Modi Attacks Opposition's 'Revadi' Politics, But are BJP-Led States Doing Well?

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A few weeks ago, in a veiled attack on the Bharatiya Janata Party's (BJP) political opponents, Prime Minister Narendra Modi cautioned people, especially the youth, against "revadi culture", saying it is "very dangerous" for the country, its development and well-being. Modi said:

> "Today, in our country, attempts are being made to collect votes by distributing free revadis [sweets]. This revadi culture is very dangerous for the development of the country. People of the country, especially the youth, need to be careful of this revadi culture. People of revadi culture will not build expressways, airports or defence corridors for you. People of revadi culture feel that by distributing free revadis to people, they can buy them. Together we need to defeat this thinking."

Aam Aadmi Party (AAP) leader and Delhi Chief Minister Arvind Kejriwal responded to the Prime Minister by saying:

> "There are allegations being made against me that Kejriwal is distributing free revadis, he's distributing freebies. I'm being abused and made fun of. I want to ask the people of the country, what am I doing wrong? I'm giving free and quality education to the children of poor and middle-class households in Delhi. I want to ask people, am I distributing free revadis or setting the foundation of the country?"

Delhi's AAP Model vs UP's 'Double-Engine Sarkaar'

The link between Delhi's improved fiscal performance (despite its multi-governance system and clear separation of legislative and executive powers) and its better socio-economic performance in terms of access to basic education, healthcare, and employment-based guarantee safety nets has been established well and discussed before.

Also Read

In Goa, AAP 2.0 Banks on Utopian Freebies and the 'Bhandari' Factor

In Delhi's AAP governance model, targeted social investments in basic healthcare, education, nutrition and access to drinking water, while meeting standards of quality and affordability, have had a positive multiplier effect on improving the overall human capital of the state. Let's look at education as an example.

Under AAP, the government announced a 106% increase in government allocation to education in its very first budget. The increase in funds has allowed government schools across Delhi to construct over 8,000 new classrooms, and more than 12,000 classrooms have been upgraded with new amenities (for laboratories, conference facilities, etc).

Efforts have been taken to improve the in-class performance of teachers and staff, including an initiative to send more than 200 teachers to the National Institute of Education in Singapore for receiving pedagogical training.

> Similarly, in healthcare, too, the AAP's experiment with mohalla clinics appears to have worked for the benefit who can't avail of affordable treatment that doesn't require hospitalisation in the heavily privatised – and deeply exploitative – medical landscape of Delhi.

Currently, there are over 300 Mohalla clinics where more than 212 lab tests, diagnostics and generic medicines are provided free of cost.

The improved quality of government schooling and primary healthcare in and across Delhi has created a positive image of the AAP as a 'viable alternative'. This also helped the opposition party come to power in Punjab recently.

While the AAP did well in Delhi in terms of increasing access to basic education and healthcare, Uttar Pradesh's own 'double-engine *sarkaar*' (Yogi-Modi combine), with its poor fiscal position and a high debt ratio, has failed to improve the state's socio-economic performance in areas of education, healthcare and job creation.

Also Read

AAP in Punjab: 'Delhi Model', BJP-Led Centre – Bhagwant Mann's Many Challenges

Human Capital Is as Important as Roads and Flyovers

Some may argue that a high state GSDP-to-debt ratio, particularly in a COVID-riddled scenario, may discourage states – even those as large as Uttar Pradesh and Bihar – from increasing their expenditure on socio-economic overheads and may rather push them to spend more on capital expenditure needs to generate more returns on invested expenditure.

Also Read

Karnataka's Child Malnutrition Crisis: Mere Survival Is Not the Point

The figure below shows that Punjab, Rajasthan, Kerala, West Bengal, Bihar, Andhra Pradesh, Jharkhand, Madhya Pradesh, Uttar Pradesh and Haryana are the states with the highest debt burden. These 10 states account for around half of the total expenditure by all state governments in India. Other vulnerability indicators also feature these 10 states. Their GFD-GSDP ratios were equal to or more than 3% in 2021-22, besides deficits in their revenue accounts (except Uttar Pradesh and Jharkhand). Moreover, in eight of these states, the interest payment-to-revenue receipts (IP-RR) ratio, a measure of the debt servicing burden on states' revenues, was more than 10%.

