from education to health, space to agriculture, and social to commerce. However, challenges lie ahead not in envisioning this progress but in execution of the vision with equal coherence.

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## Six Years of Women-Centric Governance

Rami Desai\*

Prime Minister Modi has, on many occasions in his victory speeches, publicly credited women as the “silent voters” behind the party’s stupendous electoral wins. “*Nari Shakti*” (women power) has taken a front row in politics for the first time in Bharat, with political analysts and pollsters all discussing the game-changing vote bank in rural to urban areas alike. Technically, larger number of women have voted for the BJP than for any other political party.

Prime Minister Modi’s image of a leader who is reliable and forward thinking is a refreshing first for the woman voter. He has not only identified out the very basic issues that need to be addressed to allow women in Bharat to lead a life of dignity and freedom, but has also strengthened his policy framework with reforms that have strengthened the faith of the Indian woman voter in the BJP. Even in his Independence Day speech this year in the midst of handling a global pandemic, he did not forget to mention the importance of women’s healthcare. Breaking the taboo of menstruation and the importance of using sanitary pads, a subject that has rarely found a place in the power corridors of Delhi, he announced that in 6000 *Jan Aushadi Kendras* more than 5 crore sanitary napkins at the cost of Rs 1 have been provided to women. This seemingly low priority, falsely so, women’s monthly issue has never found a place of pride in

a national address. However, this is only a small fragment of the vision that the Party led by PM Modi has in mind to truly empower Indian women by changing the narrative entirely around them and the real issues they face.

The larger picture is reflective in the government’s policies that are positively impacting the lives of women with a palpable impact on women’s lives in marginalised communities and backward areas. Of course, the most popular schemes by the Modi-led government that are much talked about and have high implementation rates are *Pradhan Mantri Ujwala Yojana*, *Pradhan Mantri Awas Yojana* and “*Izzat Ghar*” under the *Swachh Bharat Abhiyan Yojana*. But the micro interest that the present dispensation has taken towards the betterment of Indian women’s quality of life is unprecedented. The nomenclature itself used for many of the schemes, for instance “*Izzat Ghar*” (house of dignity) instead of *Shauchalaya* (toilets), is reflective of their agenda to create an equitable society. However, what is lesser known is the variety of other schemes that have been launched since 2014 aimed at tackling age old social evils against women, lack of women’s healthcare, to solve issues of access to loans, employability, financial independence, security and safety.

For instance, the government’s initiatives,

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*Stand Up India and the Pradhan Mantri Mudra Yojana (PMMY)*, have women as their primary beneficiaries. According to the Ministry of Finance led by the Finance Minister Smt. Nirmala Sitharaman, bank loans of Rs 1 lakh to Rs 1 crore are facilitated to at least one scheduled caste or scheduled tribe member and one woman borrower per branch of scheduled commercial banks, out of which over 81% of the account holders were women. The Ministry also detailed that as of 26 February 2021, more than 81 per cent, that is, 91,109 accounts with an amount of Rs 20,749 crore have been sanctioned to women entrepreneurs under the Stand-Up India Scheme.

The PMMY has also been similarly welcomed by women across the country with “about 68 per cent, that is, 19.04 crore accounts with an amount of Rs 6.36 lakh crore have been sanctioned to women entrepreneurs under MUDRA scheme since inception,” as of February 26, 2021. The scheme intends to give upto Rs 10 lakh loans to the non-corporate, non-farm small/micro enterprises classified as Mudra loans given by commercial banks, regional rural banks, small finance banks, micro-finance institutions, and non-banking financial companies.<sup>1</sup>

Importantly, government procurement from women-owned micro and small enterprises (MSEs) has also hit a record high in FY21 since the launch of the public procurement policy monitoring platform MSME *Sambandh* in December 2017 by the government. Government departments, organisations, and ministries had already purchased goods and services worth Rs 563.88 crore from 3,622 women-owned MSEs as of March 8, 2021, in the current financial year vis-

à-vis Rs 393.43 crore worth procurement in FY20 from 3,655 women MSEs.<sup>2</sup>

Meanwhile, the credit guarantee fund trust for micro and small enterprises (CGTMSE), which operates the credit guarantee scheme for micro and small enterprises (MSEs), had accorded guarantee approval to 67,171 loan accounts of women entrepreneurs for an amount of Rs 3,366.63 crore as of December 12, 2020, in the current financial year. This was stated by the MSME Minister, Shri Nitin Gadkari, in a written reply to a question in the Rajya Sabha in February this year. The accounts approved during FY20 for women entrepreneurs under CGTMSE to support their business expansion and growth stood at 1,24,984 involving Rs 5,367.38 crore.<sup>3</sup>

In an interaction with 100 beneficiaries, the Prime Minister said: “one of the aims of this scheme is also to increase self-confidence among the people...so far, the conventional thinking has been that employment is generated either in the public sector or in the private sector. This scheme has helped in the development of the ‘personal sector,’ as a means of livelihood and self-employment.”<sup>4</sup>

In the interaction was Ms. Kiran Kumari from Bokaro, Jharkhand, who was once a hawker and is now a proud toy-and-gift shop owner after receiving a loan of Rs. 2 lakh. Ms. Munirabanu Shabbir Hussain Malek from Surat who received a Mudra Loan of Rs. 1.77 lakh, took LMV driving training, and is now earning Rs. 25,000 per month, by driving an auto-rickshaw. Ms. Veena Devi, from the Kathua district of Jammu and Kashmir, who worked as a weaver, received a Mudra loan of Rs. 1 lakh and is now one of the leading manufacturers of Pashmina shawls in her area.

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The immensely successful *Pradhan Mantri Ujwala Yojana* also received an extension in this year's budget with Finance Minister Nirmala Seetharaman announcing an additional 10 million beneficiaries this year to the already staggering 83 million LPG connections that have already been provided. The flagship scheme aims towards equipping every below poverty line household with a free LPG connection. A little less than half of the households in India where women are largely responsible for cooking were still using wood and coal in their kitchens leading to serious health repercussions. The subsidised connection and LPG connection and stove does not only directly improve women's health but also is far more affordable and environmentally friendly.

The *Pradhan Mantri Jan Dhan Yojana*, is a mission launched by the Prime Minister to ensure financial inclusion through access to financial services. Through this scheme, a savings account/ deposit account can be opened in any bank branch or Bank Mitra outlet by individuals who do not have any other account. Though it is not exclusively aimed at women, the sheer access to financial savings services has seen over 50 percent accounts being held by women.<sup>5</sup> The Modi led government realises that simplifying processes and making access easier will automatically attract the resilient Indian woman who is known for her financial acumen. However, a more women specific initiative under the popular *Beti Bachao Beti Padhao Yojana* (BBBP) is the *Sukanya Samridhi Yojana* (SSY) launched in 2015. SSY allows parents to plan the financial future of their girl child by opening a savings account in any commercial bank or India post branch. *Sukanya Samridhi*

*Yojana* has emerged as one of the most popular schemes owing to the high-interest rate as well as the tax benefits it offers. Under Section 80 C of the Income Tax Act, 1961, individuals can claim tax exemption up to Rs 1.5 lakh from the amount contributed to SSY account.<sup>6</sup>

In the budget speech (2017-2018) by the Finance Minister, the launch of Mahila Shakti Kendra was also announced with the aim of extending opportunities to rural and marginalised and backward women. The *Mahila Shakti Kendra* is a one stop support centre across the country, aimed at providing opportunities for skill development, capacity building, awareness, digital literacy, health and nutrition as well as employment. Women can find out more about their entitlement and avail their dues. The scheme also engages student volunteers to interact with the community to provide assistance to women.

The popular *Beti Bachao Beti Padhao Yojana* (BBBP) was launched in 2015 by the Prime Minister in Haryana. The objective of the scheme was to bring about awareness and sensitisation leading to behavioural change towards the rights of a girl child. In the last six years, the scheme has resulted in the Sex Ratio at Birth (SRB) improving by 16 points from 918 in 2014-15 to 934 in 2019-20. Gross Enrolment Ratio of girls in the schools at secondary level has improved from 77.45 to 81.32. Out of 640 districts covered under BBBP, 422 districts have shown improvement in SRB from 2014-15 to 2018-2019. Some Districts which had very low SRB in 2014-15 have shown huge improvement after implementation of the Scheme such as Mau (Uttar Pradesh) from 694 (2014-15) to 951 (2019-20),

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Karnal (Haryana) from 758 (2014-15) to 898 (2019-20), Mahendergarh (Haryana) from 791 (2014-15) to 919 (2019-20), Rewari (Haryana) from 803 (2014-15) to 924 (2019-20) and Patiala (Punjab) from 847 (2014-15) to 933 (2019-20).

The health impact has been substantial as well. The percentage of 1st Trimester ANC Registration has shown an improving trend from 61% in 2014-15 to 71% in 2019-20 (As per HMIS, MoH&FW). The percentage of institutional deliveries has shown an improving trend from 87% in 2014-15 to 94% in 2019-20 (As per HMIS, MoH&FW). Gross Enrolment Ratio of girls in the schools at secondary level has improved as well from 77.45 (2014-15) to 81.32 (2018-19-provisional figures) Percentage of schools with functional separate toilets for girls has shown improvement from 92.1% in 2014-15 to 95.1% in 2018-19.<sup>7</sup>

However, the most important impact has been to bring focus and awareness towards female infanticide and lack of education due to backward societal mindsets. In an effort to promote safety and security along with creating an essential support system and nationwide environment for women facing gender-based violence (GBV), the government inaugurated the *One Stop Centres* (OSC) in 2015. The aim of these centres is to provide emergency response and rescue services, Medical assistance, assistance to women in lodging the FIR, Psycho-social support and counselling, legal aid and counselling, shelter, video conferencing facility. According to India Today, out of 654 one-stop centres for women approved all over the country, only 234 OSCs are functional and 1,90,572 women were supported through these centres till now.<sup>8</sup>

The *Swachh Bharat Abhiyan* programme as well has been a land mark programme. Under the programme, the “Izzat Ghar” initiative has found a place of pride. No previous government ever thought of open defecation as an insult to women’s dignity, neither was it seen as a safety issue. But as a reflection of the government’s clear commitment towards the women of India and as well as their understanding of women’s issues in the country, over 11 crore toilets have been built. In 2019, India achieved the unthinkable by becoming open defecation free resulting in a fall in crimes as well as preserving the dignity of women across the country. This was an issue that could have been taken up by the previous governments but it would have required them to have sensitivity and understanding. Importantly, it would have required commitment towards large scale implementation, especially amongst marginalised and backward communities in rural areas and to motivate them towards this end.

In order to fill further gaps in healthcare for women, especially beneficial to women in remote or rural areas of the country who suffer the most due to lack of access to quality healthcare or due to lack of information and education, the *Pradhan Mantri Surakshit Matritva Abhiyan* was launched by the Ministry of Health & Family Welfare (MoHFW). The agenda of this scheme was to provide ante-natal care to pregnant women on the 9<sup>th</sup> of every month. Ante natal care is provided by radiologists, gynaecologists as well as other specialists in both urban and rural government facilities.

Using the principles of a single window system, it is envisaged that a minimum package of

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investigations and medicines such as calcium supplements amongst other necessary medication would be provided to all pregnant women attending the PMSMA clinics. One of the critical components of the scheme is identification and follow-up of high-risk pregnancies.<sup>9</sup>

On the other hand, the government also took modern and bold initiatives by amending the Medical Termination Pregnancy Act of 1971. The Union Cabinet, chaired by Prime Minister Modi, approved the Medical Termination of Pregnancy (Amendment) Bill, 2020 to amend the Medical Termination of Pregnancy Act, 1971. Proposing requirement for opinion of one provider for termination of pregnancy, up to 20 weeks of gestation and introducing the requirement of opinion of two providers for termination of pregnancy of 20-24 weeks of gestation. Further, enhancing the upper gestation limit from 20 to 24 weeks for special categories of women including ‘vulnerable women including survivors of rape, victims of incest and other vulnerable women (like differently-abled women, minors) etc. The amendment also includes the particulars of the women to be kept confidential.<sup>10</sup> This move would ensure women have access to safe and secure abortion services. According to the PMIndia.Gov website, several petitions were received by the courts to increase the gestational age on grounds of sexual violence or foetal abnormalities. This amendment will ensure dignity, privacy and safety for women who need to terminate pregnancy. In a country that sees around 800,000<sup>11</sup> illegal abortions every year, it is a necessity to ensure that women have access to legal and safe provisions of termination of pregnancies.

The government has also set up a task force to consider increasing the marriageable age of girls due to health and safety reasons. Additionally, in the same vein of creating a safer and more supportive environment in order to keep our children safe, progress has been made with the landmark ruling that ensures the death sentence for child rapists.

Taking women’s empowerment to new levels has also shattered the proverbial glass ceiling. Women now have the opportunity to be granted permanent commission (PC) in all 10 branches of the Indian Army.

The Mahila-E-Haat is another initiative in creating financial independence for women. The platform is open to women entrepreneurs over the age of 18, NGO’s as well as Self Help Groups to showcase their products. The portal is said to have attracted lakhs of visitors since its launch and features over 2,000 products and services across more than 18 categories.<sup>12</sup> Further, the STEP scheme under the Ministry of Commerce and Industry also aims to provide training, skill development and employability to women over the age of 16 years towards financial independence and employability. It covers an array of industries from agriculture, handicrafts, handlooms, tailoring, computer education, hospitality and even development of skills like spoken English language courses.<sup>13</sup>

The BJP manifesto has also included the intention of passing the much-debated Women’s Reservation Bill. The Bill will allow 33% Lok Sabha seats to be reserved for women. The agenda was set in their manifesto in 2014, a clear indication that the Party intends on creating a more

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equitable environment for women across the country and across professions.

