

2020 FORESIGHT: WITH SOCIETY IN TURMOIL AND THE ECONOMY SLIDING, OPTIMISM ISN'T THE DOMINANT FEELING

A coming year of turmoil?

► 2020 is almost here. What does it hold for us? In mid-2019, Narendra Modi won a second term as Prime Minister with a resounding mandate, and India and the world once again renewed hope that he would focus on putting the economy back on track and ensuring that India reaps its 'demographic dividend.' Instead, at the end of 2019, millions of India's citizens, mostly youth, from across religions and regions, are out on the streets protesting against a government that has used its brute majority in Parliament to pursue not just its Hindutva agenda but, as a corollary to it, also to concentrate immense power in the government and police while diminishing other institutions of democracy. The bid to change the idea of Indian citizenship was only the proverbial last straw on the camel's back. The government has responded to the protests with repressive measures, a brutal crackdown using the police forces at its disposal, and shutting down the internet at will. If this is how 2019 ends, what will 2020 be like? We would have liked to give you an optimistic picture, but...

It doesn't look like it's going to be a quiet year ahead

ANAND MISHRA
DHNS

Parliament. Congress organised a 'Satyagrah' and on Saturday, its top leaders fanned out across the nation - from Rahul Gandhi in Assam to Priyanka Gandhi in Delhi and P Chidambaram in Thiruvananthapuram - holding foot-marches and rallies against the government.

As the nation-wide protests against the Citizenship Amendment Act and the proposed National Register of Citizens continue unabated, Opposition parties that were gasping for breath after the second successive election victory of the NDA in May this year have galvanized into action, even at the cost of inviting the charge from BJP of "instigating" violence by "misleading" people.

There is a realization in the Opposition that despite the government saying that there had been no discussion on the NRC so far, the BJP is sandwiched between the pressure from its core constituency to push the Hindutva issues and the challenge from the widening ambit of the protest against the CAA, which has not been a 'Muslims alone' phenomenon as the government may have expected it to be.

Sections of the Hindu intelligentsia, Dalit groups and Socialist leaders having substantial say among OBCs, too, are protesting. Most importantly, the government will be, or should be, worried about how the youth of the country have mobilised and taken the lead in the protests.

The victory that the opposition alliance of JMM, Congress and the RJD snatched from the jaws of a resurgent BJP in the tribal state of Jharkhand last week, with the backing of a Dalit-Muslim combine and the OBCs despite the BJP's high-octane campaign around the CAA-NRC and the Ram temple, has given it a shot in the arm and a hope that the Modi-Shah duo, in the BJP's second stint, can be checkmated if a numerically strong social coalition can be put together to challenge it and elections could be centred around local and livelihood issues.

The Congress and Left parties organised a joint rally in Kolkata on Friday while Bengal Chief Minister Mamata Banerjee's campaign against the CAA also continued. Mamata has warned that the CAA/NRC is not just against Muslims but against all sections of people.

Herein lies the challenge the Opposition faces - to debunk the BJP's propaganda that only Muslims are protesting against the CAA/NRC. Prime Minister Modi himself, for instance, remarked during an election rally in Jharkhand that "those protesting can be identified by their clothes," and the rank-and-file of the BJP have taken the cue from that.

At the pro-CAA rally in Mumbai on Friday, former chief minister Devendra Fadnis hardened the Hindutva and nationalism pitch and accused Congress, Left and the BJP's former ally Shiv Sena of standing with those shouting slogans against Hindus and the nation.

In Delhi, Shah called for the defeat of the "tukde tukde gang". The BJP thus seems to be upping the ante in the only way it knows - by calling those who are protesting against the CAA/NRC as "anti-national" and painting the Congress and the Left parties as having joined hands with Jihadis.

The Opposition is reaching out to some NDA allies and other parties which backed the CAA in Parliament but later re-calibrated their position - such as the Shiromani Akali Dal, which sought the inclusion of Muslims in the amendment, the JD(U), BJD and

The voice of Young India, at the end of 2019



SUKUMAR MURALIDHARAN

Electoral consequences. They endow winners with defined powers, while losers sit out a term in opposition. After the elections fought in the real world, facts on the ground determine the limits of feasible action. When an election occurs in the realm of faith, winners tend to seek liberation from facts and stretch the limits.