(Per cent of GSDP)

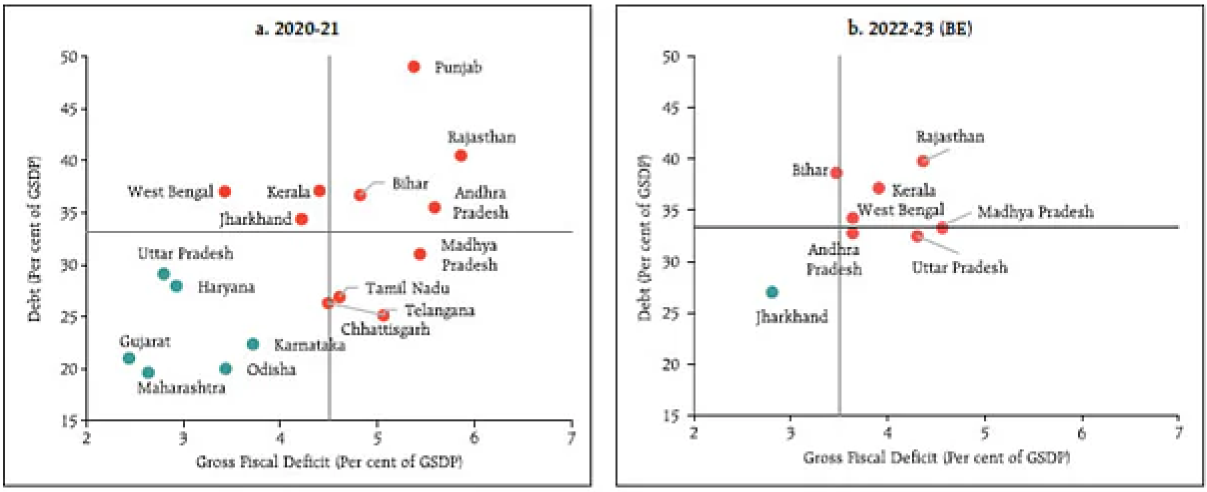
State	2020-21	2021-22 RE	2022-23 BE	Relative Size of States (in per cent)	2021-22 RE			
	Debt				Interest Payment to Revenue Receipts (Per cent)	Gross Fiscal Deficit	Revenue Deficit	Primary Deficit
Andhra Pradesh	35.5	32.5	32.8		14.3	3.2	1.6	1.4
Bihar	36.7	38.6	38.7		8.6	11.3	5.5	9.2
Chhattisgarh	26.3	26.2			8.0	3.8	0.3	2.1
Gujarat	21.0	19.0			14.2	1.5	0.0	0.2
Haryana	28.0	29.4			20.9	3.0	1.4	0.8
Jharkhand	34.4	33.0	27.0		8.4	3.0	-0.1	1.3
Karnataka	22.4	26.6	27.5		14.3	2.8	0.4	1.3
Kerala	37.1	37.0	37.2		18.8	4.2	2.6	1.7
Madhya Pradesh	31.0	31.3	33.3		11.7	4.2	0.6	2.2
Maharashtra	19.6	17.9	18.1		11.4	2.8	1.0	1.5
Odisha	20.0	18.8	18.6		4.3	3.5	-3.3	-0.6
Punjab	49.1	53.3			21.3	4.6	1.6	0.7
Rajasthan	40.5	39.5	39.8		14.9	5.2	3.0	3.3
Tamil Nadu	26.9	27.4	27.7		21.0	3.8	2.5	1.9
Telangana	25.2	24.7	25.3		11.3	3.9	-0.4	2.4
Uttar Pradesh	29.1	34.9	32.5		11.2	4.3	-1.3	1.8
West Bengal	37.1	34.4	34.2		20.8	3.5	2.2	1.1

← Higher Lower →

Note: 1. Data for Punjab is based on the Report titled 'State Finances: A Study of Budgets 2021-22' as its budget for 2022-23 has not been presented yet. Though, Odisha's budget for 2022-23 is Vote-on-Account, it has released its FRBM documents for 2022-23. As indicated by the state government, debt stock of 16.98 per cent of GSDP may increase by 3 per cent of GSDP if public account liabilities are incorporated..