However, women cannot be expected to take on such demanding work roles without adequate support from their employers. Realising the importance of working women who play multi-faceted roles as homemakers and mothers, the government in 2016 increased maternity leave from 12 weeks to 26 weeks. These benefits were made available to adoptive mothers as well as mothers whose babies had been born via surrogacy.

The government did not shy away from pushing reforms in the Muslim community either, a community seen as more resistant to change and opposed to the Modi government and its initiatives. The shameful and more importantly unconstitutional practice of Instant Triple Talaq was finally criminalised. Additionally, the archaic practice of Muslim women not being allowed to travel for Haj without a male companion was also altered. In 2018, the government amended the Haj policy by allowing women above the age of 45 yrs. to travel without a male companion. Unlike previous dispensations that preferred walking on eggshells with minorities, the Modi-led government cannot be faulted for the bold steps they are willing to take for the future of Indian women irrespective of their religion, caste or creed.

The government has also distributed scooters under the Amma scooter scheme to over one lakh women at subsidised rates; they have distributed homes in Gujarat to women under the *Pradhan Mantri Awas Yojana* and have also launched the “Working Women Hostel Scheme” which include day care facilities and is open to single or widowed women, women with children, women from below

poverty line households, handicapped women, as well as women undergoing training.<sup>14</sup>

However, it was during the pandemic that one saw the sensitivity of the Modi led government towards the needs of women in the country. During the first relief package announced by the Finance Minister it was evident that they knew that if women were taken care of, the entire family would benefit. To that end, 20 crore women with Jan Dhan accounts received Rs 500 per month for the next three months of the lockdown. Under the Ujwala Yojana 8.3 crore BPL families got free gas cylinders, Rs 1000 was credited via Direct Benefit Transfer for poor widows along with the elderly and disabled, Rs 50 lakh insurance coverage was extended to Accredited Social Health Care Activists nurses (all women) amongst other healthcare and frontline workers. 5 crore families beneficiaries of the Mahatma Gandhi National Rural Employment Act (MNREGA) which also largely attracts women received Rs 2000 increment and minimum wage was increased from Rs 182 to Rs 202.

The Modi led Government has broken barriers with their women-centric model of governance, with their ability to comprehend that mere tokenism is an insult to the skill, ability, resilience and power of the Indian woman. They have understood that the approach to truly exploring the full potential of women, a single pronged approach is futile and the key changes that every woman in India envisions will only come to a fruition with a multi-pronged approach, not limited to petty handouts but through a change in the entire ecosystem in which she functions. To this end, the Prime Minister has used his immense outreach to strategically

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break taboos and has used the power of messaging in order to bring a societal mindset change. His government has aimed at financial independence, education, employability backed by creating an environment of freedom and safety.

Much has been achieved in the last six years. Today, the Indian woman has renewed hope that from here on, the status of women will continue to rise with each passing day.

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## Addressing Internal and External Threats

Dhruv C Katoch and Soumya Chaturvedi\*

Since Independence, the Indian State has faced challenges to its territorial integrity from external actors, both state and non-state. Internally, the nation has been continuously engaged in dealing with multiple fault lines, some of which continue to fester even after decades of proactive political, economic, social and security initiatives. Successive governments have attempted to bring their own unique approach to maintaining peace with India's hostile neighbours and resolving conflict within the hinterland, with varying degrees of success.

The BJP led NDA government made a break with past practises through strategic doctrinal shifts in dealing with its hostile neighbours as well as in creating a climate where internal challenges can be holistically met. The policies first came to the fore in the first BJP led NDA government (2014-2019) and saw a continuation of the same when the BJP led NDA again won the national mandate.

### The External Challenges

India has been involved in five wars, four with Pakistan and one with China, since Independence. India's land frontiers still remain vulnerable to external threats, largely a result of historical legacies. Besides protecting its land borders, there is also a need to protect its long coast line and Island territories.

### Pakistan

Pakistan's hostility towards India has more to do with ideology than the so called 'Kashmir issue'—a fact glossed over by many analysts. The question of ideology came up at the birth of Pakistan itself. Was it to be a secular state, a state of Muslims or an Islamic state? This lack of clarity still exists in Pakistan and is one of the reasons why Pakistan continues to teeter on the brink of disaster.<sup>1</sup> Recent peace overtures by Pakistan, with Pakistan army chief, Gen Bajwa calling for a resolution of the Kashmir issue in "a dignified and peaceful manner as per the people's aspirations,"<sup>2</sup> did not cut much ice with the Indian establishment, which in response, stated India's desire to have "normal neighbourly relations with Pakistan in an environment free of terror, hostility and violence."<sup>3</sup>

The above is a fundamental policy shift in India's dealing with Pakistan. Prior to 2014, Indian policy was geared to maintaining the status quo. This implied a willingness to settle the Kashmir issue on the existing Line of Control (LoC). The Simla Accord of 1973 was designed to freeze the borders as they lay. This was also the framework which drove the Manmohan Singh-Pervez Musharraf initiative, subsequently disowned by Pakistan after Musharraf's departure. In contrast, the Narendra Modi government has reasserted

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India's claim over all the territories of the erstwhile state of Jammu and Kashmir, illegally occupied by Pakistan. Towards this end, the abrogation of Article 370 and Article 35A of the Constitution and the splitting of the state into two Union Territories, marked a fundamental irreversible shift in the governments stand. At an election rally in Haryana in August 2019, the Raksha Mantri, Shri Rajnath Singh stated that if talks are held with Pakistan, India will not discuss any issue other than Pakistan-occupied Kashmir.<sup>4</sup> Similar statements have been issued by other political leaders too.

Pakistan resorted to the use of terrorism as a foreign policy tool in the late 1980s—a policy they have maintained till date. With both the countries becoming nuclear in May 1998, Pakistan's support to cross border terrorism became more blatant, and was based on a security calculation that New Delhi would not react with force even if provoked, due to the nuclear overhang. The attack on a military base in Uri by Pakistan-based JeM (Jaish-e-Mohammed) terrorists on 18 September 2016 was the first time that India reacted aggressively to Pakistan sponsored terror, with the Indian Army carrying out surgical strikes across the LoC at multiple points on 29 September. In a bid to drive the message home, the Indian DGMO held a press conference the next day, announcing to the world, India's military response.

Pakistan failed to respond and thus its nuclear bluff was called. Henceforth, this was not a ploy which could be used by Pakistan to keep New Delhi cowed down. While this did not, by itself, stop Pakistan from continuing with its policy of providing support to terror groups from within its

soil, there were no further major incidents of terror anywhere in India till 2019, when a CRPF convoy was attacked in Pulwama on 19 February. New Delhi's response this time was swift and brutal, with an aerial strike carried out on 26 February, deep within Pakistani territory, destroying the main JeM HQ in Balakot. More important than the strike was the political messaging—India will strike at terror perpetrators, even if they are based across India's borders. This has radically changed the security dynamics in the India-Pak equation. India has also gone into a political and diplomatic offensive against Pakistan, for its state sponsored support to terrorism, which has put Pakistan firmly in the dock. Despite that, Pakistan still poses serious security concerns to India with its use of terror proxies. For the moment, Pakistan is perhaps checked, but not rendered out of the game. In conventional military capability, however, Pakistan is no longer a credible threat to India.

## China

The boundary dispute remains the primary stumbling block in normalising the India-China relationship. Another area of concern is increasing Chinese assertiveness in the region, especially with respect to India—a fallout of her desire to achieve preeminence in the region.<sup>5</sup>

The Modi government attempted to write a new chapter in the relationship, with the Indian Prime Minister inviting his counterpart Xi Jinping to India. The visit took place in September 2014, the two leaders apparently establishing a personal rapport with each other. However, Chinese troop incursions took place in the Chumar area of Ladakh

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when the visit was on, prompting many analysts to question Chinese motives. Ahead of Air Force Day on 8 October 2014, Air Chief Marshal Arup Raha, the then Chief of Air Staff and Chairman, Chief of Staff Committee, in a press conference made an oblique reference to this during a press meet. When questioned on the recent incursion by Chinese troops in Ladakh, he responded: “It is always mysterious...the way incursions get timed with visits...In diplomacy, there is little signalling done but I am not going to guess. The question that arises is why the incursion took place when the senior-most leader of their country’s hierarchy was here”.<sup>6</sup>

The reciprocal summit meeting took place in Wuhan, China in May 2108, which was viewed as an attempt to bring the India-China relationship to a more even keel. This was a growing divergence of views between the two countries on issues on the boundary dispute, China’s Belt and Road Initiative (BRI), Chinese assertion of its influence in India’s periphery, its belligerence in the South China Sea and its opposition to Indian membership to the Nuclear Suppliers Group, amongst others. The Summit was billed as an informal summit, without a formal agenda. While the cordiality of relationships was established, resulting in the term ‘the Wuhan Spirit,’ differences in perception remained.<sup>7</sup> The Wuhan Summit was followed by the second informal summit at Mamallapuram, Tamil Nadi in October 2019, but key divergences of views could not be bridged.

The Governments policy towards China has however become more nuanced. There is a push back to every Chinese attempt to unilaterally

change the Line of Actual Control (LAC), as witnessed in Doklam in 2017 and more recently in June 2020, in Eastern Ladakh. The latter standoff is still on, with India now linking a peaceful border with normalisation of relations in other sectors. This is a welcome change, indicating to China that unilateral actions by the Chinese will not be accepted.

### **The Indian Ocean Region**

India’s dependence for its energy supplies from the Gulf, makes the Indian Ocean Region (IOR) an area of prime concern to New Delhi. India’s growth to a USD 5 trillion economy is also largely dependent on trade through the sea lanes of communication (SLOCs). Security of the SLOCs is thus of primary concern to India. As China also depends on the Gulf for its energy security, it provides India an opportunity to pose a counter pressure point on China in the Malacca Strait.

In the US discourse, the Pacific Ocean, as part of the US strategic discourse was considered an American lake. China’s rise altered the US discourse. Earlier, the US spoke of the Asia Pacific, which terminology excluded India. Since 2010, the Asia Pacific began being replaced by the Indo-Pacific as a regional framework for US strategic discourse under the Obama administration. By 2017, this had become a key regional term for official US discourse under the Trump administration.<sup>8</sup> The change was the result of Chinese assertiveness, as also the fact that global trade was now shifting to this region. Chinese assertiveness was impacting Japan, Australia and India, and thus it became a sensible construct to

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strengthen the Quad. Prior to 2017, the Quad was a relatively defunct concept, but is now achieving greater coherence, with the leaders of the four Quad holding a virtual summit in March 2021 and also issuing a joint statement.

The Quad has given India a pressure point against China in the Malacca Strait. The present government is accordingly taking steps to strengthen the Navy and modernise ports, which will improve Indian capability in safeguarding its maritime and strategic assets.

### **Internal Threats**

Internally, India faces security challenges from two distinct streams. The first is a mix of separatism and sub national extremism, which has spawned violence in parts of Northeast India, Jammu and Kashmir and in a number of districts afflicted by Naxal violence, now officially referred to Left Wing Extremism (LWE). The second is equally vicious, where a set of people in a bid to derail the smooth functioning of the state, exploit religious and social fissures in Society, through motivated and agenda based campaigns.

### **Left Wing Extremism**

The origin of Naxalism, now also referred to as Maoism or Left Wing Extremism (LWE) is traced to the Naxalbari uprising in 1967. From then till the present times, it has grown to a movement impacting many districts of India. In 2010, the then Prime Minister, Dr Manmohan Singh, described it as the “biggest threat to internal security”.<sup>9</sup> At present, LWE impacts some districts in Andhra Pradesh, Bihar, Chhattisgarh, Jharkhand, Madhya

Pradesh, Orissa, Telangana, Uttar Pradesh and West Bengal, with Chhattisgarh being the worst affected. This geographical stretch is colloquially called the ‘red corridor’.

The Naxals have been successful in executing high profile attacks against the Indian State. In an attack by the CPI Maoists (CPI (M)), on the CRPF in Dantewada in April 2010, 76 CRPF personnel lost their lives. Three years later in 2013, the CPI (M) attacked a convoy of Congress Party leaders in the Darbha Valley in the Sukma district of Chhattisgarh in which 27 people were killed, many of them senior leaders. A Maoist attack in 2017 and another one in 2019 led to a further loss of lives of CRPF personnel.

