

## **One Year of Modi Government: Social sector\***

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It is widely believed that one important reason for the remarkable victory of Narendra Modi and the BJP in the April 2014 general election in India, was the ability to tap into the aspirations of a dominantly youthful population that is anxious to experience a better life through better access to education and good quality regular jobs. The dominant post-poll narrative has also harped on the idea that the previous UPA government had missed the point by focusing on so-called “welfare” schemes rather than on economic growth that would deliver those jobs. The Modi government was expected to change tack by ensuring better economic conditions, which in turn would generate better social indicators as well through higher employment generation and better remuneration for self-employed activities. The BJP’s advertising campaign before the election raised precisely such expectations by promising “acchhe din” (good times) in a phrase that is now coming back to haunt the present government.

However, there are several reasons why this public perception – of the policies and the impact of both the previous and the current governments – is flawed and misleading. It is certainly true that aspirational youth – and their parents, who are possibly no less aspirational for their progeny – put a great deal of hope in the promise of change represented by Modi’s campaign and by the man himself. However, it is wrong to believe that a focus on social programmes was the problem for the UPA. Rather, the problem was that by the time of its second tenure (and without the external pressure delivered by the Left parties) the UPA government itself had already put social programmes very much on the back burner.

Thus, particularly from 2011 onwards, crucial and potentially transformative programmes like rural employment guarantee were effectively reduced in scope through fiscal tightening, health and education spending came down as share of public spending as of GDP, and the food security bill was introduced only at the very last minute at the fag end of the government’s tenure, with no time or energy for proper implementation. The very focus that had in fact won for the government its second term was allowed to dissipate, and the exposure of various scams (which had mostly occurred before 2009, as it happens) served to further restrict government initiative until “policy paralysis” became the most apt description. It is certainly possible that if the UPA government had been able to continue with a strong positive focus on schemes like these as well as other plans like reasonable universal pensions, it would not have met with such public disaffection.

It is also completely wrong to believe social spending and a development strategy are competing or even contradictory alternatives. Indeed, the development experiences of most successful economies (from the Scandinavian countries to the East Asian countries) show that social spending is an integral and necessary part of the growth strategy. This is partly because it delivers a healthier and better educated labour force for development; partly because it eases the strains of economic transition without which social and political tensions can result; and partly because such social spending not only improves the welfare of the population but also provides a lot of employment, with positive multiplier effects and the associated expansion of the domestic market.

The Modi government seems to have recognised none of these basic truths. Instead, its attitude – and indeed the explicit attitude of the Prime Minister– towards social programmes has been dismissive and even derisive. The fact that these are not “handouts” of the state but recognition of the social and economic rights of citizens is simply ignored. From taunting the UPA government on the floor of Parliament with bringing in the rural employment guarantee act, to implementing vast and sweeping cuts in essential social programmes relating to health and nutrition, to going slow on implementing the food security act, this government and its representatives have shown that they ascribe little or no importance to such measures, and instead believe that encouraging output growth through incentives to large capital can over time solve all other problems.

This has led to what can only be called chaos in the social programmes across the country, which in turn has huge adverse impact on basic conditions of living, and ironically also affect the prospects of the aspirational youth who were apparently taken in by the campaign promises.

### **Employment**

Consider employment first. Prime Minister Modi scoffed at the MNREGA, but in a context in which rapid growth had failed to deliver not just enough good quality employment but typically not enough work at all even of the relatively less desirable kind, this programme has been a life-saver for many and also had many positive local and macroeconomic effects. Since this programme combines the benefits of universal access with greater focus on the poor through the self-targeting involved in asking for such work and the possibility of using the works to improve material conditions, it has the potential to go beyond the usual attributes of social protection of providing some livelihood stability and poverty reduction, to generate other positive supply effects and thereby enable sustainable increases in productivity and output. In many states it has indeed provided a crucial alternative source of employment and wages in rural economies where most workers are not able to access even minimally decent work for the greater part of the year. It has proved to be especially welcoming of women workers – even though the work is physically arduous and essential legal requirements like worksite crèches are frequently not made available – simply because it offers wages mostly on par with male workers. It has been important in improving income opportunities for single women and women-headed households and providing more autonomy to women within their families.

