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"Economic Policies UNDER A REVIVED BJP"

by S L Rao

The Modi government had a spectacular victory in the national election of 2014, a total failure in the subsequent Delhi and Bihar elections, and seems to think it has after the five Assembly elections in May 2016, acquired a national footprint. Meanwhile it has had a turbulent two years in Parliament with major economic legislation (land and goods and services tax) being stuck. It has yet to announce an economic policy framework that is different from the UPA. It seemed to be like a headless chicken, not knowing how to revive itself.

In government, Modi and his party in dealing with Opposition parties and particularly the failed Congress party, has been arrogant, dismissive, and inflexible. The BJP's lack of political experience made them ignore their need for Opposition support to pass legislation in the Rajya Sabha where BJP is in minority.

Modi had little national political experience in dealing with Opposition parties. His administrative experience was in running one cohesive state and in which his success was exaggerated. Most of his party M.P.'s also had little talent or experience at the Centre (except Sushma Searaj). There are only

a few capable Ministers in his Cabinet (Pyush Goyal, Nitin Gadkari, Suresh Prabhu, Manohar Parrikar and a few others). Sushma Swaraj had for years been at the top echelons of the party nationally, and in its central Cabinet under Vajpayee. But Modi marginalized her. Modi determines foreign and policy and its execution at the highest levels. The flip flops particularly with Pakistan and China reflect this. The experienced Old Guard was sidelined. Lack of political experience and political finesse stalled legislative support from opposition parties. Unchecked aggressive Hindu nationalists painted the BJP as a party intolerant of other religions and especially Islam. Continued unproven charges against Modi for the Gujarat riots of 2002 enhanced this perception.

The political inexperience led to losing Delhi and Bihar elections. Serious mistakes in Delhi were the projection of an unsuited woman parachuted as Chief Minister candidate; and not projecting one in Bihar though there was a tested Leader who had been an effective Deputy C.M. for eight years. There were no alliances with local parties. Nor were local leaders given prominence in electioneering. Electioneering was by Modi and Amit Shah. Their focus was on national and not local issues.

The battle in five states (West Bengal, Tamil Nadu, Kerala, Assam and Puducherry) is projected as the victory of a new BJP strategy. Project a known face to be Chief Minister, build alliances with local parties, let local leaders do the intense electioneering, not use communal overtones, were the "new" formula. Yet BJP's total share in all five states, of votes and seats won is less than of the decimated Congress. BJP won zero seats in Tamilnadu and Puducheri; 3 in West Bengal and 1 in Kerala. This is not a national footprint but the beginning of a little toehold.

The Assam victory gives the BJP a commanding role over the North Eastern states. With the improvement in ties with Bangladesh and the emergence of a cheap riverine route to them, they will experience significant economic growth and exploitation of their rich natural resources.

With Congress all but dead as a national-even regional-party, the sizeable TDP and AIADMK in Parliament might veer towards supporting the BJP, and help pass important legislation. They could be prospective allies in the 2019 national elections.

The Congress is no longer a national party. It is a "B" team to local parties in state governments. It may not indulge any more in Rahul Gandhi's strategy of a "scorched" economy which he used in the last two years by obstructing legislation. Its dynastic leadership may not go since it is the glue that has held the Congress party together. It will take many years, party splits and much blood letting for new

leadership to emerge and make the Congress relevant. So BJP is now the only national party.

Mamta Banerjee and Jayalalithaa rule heavily indebted big states. Both need support in cases by CBI and ED. Their votes in Parliament will be wooed by BJP with financial and even legal help on pending cases. It also seems unlikely that Mulayan and Lalu would be partners that these ladies might want to have. Hence the "Grand Alliance" which won Bihar for Nitish Kumar and Lalu Prasad may be a fading dream. The next elections might see them allying with the BJP. We can expect the BJP legislative agenda including the g.s.t to pass soon.

The BJP will probably lose Punjab because of misgovernance by its Akali ally. AAP may take over. Uttar Pradesh may be a hung election without grand alliances to unite the vote. If this leads to President's rule for some time, that will help the BJP.

What does the BJP as a party and the Modi government need to do to consolidate and win the 2019 election? It must concentrate on development. It cannot dither any more. Perhaps the Prime Minister might become more active in Parliament and the media.

The government must announce its ideology and policies. It cannot be "Congress with a Cow". It must flatly state its objective to make India more of a market economy, but with independent regulation to ensure competition and protect

consumer interest. It must distance itself from the public sector and its dominance. This could be by privatizing some but in all cases by keeping government away from their running. Independent Boards and management, with transparency, must be the objective. Just as it has abolished old legislation, there must be a wholesale cleaning up of controls in all Ministries, and departments of government. The freedom of enterprises to innovate and grow must not be subject to second guessing by government. While the goods and services tax is welcome, the direct tax code must be implemented. Foreign and Indian investors must have confidence in tax certainty. Nationalized banks must function dependently under supervision of the RBI, not government.

Government must announce an integrated national agricultural and water policy. Irrational pricing of power by states, and pricing for water that does not even cover running costs, have led to India becoming the largest user of ground water. Poor propagation of water conservation and harvesting, crops selection in relation to water and soils, have kept water use high and productivity low. Neglect of lakes and rivers has been a criminal failure of governance at all levels. Genetically modified seeds have been caught between aggressive environmentalists and timid governments. We must use science to help take decisions that can greatly improve agricultural productivity. There are other areas in which clear policies must be put out. In many

cases, state governments must be taken along. A consultation system must be in place.

Modi's government now has a set of actions that could reduce black money. But it still needs to substantially speed up honest investigations, increase penalties on all participants, get speedy trials, and not misuse these for political blackmail.

The last two years of government and the Assembly election results could mark a watershed for the BJP government. It could become more open, intelligent in policy formulation and execution. Or it could continue to be like the Congress was for decades.

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