While the above is certainly a cause for concern, there has been over the last one decade, a reduction in the area which was under CPI Maoist influence as also a decrease in violent incidents and casualties, as seen in Figure 1. The attack by the CPI (M) in April 2021, which led to the loss of 22 personnel from the security forces, mostly from the CRPF, was perhaps a reassertion by the group, stating that they were still strong and active. When the timeline of major attacks is traced, it becomes clear that these attacks have been largely sporadic in nature and not continuously aggravating or maintaining status quo in its trend. Since 2011 there has been a 41% reduction in violent incidents involving the Naxals and 49% reduction in deaths due to these incidents since 2013. In 2019 alone, the violent incidents reduced by 19% and deaths by 15%. As per the data until March 2020, out of the 58 districts declared as Naxal-affected, violence is now restricted to 30 districts.<sup>10</sup>

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The government's two-pronged strategy to address LWE is based on Security and Development of the people living in the tribal belt. The initiative has yielded results which has led to a shrinking of the area under CPI (M) control. But weaknesses still exist with respect to the training and leadership of the CRPF, to operate in a counter-insurgency environment. Unless these weaknesses are overcome, the Maoists will continue to have the capacity to hit at selective targets at periodic intervals, as seen in the recent attack in Bijapur in April 2021. Cutting across political lines was the national resolve to address this issue holistically, as seen by the joint statement<sup>11</sup> issued by the Union Home Minister Amit Shah, from the BJP, and Chief Minister Bhupesh Baghel, from the Congress Party. LWE needs to be combatted as a national priority, cutting across party lines and this joint statement was a step in the right direction.

### **Jammu & Kashmir**

Pakistan's desire to wrest Kashmir from India has led to four wars, the last being in Kargil in 1999. In the 1970s, after Pakistan's humiliating defeat in the 1971 Liberation War, the Pakistani establishment, embarked on a strategy of wounding bleeding Indian with a thousand cuts, and terrorism was the instrument to be used. The process of radicalisation in the Kashmir Division of the erstwhile state of J&K, which began sometimes in the 1960s, albeit at a low key, gained impetus over the next two decades, and towards the end of the 1980s, many groups with weapons and a virulent ideology had appeared in the Valley. The

genocide of the minority Hindu population took place in the beginning of 1990, culminating in the displacement of about half a million Hindus from their homes, in which their ancestors had lived for thousands of years.

The challenge of putting an end to terrorist violence was the Constitutional protection given to the state under Article 370, which prevented the Centre from acting decisively against terrorism. The fact that certain political parties in the Kashmir Valley too were in touch with the separatists and were following a soft separatist line further complicated the issue.

A doctrinal shift in the government response to terrorism was reflected in the response given to the terror attack on a military base in Uri in 2016 and another attack on a CRPF convoy in Pulwama in 2019. Ceasefire violations by Pakistan were responded to with force, which again marked a shift from earlier policies.<sup>12</sup> But the most significant event took place on August 5, 2019, when the Indian Parliament revoked the special status accorded to J&K under Article 370 of the Constitution. Furthermore, the erstwhile borders of J&K were bifurcated into J&K and Ladakh and both were declared as Union Territories. This bold move of the government led by Prime Minister Modi had a significant impact on the security concerns arising from J&K.

A comparative study on the security scenario in J&K in one year before and after the August 5 decision, which also coincides with the second tenure of the union government reveals significant betterment of the security scenario.<sup>13</sup> These statistics have been demonstrated in Figure 2.

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The success of the government in normalising the security scenario in J&K has been backed by several key initiatives. Under the UDAAN initiative, nearly 39,000 candidates were trained and were offered jobs in the corporate sector. In a separate program nearly 5000 women were trained in warrior livelihood crafts in the year 2019-2020.<sup>14</sup> Proposals have also been worked upon for establishing educational institutions of national importance.<sup>15</sup> Several such initiatives brought in a wave of hope and enthusiasm in the residents of J&K. This has been evident in the result of the District Development Council elections, the first democratic exercise since the scrapping of the special status. The voter-turnout for these elections saw a marginal increase as compared to the turnout for the Lok Sabha election of 2019. Terror infested areas such as Ganderbal, Kulgam and Shopian saw a considerable increase in the voter-turnout with 43.4%, 28.9% and 17.5%, respectively.<sup>16</sup> In the elections, BJP emerged as the single largest party, winning 75 seats, with the ‘Gupkar Alliance’—an alliance of the National Conference (NC), People’s Democratic Party (PDP) and the Congress winning 120 seats (NC-67, PDP-27 and Congress 26). Apni Party, an ally of the BJP, won 12 seats. While the Alliance has won the first election, post abrogation, internal fault-lines became evident when a political party quit the Alliance in January 2021.<sup>17</sup>

### **Northeast Quadrant of India**

India’s eight north eastern states comprise 4 percent of the national population and 8 percent of India’s land mass. 96 percent of the borders of

these eight states are international borders with China, Bangladesh, Nepal, and Bhutan. This fact gives to the region, great strategic significance, well beyond its size. The creation of a conducive environment that fosters peace and security in the region is one of the topmost priorities of the Government of India.

During the last seven years of the NDA Government, significant emphasis was laid on strengthening and developing the region through India’s Act East policy. The stability and security of Northeast India is paramount for the economic development of the region. Towards that end, the region has seen substantial improvement in the law-and-order scenario since 2014 as seen in figures 3 and 4, as a result of which the Armed Forces (Special Powers) Act, 1958, (AFSPA) was revoked completely from Tripura, Meghalaya, and several parts of Arunachal Pradesh.<sup>18</sup>

The considerable progress made in the law & order situation in the region is a result of the multi-faceted approach adopted by the Central Government which comprised various components—political, economic and sustained counter insurgency operations against the groups persisted with violence. Since 2014, a series of Agreements and Accords have been signed by the Union Government with various insurgent groups in North-East region which include a Memorandum of Settlement with ANVC (Achik National Volunteer Council) and ANVC/B of Meghalaya.<sup>19</sup> This was followed by the dissolving of these groups in December 2014. In a significant development, a framework agreement was signed with NSCN/IM of Nagaland in 2015.<sup>20</sup> A tripartite

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Memorandum of Settlement was signed in 2019 at New Delhi by the Government of India, Government of Tripura, and National Liberation Front of Twipra led by Sh. Sabir Kumar Debbarma.<sup>21</sup> Following the settlement, 88 cadres surrendered along with their arms. A Memorandum of Settlement was signed with NDFB (Progressive), NDFB (Ranjan Diamary), NDFB (Saoraigwra), United Bodo People's Organization (UBPO) and All Bodo Students' Union (ABSU) in 2020 at New Delhi to end 50-year-old Bodo crisis.<sup>22</sup> Following the settlement, 1615 cadres of NDFB surrendered their arms on 30th January 2020.<sup>23</sup>

To arrive at a permanent solution to a 23-year-old Bru-Reang internally displaced persons (IDP) undergoing human crisis, an agreement was signed between Government of India, Government of Mizoram, Government of Tripura and representatives of Bru IDPs in 2020.<sup>24</sup> As per agreement, Bru IDPs will be settled in Tripura and would be given financial assistance/aid by the Government of India for their resettlement and all-round development through a package of around Rs. 661 crore.

The security situation in the North-Eastern States has improved on all parameters with only sporadic incidents of violence over the year. Inputs reveal that insurgent groups are facing acute administration and financial crunch due to relentless operations by Security Forces and have been forced to form an umbrella organisation to maintain their capability for orchestrating violent activities. An important factor that has played an important role in the reduction of the insurgent activities in the

North-East region is the difficulty faced by the Indian Insurgent Groups (IIGs) to set up camps in the neighbouring countries. This has been achieved through excellent understanding and coordination with Bangladesh and Myanmar.<sup>25</sup>

### **Exploiting Social fissures**

A major internal fault-line is the ability of certain vested interests to whip-up national hysteria on certain issues, with the prime objective of derailing the government. This was witnessed in the first tenure of the Modi-led NDA government, where a motivated hate agenda was created, of India being an intolerant society. In Modi 2.0, this tactic was amplified with the protests against the Citizens Amendment Act in 2019-2020 and now the present farmers stir against the farm laws.

An effective perception management narrative is the current need of the hour to bring out the truth of what Acts passed by Parliament entail, so that unscrupulous elements cannot exploit gullible people. This is the challenge which the Modi government is confronted with.

### **Conclusion**

India's ability to achieve stability in its land borders and prevent internal disturbances from going out of hand will be a major factor in propelling the Indian economy to initially a USD 5 trillion mark and thence to a USD 10 trillion economy.

Great hopes rest on the shoulders of India's Prime Minister, but if the rest of the population do their bit, that burden will be considerably reduced to move India towards the status of a middle income country.

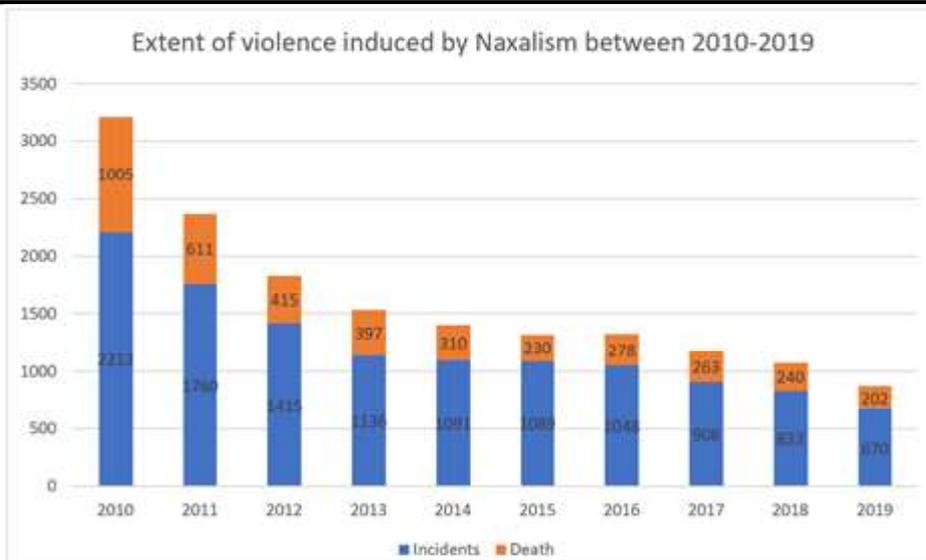


Figure 1

Source: The graphical representation has been prepared from the official data released by Ministry of Home Affairs, Government of India in the Annual Report 2019-20, available at [https://www.mha.gov.in/sites/default/files/AnnualReport\\_19\\_20.pdf](https://www.mha.gov.in/sites/default/files/AnnualReport_19_20.pdf).

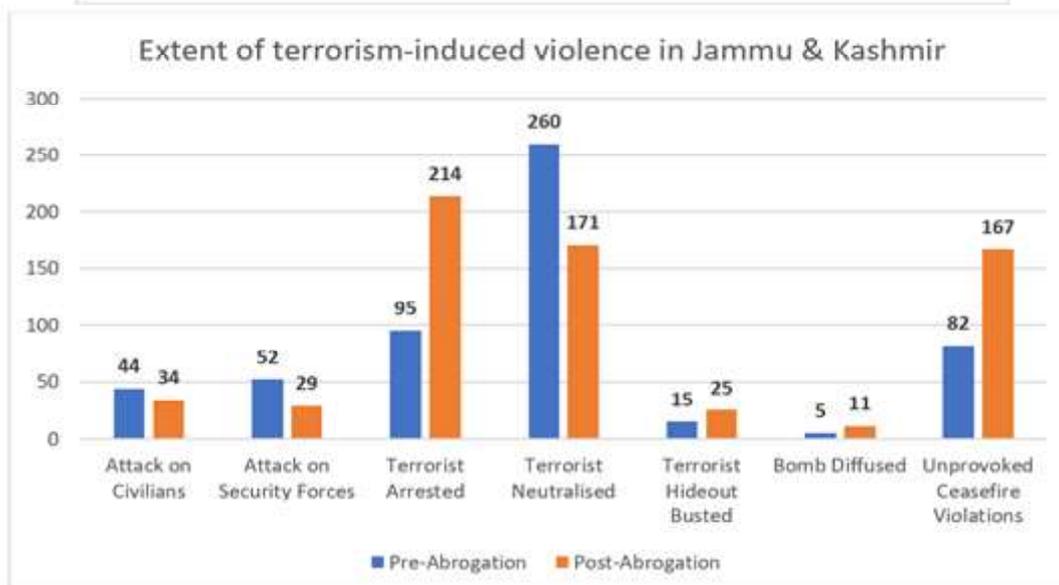


Figure 2

Source: The graphical representation has been prepared from the data in India Foundation Report of Jammu & Kashmir Security Tracker; A Comparative Analysis of Security Scenario in the Union Territory Pre and Post the Removal of the Special Status, available at: <https://indiafoundation.in/wp-content/uploads/2020/10/JK-Security-Tracker.pdf>.

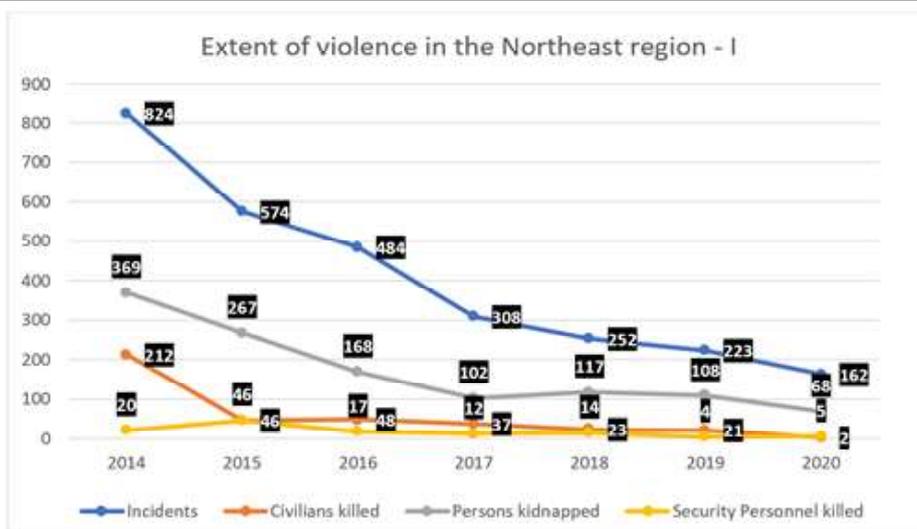


Figure 3

Source: The graphical representation has been prepared from the official data released by Ministry of Home Affairs, Government of India in the document titled Important Events and Major Achievements in North Eastern Region From 2014 To 2020, available at [https://www.mha.gov.in/sites/default/files/MajorAchievement\\_09022021.pdf](https://www.mha.gov.in/sites/default/files/MajorAchievement_09022021.pdf).