The programme has played a positive role in stabilizing rural wages and in reducing gender wage gaps in much of rural India and served as a built-in stabilizer and for consumption-smoothing of poor families over the economic cycle. The multiplier effects of increased wage incomes on local economic activity have been noted to be quite large. It reduced the severity of short-term distress migration, which had become a pervasive feature of rural India in the period just prior to its implementation. All this has also had an impact in terms of poverty reduction among participating households. In states where it has been implemented with some seriousness and efficiency, it has not only provided a boost to local wage incomes and markets, but also assisted in easing supply conditions by providing and improving minor irrigation works, improving soil quality, and so on.

This is the programme that Mr Modi as Prime Minister openly derided, and which (despite public protestations to the contrary) his government has cynically sought to starve of funds so that it is effectively killed. Like so much else that this government wantonly destroys, there is nothing that it plans to put in its place, or at least no evident source of employment (public or private) that is being generated for all the families and individuals who will lose out in the process.

In a sense, this is of a piece with the general attitude to labour and to workers (both paid and unpaid) that seems to characterise the current government. Some BJP-rules states like Rajasthan have already begin the process of dismantling workers protection by changing labour laws, and this is being actively encouraged in other states by the central government. In a country in which more than 96 per cent of workers are anyway on informal contracts or self-employed, and where wage costs are estimated to account for less than 4 per cent of total costs in manufacturing, it should be though absurd to see labour laws as a constraint on economic growth, but this is indeed the argument being bandied about.

The regressive attitude to labour is exemplified in an extraordinarily regressive decision of the Union Cabinet with respect to child labour. On 13 May 2015 the cabinet apparently agreed to amend the [Child Labour Prohibition and Regulation Act 1986](#) so as to allow children to help family in fields, home based work and forests before and after school hours and during vacations. This reverses decades of efforts by child rights activists and effectively legalizes the exploitation of children through work, even while rendering it invisible because of its control by the household. Obviously, the children of the Ministers and the middle classes generally are not the ones who would be affected by such a decision: rather, children (and especially girls) from poor, deprived and marginalised social groups would be the ones so exploited, thereby deepening the existing inequalities and discriminatory practices in society.

So regressive traditions – including child labour – are to be maintained and even encouraged; but the more desirable and enriching forms of tradition that are important elements of India's intangible heritage, are sought to be destroyed. This is what seems to be the case with respect to the handloom sector, which is the repository of possibly the largest, most diverse and creative cultural practices anywhere in the world. It is also a sector with a huge potential for employment generation and for exporting to growing niche markets, if only it can be properly assisted and promoted. Across the world, even high-end consumers are turning to handloom products when they are attractively designed and marketed, and so the market potential is truly enormous. For that handloom weavers – currently among the most deprived sections of the population – need to be provided at least some of the support that is so regularly provided to large capitalists: for example, access to credit and to inputs on reasonable terms, knowledge about new designs and practices, access to and assistance with marketing. Instead of viewing handlooms as an exciting, low-carbon and high-design manufacturing process for the future, it is implicitly seen as part of the obsolete past. The Modi government's proposed amendments to the [Handloom Act 1985](#) that would force the sector to compete with powerlooms may well end up killing it and effectively destroying much of the rich and varied cultural heritage of the country.

The concerns about employment are even more fundamental, however, because the government's plans centre completely around the ability of large private investment to generate output growth and thereby diversified employment growth in the economy.

The failure of rapid growth to generate sufficient good quality employment in the past decade should have taught this government the basic lesson that GDP growth will not suffice to meet the employment goal. But thus far, there is no evidence of any Plan B, and so the current pattern – which will increasingly involve more and more disaffected youth unable to get jobs that meet with their qualifications or aspirations – is likely to intensify in the near future.