The consequences of the 2019 general election to the Lok Sabha have unfolded very rapidly. Prime Minister Narendra Modi was given a second term to fulfill what remains of an agenda nurtured since his political baptism in the Rashtriya Swayamsevak Sangh (RSS). But he is evidently a man in a hurry, untethered by the magnitude of his second victory.

Freedom from fact was asserted in numerous ways through the 2019 campaign: in waving away with offhand disdain repeated warnings about the downward economic trajectory, in rubbish official surveys indicating record unemployment levels, in deflecting public scrutiny of an air-strike on Pakistan that produced, at best, ambiguous results.

Rancour was amply on display at the same time, as with Modi's principal lieutenant, Amit Shah (now Union Home Minister) vowing to get rid of "infiltrators" who threatened the national fabric like "termites". "Shock and awe" was the strategy, which yielded disproportionate success against an opposition that was out-manoeuvred and out-spent.

But facts are stubborn things. Even if the politician is unable to harness them to a cause, they will assert themselves as part of the lived reality of millions. Modi 2.0 has shown an embarrassing paucity of ideas about restoring the flagging economy to a semblance of health. The first impulse was denial, Finance Minister Nirmala Sitharaman finding ample blame to go around. And then came a stimulus package steeped in formulaic thinking, that gifted huge tax breaks to the wealthy.

Despite a debilitated opposition, the BJP was soon making heavy weather of state assembly elections. As former finance minister P Chidambaram said, it was "dented in Haryana, denied in Maharashtra and defeated in Jharkhand." Viewed in terms of ruling parties in the states, the political map has been transformed in just a year. The BJP today controls half the country's elected legislatures, many with restive allies, but rules well below half the population. Going forward to elections in Delhi and Bihar next year, its prospects look bleak.

If Modi and Shah have in reserve a strategy to placate public anxieties, they have successfully kept it secret



VOICES FROM THE BJP

They can be identified by the clothes they are wearing

Narendra Modi

"If you've forgotten about what happens when the majority loses patience, just look back at what happened after Godhra. The majority here is capable of repeating it. Don't test our patience" ~

@CTRavi_BJP @BJP4Karnataka minister.

"But these illiterates - if you cut open their chest, you can't find two words inside them - just like punctured walrus - are the only ones opposing this law... This is a new India we are creating. This is India which will have a \$5 trillion economy. Your namby-pamby secularism that you people have built so far will not work anymore."

Tejasvi Surya, BJP MP, Bangalore South

so far. On public display is, instead, a tendency to inflame matters when the going gets tough, doubling down on core elements of the RSS agenda. The legislative adventurism on Jammu and Kashmir, when a transitional phase of President's rule was leveraged to effect permanent change in the state's constitutional status, has deepened alienation and widened the emotional gulf with the rest of India. Five months into the lockdown in Kashmir, concerns are mounting globally about India's intent in its only Muslim majority state.

Then came the tipping point. While introducing the Citizenship Amendment Bill in Parliament, Home Minister Shah spoke of a "minority" from neighbouring countries of Muslim predominance as a "reasonable classification", permitting special provisions without violation of the equality principle in Article

14 of the Constitution. Again, with a disoriented opposition unsure about what precisely it found objectionable, the government pushed the Bill through. In the process, a core republican principle on separation of religion and citizenship stood diminished, if not destroyed.

As protests broke out, first in university campuses that celebrate India's Islamic heritage and then more broadly, Modi and Shah responded the only way they know, by ramping up the confrontation. From Uttar Pradesh, Chief Minister Yogi Adityanath, the third face of the BJP's leadership pantheon, urged "revenge" against those who dared protest.

Narendra Modi vowed after February's military exchange with Pakistan that had pushed the two countries perilously close to full-scale hostilities, that the "new India"

under his leadership would take its fight into enemy homes. "Ghar mein ghus ke maareng", were his precise words as he opened his election campaign in Gujarat. At year's end, Adityanath was putting that promise into effect, except that the chosen targets were Muslim homes in India. After days of disproportionate force against demonstrators and directed violence by the police, much of it captured in disturbing cellphone videos, Adityanath administered the coup, imposing a severe fine on those who protested.