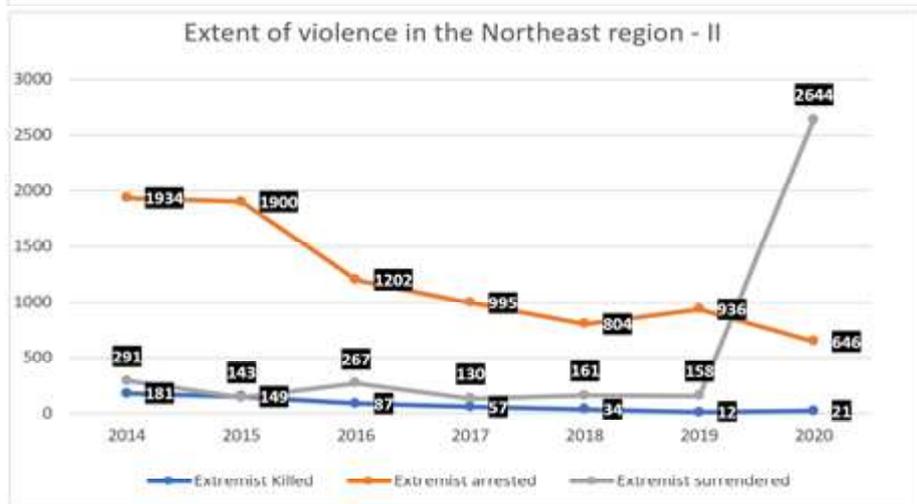


Figure 4

Source: The graphical representation has been prepared from the official data released by Ministry of Home Affairs, Government of India in the document titled Important Events and Major Achievements in North Eastern Region From 2014 To 2020, available at [https://www.mha.gov.in/sites/default/files/MajorAchievement\\_09022021.pdf](https://www.mha.gov.in/sites/default/files/MajorAchievement_09022021.pdf).

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## Acting Locally and Thinking Globally – Agricultural Sector Reforms and the Modi Government

Saumya Maniny Sinha\*

India is the largest producer of milk, jute and pulse in the world, second largest in sugarcane, cotton, groundnut, fruits, vegetables and fisheries production and third in cereal production.<sup>1</sup> Despite this, the agricultural growth rate is dismally low and Indian farmers are for the most part, poverty stricken. We need pragmatic answers to the woes of the farmers, if we have to raise the standard of living of the majority of our people. As per an U.N report, *21% of people in India live below the poverty line. Over 30% even have less than \$1.25 per day available - they are considered extremely poor. This makes the Indian subcontinent one of the poorest countries in the world; women and children, the weakest members of Indian society, suffer most even in the 21<sup>st</sup> century.*

If the situation is to be improved, then reforms in the agriculture sector, which employs 41.49 percent of India's workforce<sup>2</sup> is an imperative. More importantly, about 70 percent of its rural households still depend primarily on agriculture for their livelihood.<sup>3</sup> Talking of agricultural reforms in India is like having the aspirations for a bullet train track in Ranchi or Patna. It seems an impossible project because of diverse and dissenting views. But answers must be found. Reforms of course are not a panacea to all the ills of the farm sector, but it is a vital and important step towards improving

the lives of the vast number of people engaged in farming.

### Why Reforms are Needed

There are a plethora of issues which needs to be addressed: rotting of tonnes of surplus food grains in government godowns, denial of proper prices for their produce to the farmers, poor irrigation infrastructure, fluctuations of climatic conditions and the policy of the government to support Agriculture till date with loan waivers and announcement of M.S.P. (Minimum Support Price). There are varied reasons of farmer's distress.

India is basically an agrarian economy and the agricultural sector needs reforms, if we have to raise the standard of living of the majority of our people. The Farms Bills, passed by the government are a step in this direction. They have the potential to change the face of Indian agriculture by transforming agriculture, the main means of livelihood of a vast majority of people, into an agri-business enterprise. This will provide to the burgeoning population, new avenues of economic opportunities and propel a revolution agriculture, much like the Green revolution of 1966. When the 'Kesar' of Kashmir, 'Makhana' of Bihar, 'Mango and Guavas' of Uttar Pradesh, 'Bamboo shoots' of North-East, 'Bhindi' of Gujarat and 'Kathal and

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Prawns' of Orissa get a global market platform, India's hard-working farmers will get the right price for their produce, free from interference by intermediaries or middlemen. The vision of Prime Minister Modi is to transform India into a food-export powerhouse, exploring local possibilities and marketing them globally.

Gandhiji once said: 'Real India lives in the villages... the India of my dreams will be one where agriculture would bring economic self-sufficiency'. But post-Independence, the experiment with democracy has also witnessed bad experiments in the economic sector leading to lop-sided growth, increasing poverty and unemployment due to neglect of the agricultural sector. Most of the Governments brought changes and reforms but lacked a vision and foresight. Except for the Green Revolution of 1966, most of the time the agricultural sector suffered because of the liberalisation and privatisation model being imbibed across the world.

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGS) and Public Distribution System have generally been used as doles to certify the path of welfare state followed by India, but till date has not achieved the desired results. Now, in a bid to transform the agriculture sector, the Modi led NDA Government has brought three prominent Agricultural reforms which have the potential to revamp and overhaul the stagnant agricultural sector.

### **The Farm Laws**

The three Farm Reform Laws brought by the government are:

- **Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020**
- **Farmer's (Empowerment and Protection) agreement on price assurance and Farm services Act, 2020**
- **Essential Commodities (Amendment) Act, 2020**

These three reform bills have the capacity to lay down the roadmap for agricultural self-sufficiency and prosperity in India. They take into account various research studies and reports of public policy over the last fifty years by various governments, and hence, no political motive can be ascribed to the passage of these bills. Their impact on the agriculture sector and on the income of the farmers is likely to be far-reaching, if backed by proper regulatory and institutional mechanisms to ensure fairness and transparency.

The reforms shall be beneficial to small farmers as it lays down the procedure for barrier-free inter-state and intra-state trade of farmer's produce. This first Bill aims to end the license-permit raj in the agricultural sector, which benefitted the middleman at the cost of the farmer. The farmers can also explore the possibility of selling their produce online. The second Bill ushers in the system of contract farming in India. Farmers can now enter into long-term contracts (upto five years) with agri-business firms for selling their future produces at a pre-agreed price, assuring them future income despite fluctuations of weather. For the farmer, there is no transportation and storage costs and they end up with a better price for their goods. Further, there shall be no change in

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Minimum Support Prices and no loss to agricultural mandis. Amendments have also been made in the Essential Commodities Act for better price realisation to farmers. Agricultural products like cereals, edible oils, oilseeds, pulses, onions, potatoes shall be deregulated. New funds for fisheries, dairy development, herbal plantation, livestock vaccination shall be created.

Opposition to agricultural market reforms is politically motivated, and designed to preserve the standing of certain vested interests. While the country was still struggling with the Chinese virus which caused the Covid-19 pandemic, the decision of the farmers to hit the streets had far-reaching political ramifications. Farmers from Punjab, Haryana, Rajasthan and Western Uttar Pradesh became the major force behind the protests. In Punjab, Congress along with Akali Dal— a long time ally of the BJP in NDA, also supported the farmer's protest. Ms Harsimrat Kaur Badal, a minister in the NDA government, quit the cabinet due to differences of opinion on the issue. Captain Amarinder Singh, the chief minister of Punjab passed laws in the State Assembly to nullify the Central Farm laws. The other Congress-ruled State governments in Rajasthan, and Chattisgarh also passed similar legislations. Several rounds of negotiations between the farmer's union and Govt. representatives did not bear any fruit. As a result, a stalemate was created on the farm reforms and the matter is now sub-judice.

### **A History of Protests**

Even earlier, the nullification of Article 370, legislation of C.A.A and its supposed connection

with NRC, NPR, CAB was a new campaign promulgated by the 'Left Liberals' which in course of time turned into a violent agitation. For much of the 20<sup>th</sup> century, the process of 'Constitutionalism' in India had been governed by the ideology of the 'Liberal Socialists' who aimed at the reconstruction of the society but could never achieve it. When the electorates preferred market and free choice, the 'Liberals' expressed 'powerlessness' in the new system and favoured economic redistribution through the affirmative action model, but paradoxically, none could achieve the desired results. Hence, the new campaign of the leftist elites is to misguide and disillusion the farmers and peasants against any constructive reform by the government.

Recently, the tractor rally and violent protests at Red Fort, which was predominantly led by the intermediaries and supported by some opposition parties against laws made by a government which enjoys a comfortable majority in Parliament was indicative of a reign of terror and anarchism sponsored by vicious cartels and opposition groups. Noise and violence had become the currency of discourse in the largest democracy of the world for some time.

The performance data of procurement of food-grains under the M.S.P by the Food Corporation of India is an eye-opener and story-teller in this direction. In the past 15 years (2003-2017), procurement by government agencies has been 26.8 percent for wheat (procurement of 359 million tonnes versus production of 1,340 million tonnes) and 31.3 percent for rice (procurement of 488 million tonnes, production of 1,558 million tonnes).

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The numbers are similar for 2018–31.3 percent procurement of wheat, 32.7 percent for rice. The question to be asked then is, where does the balance go?

According to the Sixty-Second Report of the Standing Committee on Agriculture (2018-2019) titled, ‘Agriculture Marketing and Role of Weekly Gramin Haats’, presented to Parliament in January 2019, the surplus is purchased by moneylenders and traders at very low prices. The moneylender and traders buy independently or work as an agent of a bigger merchant of the nearby mandi. Clearly, the balance of power is against small farmers.<sup>4</sup> The small and marginal farmers constitute 86% of our agricultural class. This vulnerable class becomes the victim of money-lenders and intermediaries in the absence of government procurement and low prices. As a result, the middleman and intermediaries have their discretion to fix throwaway and low prices for the crop.

Today, the drivers of the Farm reforms protest are these rich and influential farmers and middlemen. Thus, ‘the politics of the past is attempting to prevent the prosperity of the future.’<sup>5</sup> Which is why, the intention of the Narendra Modi government to transform the agricultural sector into a modern business enterprise by linking the crop yields of the farmers with the global market is a landmark decision. It shall directly improve the lives of lakhs of farmers who shall get a better price for their crops. Hence, all the protests and demonstrations sponsored by middlemen and intermediaries are directed to stall the reform process which will lead to a loss of thousands of crores for them.

Notwithstanding the noisy public discourse, the agricultural sector under Modi government has been steadily improving and will witness a fillip with latest farm reforms, contrary to the opposition by some quarters. The resilience of the farming community in the face of adversities and economic recession has made agriculture the only sector to have recorded a positive growth of 3.4% at constant prices in 2020-21, when other sectors were declining. Either it is because of the Lockdown and Reverse Migration of labour, or the slowdown in industrial growth, agriculture has emerged as a saviour in this time of distress. The share of agriculture in Gross Domestic Product has reached almost 20% for the first time in the last 17 years, making it the sole bright spot in G.D.P performance during 2020-21. During 2020-21, while the Gross Value added for the entire economy contracted by 7.2%, growth in Gross Value Added for agriculture maintained a positive growth of 3.4%.

Union Agriculture Minister Giriraj Singh, during an interaction with the media highlighted the fact that while wheat worth Rs 33,000 crore was procured during 2013-14, which increased to Rs 62,000 crore during 2019-20, with a growth of 87%. Similarly, paddy worth Rs 63,298 crore was procured between 2013-14 which went up to Rs 1.41 lakh crore in 2019-20. Further, 106 lakh farmers in the country have benefitted through the Direct Bank Transfer (DBT) scheme of Rs 6000 each.<sup>6</sup> He also highlighted the fact that the budget allocation for agriculture was Rs 88,811 crore between 2009 and 2014, which has increased to Rs 4,87,238 crore between 2014 and 2020,

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registering a growth of 438%. The agricultural credit during 2013-14 was Rs seven lakh crore, which has gone upto Rs 16.5 lakh crore during the financial year 2021-22—an increase of 135%.

Hence, a closer introspection of the statistics reveals the fact that the regulatory policies in the agricultural sector is leading to the welfare of the farmers due to a quantum jump in the crop yield and thereby consolidating the creditability of agriculture reforms in the long run.

