Books in review

Promises to keep

The book exposes the systemic flaws of governance since 2014, using persuasive arguments about what has gone wrong with the economy over the last eight years. BY ZIYA US SALAM

NARENDRA MODI’s ascension to power in 2014 was accompanied by the rise of several courtiers as mediapersons, economists and foreign policy experts. Stories ran rife of how the young Modi sold tea at a railway station, fought an alligator and sacrificed his family life for the greater good of the nation. In fact, there was not a good element that did not find resonance with him as hagiographies proliferated the market. The niceties of a boy selling tea at a railway station in the 1950s, when the station itself came up in the 1970s, were not allowed to prick the dream.

It took several years and the signs of an all-around downturn in the economy for some brave voices to question many of Modi’s actions. As unemployment rose to a 45-year high, the social fabric was ripped apart, and the gross domestic product (GDP) slipped, some notable writers, journalists and economists began to analyse the government’s economic decisions, particularly the moves towards demonetisation and the goods and services tax (GST). Recently, seasoned journalist and researcher Prasanna Mohanty has come up with An Unkept Promise: What Derailed the Indian Economy, which traces all the commitments made by the government and how each commitment was allowed to fall on the wayside.

SEARING INDICTMENT

Mohanty’s book is a searing indictment of the government’s economic policies, ranging from demonetisation and the GST to the pandemic and direct cash transfer, and how almost every step contributed to the free fall of the economy. Today, he feels, “India is passing through a massive livelihood crisis that needs to be addressed before expecting economic recovery. India’s challenges are aplenty—from the pandemic mismanagement to fiscal management and misdirected policies.” From promises of smart cities, double-digit growth, a multi-trillion dollar economy and bullet trains, this has been a sorry journey built on deception, propaganda and falsification of facts.

The book’s most insightful message comes through in the foreword by Dr Pronab Sen, former chairman, National Statistical Commission: “Narratives, and not hard facts and figures, have always been the mainstay of democratic politics the world over. So it was in India as well; until 2014, Mr Narendra Modi’s election campaign... brought about a tectonic shift in Indian political discourse. Data and numbers formed the centrepiece of his speeches, as he spun out the promise that the ‘Gujarat Model’ held for the nation as a whole.”

Modi continued in the same vein as Prime Minister. However, as the policies were implemented, the narratives began to unravel. Notes Sen: “The very data that were used showed that the promises that were held out were being belied. Modi then unveiled his second major innovation in political discourse, which one would call the ‘adaptive’ narrative. Since the data could not be changed, the narrative did. The original objective and targets were quietly buried, and new ones took their place. Modi’s oratory is so compelling that the people at large bought into the new narratives without serious questioning.”

A case in point is the government’s decision to demonetise currency notes. Announced without a warning on November 8, 2016, it reduced 86 per cent of the currency notes to a heap of paper within four hours. The government claimed it was a killer blow to the black economy. The then Finance Minister claimed it was a step towards increasing digital transaction. This was followed by claims that it was aimed at controlling ter-
terrorism in Jammu and Kashmir, depriving the stone-pelters there of much incentive, and so on. The goalposts kept shifting. Yet, weeks after demonetisation had ruined the informal sector of the economy, left farmers without cash in the sowing season and rendered small businessmen clueless about their next step, the electorate in Uttar Pradesh chose to buy the new narrative in the February-March 2017 Assembly elections in which Modi’s Bharatiya Janata Party met with a resounding victory.

**FACTS AND FIGURES**
The importance of Mohanty’s book lies in its systematic demolition of the government’s key policy decisions. He backs his arguments with compelling facts and figures. He points out how the decision for demonetisation was probably taken by someone living in an ivory tower, someone who did not realise that India, a cash-dependent economy with the informal sector contributing 50 per cent to the GDP, suddenly had no cash to pay millions of casual workers and daily wage earners. He reminds us how Indians queued up daily at ATMs to withdraw merely Rs.2,000—the limit was later increased to Rs.6,000—for months on end, how the new notes initially did not fit into the ATMs, and so on.

The Nobel laureate Amartya Sen called the step “despotism” and a “disaster”. Arun Shourie, a former Minister in Atal Bihari Vajpayee’s government, dubbed it as “the largest money laundering scheme”. Of course, the government insisted all was well, and that the move had increased tax compliance, reduced black money, and so on.

Facts revealed otherwise. Gross tax as a percentage of the GDP took a big hit post-November 2016. Likewise, India did not turn into a less-cash economy. Moreover, terrorism continued, as proved by the suicide attack on a convoy of vehicles carrying security personnel in Pulwama in Jammu and Kashmir in February 2019. As Mohanty writes in the chapter ‘Demonetization: First Direct Shock to Economy and People’, “The goal of making India a cashless economy was put forward as an afterthought, after the government realised that its three stated objectives—eliminate black money, terror funding and fake counterfeit currencies—were flawed.”