In remarks that dog-whistle an unspoken Islamophobia, Modi and his associates have portrayed the protests as a narrow affair. Yet the massive youth participation in protests across the country display an energy likely to tap into an ongoing demographic transition. It is a transition that promises a dividend as the

"youth bulge" begins to dominate India's demographic profile. But without some manner of purposeful thinking on employment, the dividend risks transformation into disaster.

Unrest within civil society seems a likely forecast for 2020 and so, too, growing tensions between states and the Union. From its stubborn moorings in the world of faith rather than fact, the BJP has refused to allow a full reckoning of two signature policy moves from Modi's first term: demonetisation and the Goods and Services Tax (GST). Yet the expert consensus today is that India slipped into a slough of economic despond with the first and sank deeper with the second.

GST receipts have stagnated and could spiral downwards as the economic slowdown persists. States are anxious at miscued forecasts of a revenue abundance and the possible denial of promised shares.

If the Modi government's actions on Kashmir were a flashpoint for global concerns over the future of India's democracy, its subsequent moves have triggered more substantive worries.

With the politics of conciliation being alien to its repertoire, the BJP's strategy has been to win by creating schisms. The flight into the world of faith continues, as does the denial of a fact-based discourse, through for instance, internet blockades in which India is now world leader. These are little less than a recipe for continuing turmoil.

The writer is Delhi based senior journalist



Earlier, the BJP failed to repeat its 2014 performance in the Assembly polls in Maharashtra and Haryana. In Maharashtra, it lost its oldest ally, Shiv Sena, and it lost a second term in power; in Haryana, it fell short of majority and had to tango with a post-election ally, a Jat party at that, leaving aside its "no-jat" consolidation politics.

This shows that either the Opposition managed to blunt the BJP's planks of Article 370, triple talaq and Savarkar in Hindu-dominated Maharashtra and the Haryana elections as well, or that the people aren't buying into these and are rather focused on their bread-and-butter issues.

Moreover, with people coming on to the streets defying the imposition of Section 144 and protests spreading across a large number of cities and universities after the police crackdown at the Jamia Millia University, the Opposition is sensing that the sentiment among the youth, who have since 2014 voted overwhelmingly for Modi, is turning against the ruling party.

Though pro-CAA rallies were also taken out by BJP supporters, the number of anti-CAA rallies have been greater and the sheer number of protesting youth in them an eye-opener. In Delhi, the massive anti-CAA/NRC protests, with the youth in the lead, have been reminiscent of the post-Nirbhaya gang rape protests in December 2012.

The upcoming Budget session of Parliament, beginning next month, will be an important one for the Opposition parties to come together and voice their protest on the issue.

On the streets, leaders from Congress, Left parties and some others have come out to back the anti-CAA protests, inviting criticism from Home Minister Amit Shah, who questioned why they not make those arguments in

YSR Congress, which have said no to NRC after backing the CAA, and parties in the North-East, which are up in arms against the CAA.

Some 10 chief ministers of non-BJP states have announced that they will not implement CAA/NRC. While JD(U) vice-president Prashant Kishor has said that chief ministers of opposition parties have a more significant role in opposing CAA/NRC, his boss and BJP ally Nitish Kumar has also announced that Bihar will not implement NRC.

The government is trying everything to ensure that the whole CAA/NRC affair doesn't blow up in its face. While there is the UP model of crackdown and "revenge" against the protesters, efforts are also being made to reach out to different sections, including Muslims, to convince them that the CAA does not affect any Indian citizen, while conveniently sidestepping the issue of NRC.

Modi even sought to retract from NRC, publicly saying that the government had so far had no discussion on it and contradicting Shah's repeated assertion that the government would implement NRC come what may, but stopping short of a categorical assurance that the government will not conduct NRC or even use the National Population Register (NPR) as a proxy or first step towards NRC.

While the government's confounding tactics may throw the Opposition off balance and ensure that they cannot keep the protests alive for long, it seems that the leaderless protests of the youth and civil society at large have taken on a life of their own against the Modi government, not only on the CAA/NRC but on a whole range of issues. Next up on their minds is what the government seeks to do with the Data Protection Bill. It does not look like 2020 is going to be a quiet year politically.

What's in store for the Indian Economy in 2020?