### **Recommendations**

In the words of Amit Kalantri, ‘A farmer is a magician who produces money from the mud.’ Hence, certain things need to be kept in mind while unveiling the Farm reforms in future. First, the focus of agricultural policies must shift from production per se to farmers’ livelihoods. Hence, such crop yields should be encouraged which help in creating sustainable livelihood opportunities in the long run and encourage agricultural crop diversity. Secondly, the local administration should assist new start-ups and provide all possible protection from anti-social elements. Thirdly, climate fluctuations create high risk for the quality and output of yield. Hence, soil health and climatic factors should be taken into consideration. Fourthly, it is important that the farmers are given education, training and expertise in mechanised farming in the crops of their farm. Fifthly, a low Minimum Support Price for various farm produces fails to cover the cost incurred and thereby creates agrarian distress, farmer indebtedness and suicides. The govt. shall have to do a tight-rope walk on this front as raising the M.S.P shall invite the ire of W.T.O and also create

inflationary conditions. Hence, in course of time, an alternative to the Minimum Support Price should be evolved so that the farmers get maximum benefit of their produce in the market.

### **Conclusion**

Agriculture remains the world’s biggest employer. It is the most important source of food and raw materials for various economic activities and the only source of sustenance for 70 percent of India’s population. The Government must push ahead with the farm reforms in the interest of farmers, despite the opposition by vested interests. Regulating the implementation of farm laws is also important for the future of the B.J.P government as the implementation and transition of the agrarian economy will have a positive impact on the outcome of 2024 Lok Sabha elections.

The Narendra Modi government has laid down pathbreaking achievements and the governance style of the Prime Minister has helped solve many complex issues: Terrorism in Kashmir through abrogation of Article 370, construction of Ram temple in Ayodhya, rise of India as a Soft power on the Foreign policy front, abolishing instant Triple Talaq, and the establishment of good governance models in various states. The Farm Reforms 2020 are also a gigantic step in the right direction as they will definitely help in new job creation and agricultural prosperity. The fulfilment of a number of Sustainable Development Goals is also anchored on the performance of this sector. The SDGs are interconnected in many contexts and a link with agriculture is clear for many of them as explained in the Table below. (See Table 1)

**Table 1: Agriculture's link with SDGs<sup>7</sup>**

<b>SDG</b>	<b>Link with Agriculture</b>
SDG 1: End poverty in all its forms. Everywhere	As most of the poor in the developing world are dependent on agriculture, ending poverty is linked to increasing returns from agriculture. Major indicators are ownership and control over land and natural resources, both of which are essential endowments for practicing agriculture.
SDG2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture	Directly related to sustainable agriculture
SDG3: Ensure healthy lives and promote well-being for all at all ages	Can only be achieved through nutritious food produced via agriculture and allied sectors
SDG5: Achieve Gender Equality and empower all women and girls	Women play an important but largely unrecognised role in agriculture; their empowerment, decision-making and time for care work are pathways in leveraging agriculture for nutrition
SDG 6: Ensure availability and sustainable management of water and sanitation for all	Increasing water use efficiency across sectors, integrated water resource management, and protection and restoration of water related ecosystems—all have a bearing on agriculture
SDG7: Ensure access to affordable, reliable, sustainable and modern energy for all	Reduction in agriculture's dependence on fossil fuels and consequent pollution
SDG8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Agriculture engages a large segment of the working population and consequently has a bearing on the realisation of decent work and economic growth
SDG10: Reduce inequality within and among countries	Disparity in asset ownership and wages in agriculture activities
SDG12: Ensure sustainable consumption and production patterns	Sustainable management of all natural resources, sustainable production patterns, and reducing food loss and waste
SDG13: Take urgent action to combat climate change and its impacts	Strengthening resilience and adaptive capacity of agriculture to the impacts of climate change, and lowering green-house gas emissions without affecting food production
SDG 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development.	Conservation and sustainable use of marine and coastal ecosystems, reduction of pollution, and sustainable fish harvest.
SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	All these are the feedstock for agriculture activities; indiscriminate agriculture expansion has led to decline of forest area and biodiversity loss and overexploitation of land, resulting in degradation.

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## **Modi 2.0: Challenges and Vision for Next Decade – An Interview with Shri Suresh Prabhu\***

Gauri Dwivedi\*

**Gauri Dwivedi (GD):** This conversation comes in at a time when the Modi government would be celebrating its second year in its second term. I know it's a somber moment and there won't be any celebrations, so to say, but Mr Prabhu, I think it will be a good time to do a lot of introspection for the government as well. Two years into its second term, almost halfway there, what are some of the big milestones or achievements in your assessment. First, economically, as a technocrat, what is your assessment in terms of how the government's report card has been in the last two years.

**Suresh Prabhu (SP):** Thank you very much for this opportunity. As you know, these last two years have been marked by unprecedented challenges for any government, in most parts of the world. It's not all. Because, more or less as the we began 2020, we had Corona. In fact, it started towards the end of 2019 and that is why it is called COVID-19, because it actually started in 2019. So, in a way coinciding with the beginning of this Government, not necessarily at that time but a few months later. As a result of that, you have seen a huge slowing down of global economy. There was a huge contraction, not just slowing down but contraction.

Biggest economy US has contracted significantly. Japan has always been a slowing economy

for last two decades, but again it contracted. China, did not contract much but it is the second largest also. The European Union, the biggest block after US again had a very negative impact of 2020. As a result of that, there was also impact on the Indian Economy. As compared to 1991, when our total influence on global economy was not as large as it is today. In the last 30 years economy has more integrated with the global economy, whether it is on the demand side where it affects your domestic as well as international trade. Or, whether even from supply side with a lot of disruptions in supplies, because India is also part of a global supply chain. So, in both ways India in a way was affected. So, you have to put that in perspective that it was a very difficult period for any government in the world and not only for India.

Of course, my few weeks have been, again, even more challenging, because the second wave has seriously impacted socio-economic life besides health, which is a very major challenge for any government to deal with. And when it happens, an unprecedented crisis of this magnitude happens the resources get diverted to fire-fighting than in building durable infrastructure.

So, you can see that last few months have been diverted to fighting pandemic. Therefore, you have to whether it is giving free food to the migrant

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which is absolutely necessary, or which is providing support to small and medium enterprises. So, all of these are enabling fiscal measures, and even to some extent, expansion of monetary policy to ensure that we actually create enough monetary resources available to the economy.

All of that, I would not call it a normal course of time, so when evaluating the last two years' performance of the government, it must be seen in that context. When seen in that perspective it will stand out to be one of the most difficult and challenging periods for any government in the world. So, therefore, I think this has to be balanced and looked at in that perspective so I think it's a very difficult time. But I would say that the government is managing it with a lot of strength.

**GD:** Given the fluidity of the situation right now, do you think that economic decisions can't be cast in stone. Because, when the budget was to be presented, we said at the beginning of this year that we're going to now follow a certain process as far as our economic decisions are concerned, we'd continue with that. Do you think it's time to do course correction? Because you're right that it's such a fluid situation, globally the impact has been so severe because of COVID that to prepare ourselves for the next challenge, or to be in time for the next anniversary of the government next year, what do you think would be the two or three top decisions or top issues that need to be dealt with economically for India to be far more resilient.

**SP:** If you look at it, obviously, the fundamental objective behind any economic policy should be to accelerate the growth rate. That is very important. But we bring in more dynamism to Indian economy

so one is to make it grow faster, you have to make it more competitive. If the economy is not competitive, it will never be able to succeed in global markets. And I was saying earlier, that because of our integration with the global market, India's economic global market is even far more than before. Now we also want to increase the share of India's global trade and if we are not competitive, we will not be able to do that.

And you cannot become competitive globally unless you are competitive back home. So, making India competitive in all spheres of economic activity has to be a primary goal. And to do that, competitive does not necessary mean only being in competition, but also making Indian industry less regulated. Doing away with unnecessary and non-productive regulations.

The second part would be that if you look at the current economic model of most of the fast-growing economies who have succeeded in the last five decades, you will notice that Each one of them succeeded because they kept capturing share of global market more and more and could expand their footprint globally even more. So, as I was saying competitive, but to increase your global footprint you need strategy.

I am just telling so that you asked me what's the roadmap so the roadmap was prepared. As a Commerce Industry Minister, I had set up a group under the chairmanship of Sujit Bhalla, who is currently India's representative to the International Monetary Fund. Today's Foreign Minister, who was at that time working for the Tata's, Dr Jaishankar was a member of this. Former Commerce Secretary Shri Rajiv Kher; the Chairman of Quality Control of India and the

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former partner of McKinsey, the chairman of McKinsey were all made members.

I had prepared a roadmap on what is that we need to do to increase India's market share, globally. And I am reiterating that if you don't have a bigger market share, your economic growth back home will be affected. All economies which have succeeded in the last few decades, have done this very aggressively. So that's the second thing that we need to work on.

Thirdly, part of that, is that if you look at each of the segment of India's economy, whether it is manufacturing industry, services, or agriculture, each one of them will have to contribute. So, unless all the three cylinders are put on fire, at the same time, we will not be able to do that. So, for industry, competitiveness is one part of also ensuring, and then again that's also the extension of the competition as I said, increasing your share globally. We had prepared a roadmap of \$5 Trillion economy to increase industry's share which is currently 16% of GDP to 20%. So, making it a trillion-dollar contribution from industry to the entire economy.

And I had people compete each and every segment on what will contribute in \$1 trillion. It is easy to say 20% Easy to say 1 trillion, but you must then now break it out, how much it will come from. Say for example, contribution from steel, or cement or something else, and to make sure that you get that then again you have to break it down further and find out whether house steel or cement, what are the sectoral problem that we're facing. How will you remove them? So, this was prepared by me in consultation with CII, because as industry body. And again, not only CII because CII can do it as an academic exercise, we had got hands on

people. Not only Anand Mahindra from Mahindra and Mahindra but also Pawan Goenka because he is the hands-on man for the automobile sector. Incidentally automobile is the largest component of India's manufacturing. In fact, under the old series of GDP, 49% of manufacturers used to come only from automobile sector.

So, that one, and services, we identified 12 champion sectors or services, and said that these are the 12 champion sectors which has a potential to grow. And then agriculture, many measures are required and Prime Minister Modi has taken a number of measures, but one of them will be India's increasing Agri exports. The potential for Agri exports is 100 million USD. When we say Agri exports it means food is agriculture, horticulture, dairy, marine products and meat, all put together. Interestingly, that when you are going to increase your agriculture export your foreign buyers are not going to buy your agricultural products unless they are quality products. So, you're actually by exporting agriculture products or integrating quality into your domestic food production.

**GD:** I have to ask you what happened to that plan?

**SP:** Actually, it was made almost three years ago. So, I got it I got it processed when I was a minister and those were the final days of Modi 1 government. I don't know what is the present status but this complete roadmap is ready.

**GD:** Let me then ask you, there are some specifics around the economic part that I would have come back to. Because you mentioned Mr Jaishankar, because there are so many global headwinds as far as economics and geopolitical equations coming together. How do you see India's

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role going forward in terms of the largest sentiment, the world has about decoupling? Nobody can wish China away, it's too big a country economically to wish, we don't want it either. But this sentiment to reduce the excessive dependence economically on China, has that translated into India's economic gains, and how do you see that in the future as well.

**SP:** The world has evolved into very interesting economic interdependence. Now if you look at four decades ago, no country was dependent on another country as much as it is dependent today.

If you look at it, currently what a challenge that we're facing that we are the biggest manufacturer of vaccine, still we need some ingredient which will be coming from some other part of the world. So, that economic interdependence, has become the hallmark of today's world economy. When you talk about decoupling, it means whether this entire ecosystem that has been developed, globally, should be reinvented or re looked into, that is the question.

But in that context. We must have a medium term and a long-term plan, but also short-term action plan. Medium term plan could be that to an extent the critical part of your own supply chains, you should have a supply chain security like we talk about energy security. We try to secure your energy resources in a way that no disruption can ever be caused and that is a strategic reserve. The US that is now becoming the largest producer of Oil and Gas both has strategic reserves. Thanks to shale gas, the US has now become a net exporter of oil and gas.

Actually, it has completely changed the

dimension. Still, they have s strategic reserve, we too have it. So, from that context, I think we should think about a strategic relook into our supply chains. This is very important.

I will give you an example which is not directly related to India. There are certain rare earth materials which are very important for any industry related to electronics.

And as you know that some of these electronics are now running the world. How do you do E-Commerce? How do you run airlines or banking systems? These are all done using electronic platforms based on some electronic device either hardware or software. Here, software is not necessarily rare earth but based on that.

Now, I don't want to talk about a country specific so I will not mention. But one country was not giving those rare earths and they thought we will crumble. From that point of view only, we have to look into very seriously, about strategic evaluation of our supply chain. Interdependence is good, for example, why you think when we talk about it, we would like to manufacture mobile phones in India. When you manufacture mobile phones, they cannot be manufactured from A to Z in India. Some parts will have to be imported. We'll be assembling it finally here, but not necessarily making everything here, which is not even desirable. Even the end manufacturer, under whose name the phone is being sold may also not like an end-to-end manufacturing in one single country. Not because of any strategic reasons but simply economic reasons. So, I am saying, put all together. What you asked me about decoupling is a very important issue. Now I feel China needs to import a lot.

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When I was a commerce minister that first year, we reduced the debt deficit for the first time, it was always rising for last 30 years. I got it reduced. I called China's Commerce Minister here, worked with him, and prepared a strategy. State deficit can be reduced by two ways either by reducing imports or by increasing exports. I worked on both. As exports increased, we talked also of pharmaceuticals.

So, I said you must work with our companies, and allow them to work with regulatory compliance because they're so good. They're US FDA approved, European FDA approved and also approved by the Japanese FDA. SO, what could be the regulatory issues. I have not asked you to compromise on health by helping them on regulation, but I'll tell them so I worked on it.