**THE SECOND SHOCK**
Besides demonetisation, Mohanty devotes a lot of time to the GST, calling it the second shock. Introduced in a midnight session of Parliament on June 30-July 1, 2017, almost like Nehru’s ‘tryst with destiny’ speech, the GST was supposed to be a good and simple tax that would end tax terrorism, inspector raj, fight black money and promote cooperative federalism. The GST subsumed eight Central and nine State indirect taxes, including VAT and excise duty. The Prime Minister called it his brainchild. Interestingly, as Gujarat’s Chief Minister he had opposed the GST, calling it “retrograde”.

More than four years after the implementation of the GST, India’s tax structure continues to be regressive, imposing a high burden on poor and relatively smaller taxpayers while corporate tax evasion continues unabated. Significantly, owing to the prohibitive GST structure, small traders who were earlier happy to accept online and non-cash payments now often prefer cash transactions. The customers’ insistence on paying through credit or debit card is met with a frown and a higher bill, providing clinching evidence of a well-intentioned, but not well-planned policy, gone horribly wrong.

**PANDEMIC WOES**
After the ill-advised demonetisation and GST came the pandemic in 2020, at the worst possible time for the economy. “In-
dia locked down from the midnight of 24–25 March 2020. The GDP growth had sequentially fallen from 8.3 per cent in FY 2017 to 4 per cent in FY 2020, which ended six days after the lockdown began,” writes Mohanty. Soon, the country was confronted with lowered production, declining demand, increasing hunger, and closing of businesses. Until, there came a time when the government began taking credit for giving free supply of five kilos of rice and wheat to the poor.

The question not many asked was, ‘Why and how did we get there? Why did a government that rose to power promising ‘sabka vikas’ (everybody’s progress) have to provide free monthly ration to millions to ward off hunger, almost five decades after India had become self-sufficient in foodgrains production in the wake of the Green Revolution?’

Then came a botched-up vaccination drive where the accent once again was on the personality of the Prime Minister rather than reaching the poorest of the lot. And as the second wave of the pandemic hit India in early 2021, the country saw people battling for life even as the health care sector collapsed. There were queues outside crematoria and cemeteries, and bodies were floating on the Ganga.

Mohanty concludes the chapter with the words, “The pandemic hit all countries, but India was hit harder due to gross mismanagement of the pandemic and the economy. Its growth fell—7.3 per cent, one of the slowest in the world. Ignoring science, abjuring consultations, promoting pseudoscience and not planning and preparing for the situation cost India dearly in terms of unwarranted deaths and sickness. The pandemic exposed India’s pathetic health care system and the policy of promoting for-profit private health care at the cost of public health care.” Mohanty’s words bring to mind the visuals of masses beating thalis (plates) and lighting diyas (lamps) to control COVID-19 at the Prime Minister’s prompting.

With such persuasive arguments about what has gone wrong with the economy over the past eight years, Mohanty exposes most claims made by the government as being mere propaganda, be it Aatmanirbhar Bharat (self-reliant India), Digital India or banking reforms. Each step seemed to be about portraying the Prime Minister as a grand patriarch, working tirelessly for the benefit of all. However, each step exposed the government as one that was living in an insular world, well removed from the struggles of the striving, toiling Indians.

The worst indictment comes with the chapters on privatisation and farm laws; the government withdrew the latter on Guru Nanak’s birthday last year with an eye on the elections to Uttar Pradesh, Uttarakhand, Punjab, Manipur and Goa.

**Privatisation**

The new farm laws were to agriculture what privatisation was to health care. The privatisation of allegedly non-functioning or non-profit earning institutions is a move that could increase unemployment and widen the gap between the rich and the poor. Considering that it comes at the time of a recession in the economy, it means transfer of private investment for acquiring existing assets rather than creating new assets, thus fuelling new growth.

Mohanty rightly calls the exercise “top-down and arbitrary. It is not enough to say governments have a business to be in business, especially in a poor and underdeveloped country like India, which is going through a recessionary phase. It doesn’t even have a privatisation policy. It has a disinvestment policy, and the objectives of it are completely different.”

*An Unkept Promise* is a book whose time has come. It is not just a literary venture; it is an exercise to bring to the fore the systemic flaws of governance since 2014. Meticulously detailed, richly researched, the book deserves careful consideration not just of the common reader but of all those economists, retired bureaucrats and mediapersons who had reduced themselves to the role of courtiers since 2014. Here is an eye-opener, if ever one was needed.