VIVEK KAUL

2020 is almost here. The big question bothering people who are bothered by such things is, how will the Indian economy perform in 2020? Will we get back to growing at the rate of 8% and higher? Or will the current growth of less than 5% continue?

Economics, despite what many economists like to believe and say, is not a science. And given that, definitive answers are always difficult to come up with.

Nevertheless, I will try and take a shot at it.

It is worth remembering that the Indian economy is primarily a consumption-driven economy. Private consumption expenditure, or the money that you and I spend on buying goods and services, has over the years formed nearly three-fifths of the Indian economy. In the past, it was consumption growth that drove Indian economic growth.

But consumption growth in

2019-20 has collapsed. In the first six months of this year, consumption growth has been just 7% (in nominal terms, without adjusting for inflation). It is the first time since 2004-05 that consumption growth has been in single digits. The question is, why? Since 2011-12, a large part of consumption has been financed through increased borrowing and spending a greater proportion of the income. This has led to household financial savings coming down dramatically. This has primarily happened because incomes haven't grown as fast as they had in the past. The reason for that lies in the fact that enough jobs are not being created to employ India's demographic dividend or the one million Indians who enter the workforce every month.

Ultimately, consumption is a function of income, which is a function of job creation, which in turn is a function of increased investment in the economy. A fundamental principle to remember in economics is that economic activity feeds on economic activity. The city of Bengaluru remains a great example of this. In a period of a little over three decades, the city has transformed from a pensioners' paradise to a global IT hub. And this

wouldn't have happened if the initial bunch of companies hadn't come and set up their offices in the city. Of course, physical infrastructure hasn't kept pace with the city's growth and the environment has been destroyed, but one can't deny that lots of jobs, wealth and economic growth has been created in the process.

The only way to create economic growth is to encourage economic activity. This is something that hasn't happened enough in India, in the last decade. This is clearly reflected in the fact that the investment to gross domestic product (GDP, a measure of a country's economic size), peaked way back in 2007-8 at 35.8%. It has been stagnant at 28-29% of the GDP for the last four years. This ratio has to be pushed up.

How can that be done? As cliched as it may sound, the land and labour laws need to be reformed. The Goods and Services Tax (GST), which has been a major spoilsport since it was launched, needs to be majorly simplified. As Vijay Kelkar and Ajay Shah write in *In Service of the Republic*: "80 per cent of the countries which introduced the GST after 1995 have opted for a single rate GST." India's experiments with a multi-rate, complicated GST continues.

Over and above this, governmental spending needs to be made smartly. There is simply no point in continuing to rescue failed public sector enterprises and banks, when spending money elsewhere can give more bang for the buck. Kelkar and Shah point out in their book that it takes Rs 1 lakh crore to build a 10,000 km four-lane highway. From the economic point of view, this is a no-brainer: the government should be spending money building roads rather than rescuing public sector enterprises. But that would involve disturbing the status quo and the Modi government, like other governments before it, doesn't like doing that.

Also, the government is desperate to increase tax collections. Media reports suggest that diktats have been issued to the income tax department to crack down on tax evasion and go aggressive on increasing tax collections. As we have seen over the last decade, tax terrorism has become another issue that businesses have to deal with. This is likely to become more acute this year given the huge slowdown in corporate tax collections. In the first seven months of 2019-20 (April to October), the corporate tax collections stood at Rs 2,72,756 crore, an increase of just

0.9% over the same period last year. In the budget, the government assumed that corporate tax collections would grow by 15.4% in comparison to last year!

This is not going to happen simply because the government has cut corporate income tax rates. Over and above that, if the economy is growing nominally at 7%, tax collection cannot grow at over 15%. Harassment by tax officials discourages small and medium entrepreneurs in a big way. This is something that the government needs to avoid if it wants to encourage economic activity and growth, this year and always.

Given the fact that the government has barely acknowledged that there is an economic slowdown, the chances of any economic reforms are bare minimum. As things stand, I will be very surprised if economic growth crosses 5.5-6% during the course of the next year. And that being the case, things will continue to remain bleak and tough on the economic front. This means that the government will make more attempts to create issues which divert public attention away from the economy.

(Vivek Kaul is the author of the *Easy Money* trilogy)