### **Health, nutrition and sanitation**

In health, the experience of the first year of the Modi government has been in complete contradiction to the BJP's campaign promises. The BJP election manifesto promised that "BJP accords high priority to health sector, which is crucial for securing the economy. The overarching goal of healthcare would be to provide health assurance to all Indians and to reduce the out of pocket spending on health care." Obviously this cannot be done without significantly increasing public spending in this area. But the government thus far has imposed deep cuts in health spending in the current year and allocated even smaller amounts in the [2015-16 Budget](#) for the coming fiscal year, in moves that have already thrown the entire government health sector into major disarray.

Central spending on the National Health Mission (NHM), which provides basic services on the ground through a network of underpaid ASHAs (Accredited Social Health Activists), has been massively cut. As a result, the NHM is now in a mess in several states, with many activities coming to a standstill. Similarly, the budget for the Integrated Child Development Scheme (ICDS) which provides nutrition and other services to pregnant and lactating mothers and infants and the National Health Mission budget have been slashed by half. In several states the already underpaid anganwadi workers and ASHAs have not been paid for several months, and there are real chances that these schemes simply grind to a halt. The total spending on health and nutrition by the central government in the coming year will be at almost the same nominal level that it was two years ago, which is a significant decline in real terms and as share of GDP.

So severe is the implication that even the Union Minister for Women and Child Development Maneka Gandhi has written [two letters to the Finance Ministry](#), pointing out the adverse social and political fallouts of such savage cuts, and reminding her own government of its promise to create "a malnutrition-free India"! State governments are being asked to take over the burden of such spending, even though their likely extra revenues from the greater share of taxes that the Finance Commission provided for are uncertain at best and probably will be marginal (and even negative for some states). The central government almost seems to washing its hands of the responsibility for these necessary programmes, leaving the state governments to deal with them and take the flak for the shortfalls. Similarly, even with respect to food security, the desultory manner in which the central government is proceeding with regard to the Food Security Act suggests that this is another important rights-based legislation that will fall by the wayside through sheer official neglect.

The most absurd processes are unfolding in the crucial area of sanitation, where advertising hype around the "Swacchh Bharat" campaign has replaced both public spending and meaningful public initiatives for waste management. Indeed, central

government spending for sanitation has been reduced and the insufficient number of sanitation workers across the country are complaining of inadequate and delayed payments, even while companies are encouraged to build (often useless and poorly planned) toilets all over the place as part of their Corporate Social Responsibility obligations and politicians take foolish selfies of themselves holding brooms in prominent places.

## **Education**

Education is a sector where the worst is probably yet to come, although the signs so far are bad enough. The most important concerns in education today are not about quantity but about quality. Sheer expansion of schools and higher education institutions and of enrolment is obviously not enough. But quality is also dependent at least to some extent on financial resources, and reasonable quality education cannot be provided in a cut-price model that denies students proper facilities, imaginative and good quality textbooks, well-trained and enthusiastic teachers and access to modern learning techniques, including the internet.

Unfortunately, this is an area where government interventions thus far appear to be reducing quality rather than increasing it. There are clear signs that the central government will once more (as it did under the previous NDA government) mess around with school textbooks to introduce archaic, misleading and potentially divisive elements into them. Important research organisations like the Indian Council for Historical Research have been given heads with low academic credentials but with close proximity to the RSS. Institutions that are supposedly autonomous are being interfered with, to the extent of causing their leaders to resign (as occurred with the IIT Delhi). The government has announced its intention to bring about sweeping changes in public higher education, from creating a common cadre of transferable academics across the country to enforcing a common syllabus in all institutions: moves that will destroy whatever of quality remains in the higher education system. This bodes ill for the future of the country as well as for the future of the tens of millions of young people whose hopes and dreams were so effectively tapped into by Mr Modi as candidate and then as Prime Minister.

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