So decoupling is something which has to happen for sure, but must have a medium-term plan for it, and a long-term perspective. We also must look at it from this angle, that when you are inviting foreign companies to invest in India. We must take them on board, fully, because they will be investing in India for end product may be for domestic market, as well as reaching India's other strengths, like good cheap labor, with good access of manpower etc etc. for exporting to other countries. So, their export markets also depend upon how they benefit from their presence in India. So, we will have to take them on board first and then deal with this issue.

**GD:** So mobile manufacturing has definitely been a big star, an outperformer in the overall Indian manufacturing scenario so far. In your assessment which sector could be the next breakthrough for India? We need to identify our

core areas of competence in your assessment, what could those be after mobile manufacturing?

**SP:** That is a very good question. I had prepared a new industrial policy. This was only the third such policy for India. The first was in 1956, that was the Industrial Resolution and not a policy. Then in 1991, at that time the Industry Minister was Narasimha Rao.

Our Fifth Challenge is from this segment of new industries. We have the fifth largest economy even today; we are not a small economy that way. And therefore, when we are the fifth largest economy, we have already created some industry. We are the sixth or seventh largest industrialized economy in the world also. So, we have large industries not as large as some other countries but still fairly large. So, first challenges that we cannot make it redundant. So, we have to modernize them. Otherwise, what happens to all the investment that has gone into it to implement it is gone into So, the first parts will be modernizing this part of it. So, this is also an important component of a new trust areas. Second part will be investing into the new emerging industries. One of them, and the slide I said when they will no concrete at all on the horizon, life sciences, you know, not pharmaceutical, but a broader sense of life sense will be one of the critical industries which will grow at faster rate. Then we'll talk about life science, life science is one science, but it's a convergence of several other important technological frontiers, whether it is, information technology, whether it is blockchain all the new areas that are coming into our blockchain, whether your clinical research. For Life Sciences ultimate leader to do clinical research, clinical trials. So, when you're doing clinical trials

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blockchain can come very handy to you.

When you talk about artificial intelligence. This can be used and applied anywhere but artificial intelligence is a very broad science about technology not science, but applied part of it, if you look at it. There are so many segments that can benefit in India particularly agriculture. You can work on it in a very significant way. Like watering a plant, can we not use AI to decide, devise a program with which exactly at the right time, that type of water can be dispensed into the plant.

So, you are asking which industries, the licenses and technology which you call us, emerging technologies, whether they're blockchain or machine learning or artificial intelligence, or big data, all of that together, can be actually put into Internet of Things, where actually you connect everything in internet together. All these applied parts of them. See we cannot claim to be the originator of this technology and so I get to work on that and we can see I will develop new R&D and develop new patterns everything. Even today we don't file too many patents in the world.

We are not even in the top five of filing technology patents though we are the fifth largest economy. So there has to be a convergence between R&D and size of the economy. When you are the fifth largest economy, why are you not in the top five of filing the patents and R&D of new ideas. So, I think that is going to take some time.

**GD:** No matter how much we verified the Chinese economic model, what needs to sort of also put that out in perspective, that it was in 2010, that their five-year plans said that technology will

be the next frontier that we need to conquer. So 11 years later we are sort of still talking about it and it's important to sort of understand that how the Chinese realized this, more than a decade ago, but then you know let me then ask you this Sir, as we talk about Mr Prabhu that, you know, COVID has wreaked havoc with the Indian economy like it has with the rest of the world, but this was also a year that we were supposed to sort of get back on track, you know, after last year's horrible economic devastation that happened because of COVID. We were expected to sort of get back on track this year, ADB had announced a lot of others had announced double digit growth expectations. In your assessment, are those still on track, and more importantly, what do you think can be done to try and reduce a cushion, the economic pain that lies ahead, after the second wave.

**SP:** I think, pre - second wave, one of the thrust areas rightly, put on the table by Prime Minister was infrastructure investment to which I fully agree. In fact, infrastructure has the potential to create many more jobs while it is being built. Because you create infrastructure and therefore, bridge the infrastructure deficit that we are suffering from for a very long time then obviously that will become a launching pad for a new enterprise. And therefore, we're talking about even competitiveness earlier. So, one of the competitive advantages we will have over a period of time is that you will have good infrastructure. So, investing into infrastructure is one thing that has to be done very, very quickly to revive India's economy as well as create medium term plan for India's increasing share in the global markets.

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The second part is that you know, India's economic all the economies of the world including US, and even Germany or for that matter all major economies of the world, small and medium enterprise, play a key role. Now what is the definition of small medium enterprise in India very different from US, or Germany, but still there are a very important component of economies. So, making SMEs, stronger, more efficient, is very important. Now we talked about pain. I think they are the ones who have suffered extreme pain. And I think that's why you will need to work on it. I remember something very interesting. In 2008, when we came out with the idea, because the particularly the USA the European said, and they talk in context of Lehman Brothers and others that are too big to fail. Later on, the government has to rescue them. I had said at that time, those are too big to fail, but a small medium enterprise, too small to survive.

So, when they are too big to fail. You try to rescue them. What about a too small to survive element of India's economy, you must support it. That's why we have to actually support the small and medium enterprise in a very significant way. And again, if you look at it again why I'm saying this, if you look at the employment profile of the country as well as the world actually. Because we are under condition to the Fourth Industrial Revolution, the economic model of the world is changing. Therefore, the employment profile also changes. So, in that context, if you protect small and medium enterprises, you're actually creating a safety net for some sections of society, because otherwise if SMEs are not there then those many people will again be seekers of jobs. Those who

are creators of jobs today will become seekers.

Here's the second wave now and it is very difficult to evaluate the impact on economy, because during the first wave there was a lockdown etc so we know the economic output at contact is significantly different. Now because the impact of second wave is localised and Maharashtra is an important contributor to India's GDP, we don't know to what extent will that affect the economy. We will have to evaluate this and based on that evaluation we will have to spread support to the society.

**GD:** There is this very interesting study that McKinsey did last year about Indian manufacturing, they said that while in the US, on average, firms grown 10 times their size in a 35-year time period, in India, firms grow just twice their size in 35 years. So that explains the whole dwarf concept that exists in in Indian manufacturing that you know we don't know what to do with them because they're still not big enough to compete, and they're still not so small that we sort of you know need to handhold them. And I think that's really the crux of the Indian manufacturing or the larger problem as far as Indian industry is concerned. But having said that, I want to ask you this as we sort of come to the end of this conversation that Mr Prabhu as we end this, in your hope and assessment, what would be the one big milestone that you would wish the government achieves next year when we have this conversation, and the government is completing another year into its second term, that one big aspiration that you would want to be fulfilled this year.

**SP:** I think that when one faces a pressing challenge of this magnitude that occurs once in a

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lifetime of not just one generation but few generations later, then there are multiple problems that you face in one go. I think one good part of that is that Mr Modi has shown tremendous leadership. He has actually taken this challenge and faced it squarely, so he is facing it head on, though it's not easy job to do, but he still is doing a fabulous work in terms of facing the challenge, working with people and address this challenge together.

So, in my opinion, that's a great contribution of Mr Modi during this very troubled time, and I am sure you can see it as you go along, you'll be able to see that. He's also working on a very important program which is not probably well appreciated by the people, is providing good quality drinking water to every household of India through pipe water. It was started during this second Modi government. This is called "*Ghar Ghar Jal*". It is a very important program.

In Atal Ji's cabinet, I had six different responsibilities and one of them was, water. And therefore, I dealt with this hands-on business so I know how important this program is. So, this again is a big program that you will see being completed in two-three years' time.

This will be a great thing because if you are giving good quality water, you are actually addressing public health issues. Because two thirds

disease in India, minus the pandemic, are waterborne and one-third of the fatalities happen because of waterborne diseases. So, if you're dealing with water, you are helping that.

Secondly, in rural areas, a girl cannot go to school because you have to go and face the water, a woman of the house has to probably walk some few miles to get a water, so she cannot work in the field. So, if you address a water problem and you have good quality drinking water to every household, we will see higher enrolment of girls for schooling. We will see better enrolment of women into employment and therefore their family incomes will rise. This program will thus have huge benefits. So, I think this is a great contribution of the Narendra Modi Government. It is his personal idea, his flagship program that he has launched, I think these are things a big contribution of Narendra Modi in these last few years.

**GD:** Thank you so much for speaking to India foundation, I hope that the storm that is upon us quickly passes by India gets vaccinated soon and next year when we have this conversation, we are talking about the high growth trajectory and meeting all those big achievements that right now look a little difficult because of the present scenario that we are living in. Hopefully, which will be short term. Thank you so much for speaking to us.

**SP:** Thank You.



## **Atmanirbhar Bharat: A Constructive Programme on Gandhian Economic Thought**

Gunjan Pradhan Sinha\*

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**T**he hall mark of Modi 2.0, Atmanirbhar Bharat Abhiyaan (ABA), is an unprecedented paradigm shift in the history of Indian economics post-independence. It has not only turned a crisis into an opportunity for professionals and entrepreneurs with its unique approach towards a financial problem emanating from an unprecedented event ever in history but also awakened India to its inherent inner strength and inward intuitive capacities based on Indian systems of knowledge and thought.

The raging C-19 pandemic, resulted in a deep crisis where mankind was pushed to its edges on all fronts—health, education, vocation and aspirations. Taking a unique, yet Bhartiya (Indian) rooted approach for the growth of business and trade, backed by a strong domestic input—human effort and material utilisation, the economy has bounced back and seems to be on upward climb now, as per the most recent RBI projections.

Through ABA, Modi 2.0 has not only brought out an economic package based on swadeshi economics but a new economic philosophy that, apart from mind-set shift, also provides us with a holistic ‘*artha niti*’ or economic management. It

bears significant similarities to the Gandhian economic model, left largely neglected after Independence. Gandhian economic thought was based on the pillars of *swaraj* and *swadeshi* and was itself an outcome of Gandhi’s extensive and in depth understanding of classical Indian literature.

ABA has succeeded in projecting and bringing out to the world an alternative humane economics (entrenched in the Indian mind for thousands of years), ensuring dignified human expression of moral character and personal ingenuity. ABA is not just a policy but a constructive programme aimed towards human empowerment and development through the human power entrenched within our civilisation over many millennia.

Ample evidence illustrates the uncanny similarity and inspiration of the ABA from the terra firma of Gandhian principles of self-reliance (*swadeshi*) and complete independence (non-dependence: *swaraj*) in thought, praxis and lifestyle. Gandhi was opposed to the centralised economy built on Nehru- Mahalanobis model of building behemoths and working single-mindedly on the aim of import substitution.

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## Atmanirbhar Bharat Abhiyan and Gandhi's Constructive Programme

Lockdown affected lives, livelihoods and standards of living adversely—both economic and non-economic, of all individuals. On 12 May 2020, the Prime Minister first talked about building an Atmanirbhar Bharat<sup>1</sup>. The call was to the masses to collect themselves, assert their human power, sweat for bread but purely on moral grounds. Modi's words were not about policy or politics but collective action, much like Gandhi had done in a bid to make each and every Indian self-respecting, self-sufficient and self-reliant in order to seek true independence of mind, body and soul.

In his independence speech on 15 August 2020, Prime Minister Narendra Modi invoked Subramania Bharti's maxim for action, quoting him: 'India will show the way forward to the entire world to break free from every bondage.'<sup>2</sup>

Many of his critics wrote a scathing attack of the ABA, a philosophy clearly spelt out by Modi on 12 May 2020 on All India Radio's 'Mann ki Baat'<sup>3</sup>. Gandhi, too, faced a similar criticism on his call for collective economic action being accused of being utopian and unrealistic<sup>4</sup>.

Like Gandhi, Modi, too remained resilient, probably following in the footsteps of the Father of the Nation, with focus on a larger moral goal to surmount the indomitable crisis at hand. Gandhi was of the view that any paradigm shift requires a strong moral force involving all individuals and an Indian way of doing things. ABA, too, is based on the belief that its success lies in mass moral development and spiritual force; a calling that India has taken well to as suggested by statistics on rising production, consumption and unprecedented

achievements in research and development.

*Atamanirbharta* is akin to *poorna swaraj*. Modi stated that self-reliance or *atmanirbharta* must ensure justice for poor, equal opportunity for all, the lower and middle classes should not face any obstacle to their growth, government should not come in their way as well as of social systems such that their dreams are not curbed in anyway<sup>5</sup>. This resonates with Gandhi's view of minimum governance and maximum self-governance with government acting as a facilitator for economic growth and human welfare. The considerations of both ABA and Gandhian economics are derived from the principle that seeks to enable every person in a manner that the person can fully develop all faculties and thereby personality in a spirit of true *swaraj*<sup>6</sup>.

For both of them, the success of any *abhiyan*, requires training on the back of moral and spiritual self-discipline<sup>7</sup>. A strong self-reliant India will then (and has) maintain a steady pace of growth and enjoy the good will of the world<sup>8</sup>. Modi states that big aims are important even if we don't hit the bull's eye<sup>9</sup>. Aims should be big, targets far sighted and decision making fast. Vague targets and weak spirits are a mark of a stagnating society.

The five pillars of ABA are economy, infrastructure, information technology-based systems, vibrant demography and demand. Interestingly, all find enumeration in some form in Gandhi's Constructive Programme. The objective is to make India unconditionally dependent on local vendors by building an active base of supplies from needles to buttons to generators to chemical compounds.