2. For other states, data for debt, GFD, RD and PD are reported by the respective state governments in their budget documents and may not match with data to be compiled by the Reserve Bank as the methodology for compilation of these indicators differ.

Sources: Budget documents of state governments; Reserve Bank of India; and PRS Legislative Research.



Note: Horizontal and vertical lines inside the graph are the 15th FC's indicative targets for debt and GFD, respectively.
Source: Budget documents of state governments.

And yes, it is true that a high public debt ratio adversely stunts the incentive to allocate more fiscal space to affected states for increasing social expenditure, say, in healthcare, education, job security, etc.

> But seeing that expenditure as part of a government's basic social and economic responsibility and/or realising the need to ensure adequate human capital development is as important (if not more) as spending for physical 'capital' needs such as roadways, highways, buildings, etc.

There are also a lot of questions on the transparency and accountability of fiscal numbers, in terms of outlay-ed and outcome-based budget indicators – it is difficult to know where public spend is outlay-ed for in the budget and spent for in the actual disbursements.

Nevertheless, sustaining targeted social sector spending is also the only way for states – including those with weaker fiscal capacity – to employ counter-cyclical, Keynesian-style spending measures for higher growth and development possibilities.

Social Spending Helps Electorally, Too!

I previously analysed these links with data-backed insights, arguing why the 'welfare-driven' model of governance followed by the AAP in Delhi is important.

Data showed that high government spending on social and economic development, which is also reflected in the governance models of the Trinamool Congress in West Bengal and the Left Democratic Front (LDF) in Kerala, provided an alternative 'regional' opposition to the BJP's governance model, which has reduced its spending on social welfare, as seen in Uttar Pradesh.

UP's Sorry State

Our Centre for New Economics Studies's (CNES) Access (In)Equality Index (AEI) in 2021 observed how states like Delhi (despite its unique multi-party governance architecture), West Bengal, Kerala, or even Goa and Sikkim, perform better than Uttar Pradesh when it comes to access to basic social and economic services.Based on the score range of 0.67-0.23, states are grouped into three categories – 'Aspirants' (below 0.33), 'Achievers' (0.42-0.33) and 'Front Runners' (above 0.42). Bihar, Uttar Pradesh, Jharkhand, Assam, Odisha and Madhya Pradesh fall under 'Aspirants', which require sustained efforts to improve access to basic socio-economic opportunities across all identified pillars.

Also Read

Need, Desperation & Demand But Little Work Under MNREGA for Thousands Across UP

States such as Maharashtra, Arunachal Pradesh, Gujarat, Uttarakhand, Chhattisgarh, Rajasthan, Tripura, West Bengal, Manipur and Meghalaya are categorised as 'Achievers'. These states have good provisions for access to socio-economic opportunities and must sustain their efforts to advance to the next category.

Lastly, states such as Goa, Sikkim, Tamil Nadu, Kerala, Himachal Pradesh, Telangana, Punjab, Mizoram and Karnataka are 'Front Runners' in ensuring better access to basic socio-economic opportunities for their respective state populations.

Delhi here was ranked as a 'Front Runner', too, with an index score of 0.49, while Uttar Pradesh had the second-lowest ('Aspirant') score of 0.28.

> Thus, despite the Yogi Adityanath-led BJP government's recent electoral victory, the reality of Uttar Pradesh's socio-economic position cannot be ignored.

The frustration expressed by the youth recently in protests over the BJP's Agnipath scheme both in and across Uttar Pradesh and in states like Bihar reflected unemployment, poor job creation and poor social development remain a core concern in Uttar Pradesh, as also in a few other states where the BJP is in power.

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