The case in point is the massive 20 lakh crore package, equivalent to 10 per cent of India's gross

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domestic product (GDP) launched with the objective of making Indian economy truly swadeshi<sup>10</sup>. Gandhian village economy, too, was designed to drift from global to local and make India dependent on local supply chains with the hinterland supporting the needs of the main cities<sup>11</sup>. In fact, much in line with this, the government has decided to give preference to those commercial contracts that source inputs from local vendors. From boosting fisheries and building farm gate infrastructure, to cluster-based approach for mangoes, *kesar* or saffron, bamboo, chilli and tapioca, the idea is to build a swadeshi backbone for local sourcing to meet the demands of 130 crore people. While government hand-holding was not something Gandhi envisaged, we must remember that Modi 2.0 is a paradigm shift but not working on a clean slate, for which Gandhi's Constructive Programme was written.

Modi 2.0, with its path breaking human development plan, brings within its ambit the notions of self-sufficiency, non-violence and truth (*swadeshi*, *satya* and *ahimsa*). The socio-economic development programme means to find all the necessities of life in one's own mother land while giving impetus to private or individual co-operation. It does not shun foreign co-operation but implies significant reversal of external dependence of goods. Business are being opened up and investments attracted with the caveat of 'Make in India'<sup>12</sup>. To promote ethical choices, Modi calls for the mantra of 'local' under the ABA. In times of crisis, it is the local that has fulfilled our demand and saved the nation from great crises<sup>13</sup>.

ABA has done exactly that by weaving in migrants, the village industries, local producers,

textile manufacturers, the potters, the toy makers and the craftsmen<sup>14</sup>. This Gandhian decentralised economy, which involves the true Indian spirit on ground is a cornerstone of the ABA. It focuses on participation of tier 2 and 3 towns with hundred percent backward linkage from the village as a support system<sup>15</sup>. Modi 2.0 revives the Indian ethos with a new fervour largely absent in our political history since independence. Interestingly, ABA too, focuses on decentralisation of industry flooding start up enterprises in tier 2 and 3 towns, contrary to the Nehru-Mahalanobis model that was forced upon independent India. While we talk of towns, we must be mindful that some of the major villages of the nation in Gandhi's times have now collectively grown to become such towns on account of demographic growth and connectivity—both physical and digital.

Historically, the farmer has not been able to decide the price of what he produces. Its price is calculated on the basis of the material investment, completely obliterating the sweat equity—empty nights spent guarding the crop, waiting for crops to grow without any other form employment etc. This was a major complaint that Gandhi had against the evil of demand and supply price determination in agriculture. It is backed by the logic that money drives away land from food to commercial crops like tobacco<sup>16</sup>.

ABA is the first attempt to restore the dignity of the farmer by accounting for the abstract efforts that going into the entire process of growing food. As enablement and in a bid to prevent exploitation of farmers the minimum support price (MSP) has been raised to one and a half times of the investment made by the farmer in phase 3 of

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ABA<sup>17</sup>. The price given to him is no longer mapped to the physical monetary investment but on the human effort as well.

ABA attempts to give impetus to technology driven systems. This was one of the major reasons that Gandhi had strongly criticised the use of technology especially the railways by the British<sup>18</sup>. Thus, to many, these may look departures on the two sides. However, Gandhi's reason was not to become slaves of technology but to use it to enhance human dignity and effort. Good or evil lies in the intention, not in the means alone. Thus, with a clear goal setting, ABA is not a major departure from the Gandhian ethical framework.

Artificial intelligence, machine learning, robotics are aimed to penetrate those regions where human to human contact is not possible or in dealing with minutiae where human skill is limited<sup>19</sup>. Thus, ABA focuses on technology driven and not technology dependent systems. Apart from aiming at economic efficiency this also aims at reducing the harm to environment per unit of income produced rather than producing more income per unit of pollution, as envisaged by Gandhi<sup>20</sup>.

It has brought a much needed change in approach for the growth and efficiency of the health sector in the wake of the COVID 19 crisis<sup>21</sup>. To be self-reliant in this sector given the global crisis we stand amidst, India's PPE (personal protective equipment) manufacturers rose from zero in march to about 300 by August 2020. India today is the largest manufacturer for the C-19 vaccine. ABA programmes are working with enhanced government spending for community development and engagement in village works,

grass root development through construction of highways, houses, toilets and record food production<sup>22</sup>. It commands a change in taste of the people of India towards building brand India, akin to Gandhi's Constructive Programme<sup>23</sup>.

Gandhi's extensive writings in 'Young India,' a weekly journal published between 1919-1931, aimed to mobilise youth for a sustainable economy<sup>24</sup>. Similarly, the ABA intends to capitalise on the demography of the country where 50 per cent of the population is below the age of 25 years and the average age of the Indian population is 29 years<sup>25</sup>. For Gandhi, supply and demand economics was one of the major forms of evil<sup>26</sup>. He envisaged an economic order where people are motivated by meeting needs and not creating an excess of supply or suppressing supply in order to push up profits and prices. This is what the ABA intends through local sourcing and strengthening the economy till the grassroots.

The ABA also talks of creating a self-sustaining economy where India will witness a demand of goods based on the strength of utilising the full capacity of the internal supply chain<sup>27</sup>. Supply will not cater to profit or price but will be based on genuine demand. Modi 2.0 is creating a strong supply system built on labour and Indian means of transfer and exchange<sup>28</sup>. All countries have a right to protect their trade. ABA aims to boost growth and trade within the motherland through technology transfer and seeking investment<sup>29</sup>. Gandhi, was of the view that the charge of protectionism in trade was not a negative one<sup>30</sup>. This is where ABA takes a leap beyond Gandhi. Even as we abide by swadeshi economics, we continue to meet obligations under the World

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Trade Organisation's (WTO) agreement.

Centralisation produces financial slaves for Gandhi<sup>31</sup>. Higher the so-called standard of living based on a material driven economic index, the tighter is the noose around the neck. In order to solve moral, spiritual and social problems, independent economic activity must be encouraged and method put in place for economic practice, according to the Gandhian model. This is exactly the aim of the ABA along with a keen eye on economic parameters. ABA is a mass movement which has become the soul force of 125 crore efforts. Current government reforms involving relinquishing control in some major sectors will crowd in private investments and increase people partnership in businesses.

## Conclusion

With the motto '*shrameva jayate*,' ABA is providing last mile delivery, which is reflected in economic parameters on the back of growing domestic demand and spending being the principle for action. The Sanskrit phrase means 'hard work alone wins' and is a new age version of the dictum given by Gandhi '*satyameva jayate*' or truth alone wins, for hard work is born out of earnestness.

Modi 2.0 talks of '*sabka saath, sabka vikas*' for the first time in 75 years of independence<sup>32</sup>. It aims not only at inclusive development but sowing the seeds of self-dependence at the very grass roots rather than propping up already existing large scale centralised manufacturing and services. Modi 2.0 endorses this Gandhian view when he states that economic development is important but human dignity is supreme. ABA captures the debate which is shifting from economy centric globalisation to

human centric globalisation<sup>33</sup>. The growth is beyond GDP numbers yet inclusive of it because it is human development (holistic) and not just economic development (a shift that is being sought by modern economists).

With ABA, Modi 2.0 sets the ground rule that human dignity stands supreme over economic development<sup>34</sup>. Shunning myopic vision, Modi 2.0 launched the mantra of co-operation<sup>35</sup>. It aims to develop 125 crore active citizens from over 6 lakh villages into nation builders, similar to the Gandhian ethical economic model<sup>36</sup>. ABA brings to the fore a knowledge-based economy to a civilisation that has always been knowledge driven. According to Gandhi, the focus should be on quality in the method of production which is dictated by complete knowledge of the means and sources of production<sup>37</sup>.

Almost all super economic powers have high growth rates and higher production levels but they do not enjoy the tag of civilisational progress that is based on the moral and spiritual development of people which has been inherent in the Indian mind in thought, action and spirit right from an auto-rickshaw driver to a company CEO (chief executive officer). '*Sabka saath, saath vikas*' is a philosophy in action on ground. Industry produces for exchange but a mother for home and that is the business ethics engendered in the ABA. Gandhi was of the view that ethical considerations are not disturbing to the economic or business apparatus of a society<sup>38</sup>. According to him, the notions of 'pure,' 'good,' 'right,' have universal connotations and maintain the same import whether we talk of good economics or good ethics. In other words, the two are equivalent.

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Modi 2.0 effectively bats on the same ideological pitch reinforcing that good economics is ethics. It endorses and propagates the view that *swadeshi* movement is as workable as any other ever envisaged by human beings based on ‘an indomitable will of a band of *earnest* workers’<sup>39</sup>. Modi 2.0 is a moral economic approach and a human public policy structure for modern times with an attempt to remodel and work on humanitarian presumptions and human centric development rather than an economics of numbers alone.

Ethically good practices do not involve continuing losses or short-term gains. If they are ethical in nature, both means and ends have to aim at welfare and growth<sup>40</sup>. The mantra is to spread out and reach grass roots for Modi 2.0. It has a

philosophy that growth whether moral, physical, material, spiritual or otherwise must be an outcome of ‘good’ economics. ABA weaves in practical ethics or relative dharma. It is a shift towards holistic humane goals of *swadeshi* and self-sufficiency. Like Gandhi, here too, the individual is the unit for action rather than groups and classes<sup>41</sup>.

Modi 2.0 has launched a philosophical leap in public policy. Much like Gandhi, self-belief and inner strength is the mark for the quest for self-dignity and self-reliance<sup>42</sup>. It is a change in mind set for a billion of us, not an incremental move.

Modi 2.0 has launched a festival of self-reliance through the ABA<sup>43</sup>. ‘*Esha Panthah*’ – this is the path for a self-sufficient India. Thus, it celebrates Gandhi’s 150<sup>th</sup> year, both in spirit and action in a unique way.

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## **Free, Fair & Meritorious Assessment: A Complex Affair for a Sprint to US\$ 5 Trillion Economy**

Deepak Loomba\*

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*Assessor: One who assesses; Assessee: One who is assessed; Assessed: That which is assessed*

**A**ssessment is the key to making right choices. Quantitative assessments are commonplace but in various facets of economic activity, the State has to make qualitative choices. This will be critical to ensure that the stroll to US\$ 5 trillion is converted into a sprint.

Indian establishment for seventy long years, owing to various reasons, colonised mindset not being the least, learned to count its fingers after every handshake—thanks to the British colonisers who implanted in us the seed of suspicion of everything & everyone. It is undeniable that we do not cover ourselves in glory, when it comes to non-discriminatory & merit-seeking credentials. Nonetheless, our self-subjugation evoked two socio-cultural outcomes, mentioned ahead. First, the need to behaviourally emboss honesty, neutrality & objectivity; second, quantification of everything for comparison. Ensuant to aforementioned, from primary school examinations all the way to choosing whom to provide a multibillion State contract, all & sundry get quantified.

For mass assessment, quantification probably is unavoidable (say for University entrance exams, where a million and a half Indian students appear simultaneously). No prejudice is meant towards

quantification; it is, in most cases, the easiest way to compare. But not everything can be quantified. Qualitative assessment sometimes is unavoidable. Forcibly quantifying qualitative indicators leads to compromised consequences. My observation has been that when the assessment (choice) is to be made of the actions of the past, quantification is adequate. But the moment an assessment is to be made of the future, quantification is counter-productive. Assessments of the future can be made adequately, when done comprehensively, including, but not limited to qualitative and quantitative methods.

### **Is assessment well understood?**

At the outset, it has to be conceded that irrespective of qualitative, quantitative or any other mode of assessment, in case the assessor is prejudiced or taken care off, or if the assessee is manipulative; most assessments, quantitative or qualitative can be short-circuited. Therefore, one in every thousand crooks in every society have to be excluded from the scope of this article-proposal. No sensible State builds systems to address crooks & consequently concede that a majority of the addressable population are crooks.

In the book titled “Invention of Description” (ISBN: 979-8636521334) there is an interesting comprehension of Assessment. Assessment, it is

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claimed, requires adjudgment of the performance of the input/output (resource) vis-a-vis a standard or other comparable<sup>1</sup> to the subject/object of assessment in four frameworks – (i) Necessary Attributes Framework; (ii) Sufficiency Attributes Framework; (iii) Emotional Connect Framework; (iv) Aesthetic Attributes Framework. All these frameworks jointly are DNSEA (Description, Necessary Attributes, Sufficiency Attributes, Emotional Connect & Aesthetic Value).

### **Necessary attributes’ framework**

Necessary Attributes’ Framework is the carrier of objectivity. In this framework, the fitness & riskiness of the assessee are to be established. To establish the ‘fitness’ the assessor has to very clearly establish the purpose. Without clear establishment of the purpose the very basis of assessment goes for a toss. Especially in scenarios where multiple people are assessing, lack of expressly stated purpose, invariably leads to every assessor assuming his own purpose, while the vision that kindled the need to undertake an assessment (especially in case of the State) is lost altogether.

Lack of clarity in stating the purpose concomitantly, leads to confusion among the assessee, as they fail to comprehend what should they pay most heed to. Therefore, the most rudimentary & crucial parameter for assessment is ‘fitness for purpose’. It is equally crucial to adjudge the fitness of the assessed vis-a-vis time, place & environs in which execution is anticipated.

### **The L1 Paradigm**

Besides fitness for purpose, time, place and ambience; fitness of cost of execution that the

assessee proposes is the last & important necessary attribute of this framework. It is very important not to make final assessments based merely on the lowest cost. Imagine getting to attend a three hour show of Dhinchak Pooja (“Dilon Ka Shooter, hai mera scooter...”) because she quoted 0.01% lower price to present a concert vis-a-vis Shankar Mahadevan. This is the story of competitive/comparative quantitative assessment in which L1 (lowest quote) wins the competition. Once prices are quoted, depending on the case, a minimum (where State expects a subsequent revenue) or maximum (where State undertakes to participate/subsidise/bear the cost) limit, should be established (a sensible mechanism could be worked to establish this cost) after comparing proposals from all the assessee. After establishing & publicly declaring the cost constraint (max. or min.), all contenders should be offered to recast & re-submit their proposals (whosoever desires to) within the established cost constraints and be given a chance to compete with each other qualitatively. Yes, the State would not get literally the lowest price. But a State should not aim for the lowest price, it should focus on procuring within its budget (the established cost constraint), the solution that is of highest quality. This is the best way to promote meritocracy & innovation and give innovative companies a chance to showcase their worth.

Thus ‘cost-constraint’ is converted into a median or even lowest price-discovery (budget discovery) process, while decision-making is ‘qualitative’. The State operates in a reverse manner, when it wants qualitative bidders, it often creates a qualitative barrier (technical in nature), customised to filter-out lesser mortals. And then

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lets the chosen few compete on financial indicators. This rules out those from outside the inner club of few companies.

The ‘Swiss challenge’ is a shade better, as it let’s customisation of the initial specifications of the competition by the assessor, such that there is at least one bidder available, nevertheless. But it is not ideal as the competition is not qualitative. The specifications are frozen ab initio.

### **Sufficiency attributes’ framework**

Sufficiency Attributes’ Framework is the determinant of life of that which is proposed as a resource or that of the assessed, with at least one objective tolerance constraint to each of the specifications. All specifications are categorised into four classes: quantitative, qualitative, geo-ambient and ownership. Geo-ambient means the geographical location of the assessed along with the environs in which the assessed is located. ‘Ownership, simply said, means the user in whose possession/ownership the assessed resource is expected to be in future or who all will be affected by the resource’s coming into existence.

Sufficiency framework delivers life to assessment & ensures that the assessors are running with their eyes & faces looking ahead, instead of backwards. Those assessors look backwards, who lack vision & fail to take calls based on what is expected in future. They base their decision-making on the statistical past (at best), their past (at worst). In assessment of high technology areas, this is lethal to say the least. Because the best decisions taken looking at the past are likely to be worse than the worst decisions taken looking at the future.

Through assessment of sufficiency the assessor should assess the quantitative, qualitative, geo-ambient (location and environs) and ownership (with whom is the assessed resource will rest in future or be used or consumed or all who will be affected) specifications & their tolerances within which the assessed resource will be fruitful.

This parameter forces the assessor & the assessee alike to work on the resourcefulness, hence, reliability and life of the assessed, thus forging quality of assessment & decision-making. This is critical in case of assessment of high technology ventures like semiconductor plant proposals, or advanced material manufacturing proposals. Assessing, investing & supporting high technology ventures by State (Government) can be best compared to skeet shooting. An expert gunman aims a few metres ahead (of the skeets position) while pulling the trigger to intersect the skeet with his bullet.

Choosing to support complex material science technologies & teams that will make cutting edge high technology enterprise in India is a heavy burden, and immensely critical for our nation building. We need to make the investment count. We will be betting the tax charged on a cup of Chai consumed by a labourer. A choice made by a mediocre assessment will only add one more mediocre organisational existence at best or a long, dragged unwanted life at worst.

Sufficiency Attributes’ Framework is smartly done. It is subjective towards achievement of highest specifications (the assessee is free to deliver the best specifications) & objective to the need of minimum specifications, in concurrence with the established tolerances.

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## **Emotional connect & aesthetic value framework**

Emotional Connect Framework has two classes: the absolute assessment & the comparative assessment, and both are completely subjective. Under this framework the assessor just expresses his likeness of the assessed, absolutely, on its own merit, and a comparative ranking when compared to other options or previous experience of assessed objects/resources in the same category, without providing any reasons (emotional connect is not subject to reasoning. Reasoning is crucial only in necessary & sufficiency attributes).

The emotional connect (likeness) of the assessors towards the assessed is non-trivial, but it is neither necessary, nor sufficient. It is the subjective view of the assessor about the assessed. Its importance is only in the context of the next Framework which is the Aesthetic Framework and which is cast from statistics accumulated from emotional-connect-assessment of all the assessors. When an overwhelming majority likes & feels emotional connection to something, it is aesthetic.

The DNSEA assessment matrix is strictly sequential & a ranking filter. Strictly sequential means, first assess the safety (risk & mitigation) elements of that which is proposed to be assessed. Then the fitness for purpose, time, geo-ambience & cost should be assessed. This should be followed by sufficiency attributes' framework assessment to establish the reliability and resourceful life of the assessed. Follow this with emotional connect (first absolute & then comparative) assessment and deduce the aesthetic value. Necessary framework assessment is only a go, no-go filter. Sufficiency framework assessment is a ranking

filter as not only is the assessed categorised as go, no-go but is also scored/ranked. Thus, comparable variants, when they come for aesthetic value assessment, they are filtered through assessment of necessary attributes and filtered & ranked through assessment of sufficiency attributes. Thereafter, the competing variants are subject to assessment of emotional connect and aesthetic value. There are fair chances that the highest scorer on sufficiency might not be the most aesthetic. Decisions should be made on the consumption patterns of the assessed. In case the assessed resource is created for sensual consumption (olfactory, visual, auditory, taste, touch), it should neglect the ranking in sufficiency & the choice should be made on basis of best aesthetic value, while in other cases, aesthetic value could be scored to determine the weightage of sufficiency attributes and aesthetic value.<sup>2</sup>

## **The Evaluation Committee**

Not by malafide intent, but owing to certain unavoidable circumstances, it is not infrequent to discover a compromised choice of assessors in Government evaluation committees. The chosen assessors are the ones, who could be competitively threatened by the assessee in future. Indeed, in such cases even if they have to choose one from among many assessees, they tend to choose the one, who has least chances of success. It is understandable that the Government is always most comfortable getting the chiefs of Govt. departments & Govt. companies from the same sector, with similar profiles, to be ideal for 'professional' assessment as the Govt. officials are expected to cater to the greater public good. Factually, such a

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view is utopian. Government is composed of people, who usually think no different from how the society, at large, does. They cater to their interests & the interests of their small cabals within the Government. It is undeniable that the chiefs of existing companies & departments doing similar activities are expected to have knowledge of the field, but the cost for this expertise of the knowledgeable assessor is smart mangling of the one, who is most likely to topple the cabal's gravy boat.

There are innumerable subtle ways of conveying the 'negative sentiment' to other members which might seem really very innocent, like calling a serious forward-looking proposal as a 'wish list'. Have heard from entrepreneurs use of many other adjectives that neither are subtle nor seem to be intellectual rubs. Throttle of imminent threat is one of the causes for compromised quality committees, egos & lack of vision (shooting a skeet) are the other common ones. It also merits mention, that sectors in which Govt. departments & companies have performed excellently, are seldom needed to be canvassed for investment and hence, assessments. ISRO, Atomic Energy, Oil & Gas are such examples in India. On the contrary, assessments are done in those sectors, where the incumbents have underperformed. And these very under-performers are then deputed as evaluation committee members to assess the companies that will threaten their very existence in future. The quality of assessment is predetermined!

Ideally, capable professionals working in the Government sector should be the ones, who set the objective, minimal specifications for the project.

Therefore, it is very important to have an evaluation committee that is high calibre. For assessing forward looking, futuristic proposals in high technology, the assessors have to be of high quality - ideally, globally best minds. Indeed, getting high calibre academic and industry minds known for their integrity & futuristic approach globally, will ensure that mediocrity is eliminated from the process of assessment altogether and there is nothing unpatriotic in it. On the contrary the world gets a signal that when it comes to picking brains, we will approach the best.

Secondly, I observed carefully, that in a committee of five, no more than one would come prepared after a thorough read of the proposal & would ask informed questions. Indeed, the assessment of evaluation committees is dependent on three types of people - either the member-secretary, who informs in advance of the 'good' assesses; or the one prejudiced, malignant or threatened by the possible rise of a new star (by excluding the most likely to succeed) or that one single member, who came prepared after thoroughly reading the proposal. Best evaluations come from committees where the ones who come prepared after in depth study, rule the roost. The worst decisions come from committees in which the threatened takes charge by virtue of his position of lung power. All the aforementioned issues in this paragraph can be beautifully resolved without any investment. The Govt. should procure from NIC an electronic submission followed by automated anonymous dispatch of the proposals being assessed to machine-chosen assessors from within a categorised bank of assessors, each of whom has to strictly undertake not to reveal his

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identity or the fact that he is evaluating the proposal.

Views should be sought individually from each assessor & an anonymous query-answer window should be opened between each assessee and each assessor separately (with strict prohibition of disclosing names and contact details of either in the one-to-one chat forum). This will ensure that each assessor has applied his mind (because he can no more rely on the informed decision of another member of the Evaluation Committee) while this will also showcase the quality of the assessor & enable rating each of them systematically (automatically by the system), ensuring that Govt. does not repeat-hire a highly-placed, low-calibre assessor. Such an electronic remote process can enable excellent assessment of the necessary and sufficient frameworks. This will snatch away the possibility for the assessor to come into an evaluation committee meeting, have tea & snacks, hear others, gel his view to the majority & leave with a visit fee. This remote incognito (query-comment) assessment can be used to filter+rank those proposals on sufficiency attributes which have passed the go, no-go test of the necessary framework.

Thereafter, for the emotional connect & aesthetics framework, a committee meeting can be convened with in-person interviews of the assesses & demonstrations, if applicable. Such a committee meeting will be fruitful, as the assessee will be best-prepared after having been well-acquainted with the issues & concerns highlighted by the assessors. They will already be ranked and will know the targets they need to set to excel on emotional connect. Indeed, it would also be possible to have a different set of assessors for emotional

connect and aesthetics to ensure that the evaluation is done by the best minds of the field.

It could always be left to the terms of reference to decide what importance they desire to advance to emotional connect & aesthetic value (statistical outcome of the emotional connect). The aforementioned electronic, remote, incognito necessary & sufficient attributes' assessment followed by an in-person aesthetic value assessment will ensure assessment is deep, thorough, with independent views of the assessors without grease of references, recommendations, favouritism & egotistical eruptions. Human consciousness is composed of human emotions.<sup>3</sup> Therefore, many times emotional quotient overtakes, & evaluation committees operate in a reverse matrix. The smells, looks, language, style, pheromones & other elements of emotional framework overshadow the necessary & sufficiency framework and decisions taken turn out to be successful only by serendipity, if at all. Sufficiency attributes (the constraints & life of resourcefulness of that which is assessed) are not even jerked mentally.

An incident quoted by a young entrepreneur who appeared before a technology evaluation committee exhibits the bad luck he encountered. After sensibly answering a few questions, a senior assessor asked him another question. In a slip of tongue, he added the last utterly unneeded word to his positive response, which went as follows, "yes sir, it is so. Obviously." No later than the emergence of the word 'obviously' from between his upper lip & lower teeth and striking of the drums of the assessor's weedy ears with the sound wave of the said word; he almost jumped at the

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entrepreneur with rage, counter-questioning - am I so foolish that I do not know something that is so 'obvious'? Good heavens! The assessed realised he had kicked the hornet's nest! Thereafter, the assessor kept on countering every proposition of this entrepreneur till the other members postponed the decision to the next meeting, which occurred nine months later through which his project was cleared. 'Obviously' cost him 9 months.

The Government, to enable a quantum leap in its processes should avoid all the aforementioned. Take evaluation of serious technology proposals electronic, remote & incognito (the assessees & assessors are not unacquainted). Hire the best global experts known for their integrity. Use the aforementioned DNSEA mechanism for assessment of proposals.

### **And what about that which is free?**

Online platforms have evolved a new paradigm for Governments. They are free and sometimes they need to be chosen by the State and choice of Government endorsement or use would lead to an impact on the subscribership or revenue of the platform indirectly. While in the existing quantitative evaluation it is just not possible, as all the proposals might come free of cost. In the proposed qualitative electronic, remote & incognito assessment it really matters not. Government can evaluate the products & technology & then choose not one but multiple platforms that pass the cut off.

Let the games begin!

Race to 5 trillion US\$ finish line! Let the best win!

### **References:**

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- 1 *Since the process of assessment embodies comparison, categorisation is a prelude to assessment. It is pertinent to first ensure that those compared belong to the same category, else the comparison will not be an apple to apple comparison.*
- 2 *The State (Top Government functionaries) while setting evaluation committees & bodies in India have the best intentions in their minds. But the final result fails the primary motivation that ignited the process of evaluation, very often. I am in no way intending to cast a shadow of doubt on all experts and committees. I am sure there are many which have presented excellent assessments. But there is a systemic slack in the process.*
- 3 *See Awareness & Consciousness - Discovery, Distinction & Evolution ISBN: 1692201220 or check the youtube video of Dr. Mark Solms.*





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