

# Three Cheers: Modi Has Much To Celebrate

## Ambitious sweep of new laws reveals govt's priorities

Rajeev Deshpande & Sidhartha | TNN

In its three years in office, the Modi government has scrapped more than a thousand laws, some dating to the Raj that detailed rules for killing elephants and how to deal with spy pigeons. But the several laws that have been amended and the fresh ones that have been passed reflect the government's intent to quicken the pace of economic change and extend its political constituency to the underprivileged apart from the country's middle classes.

The list is formidable: from GST and the Real Estate Regulation Act, to Benami Transactions Prohibition Act and Undisclosed Foreign Income and Assets Act, to new laws for recovery of debt, insolvency and bankruptcy. These are not laws that merely tinker with the status quo; their impact is expected to be game-changing. Initially, law-making proved more difficult than may have been anticipated after PM Narendra Modi led the NDA to 336 seats in the Lok Sabha. An unlikely opposition coalition of the Congress, Trinamool, Left, SP and BSP used BJP's lack of majority in the upper House to ensure bills passed by LS were referred to select committees. Important reform legislation like GST marked time.

It took months of hard bargaining and resorting to parliamentary stratagem of terming certain legislations

### THE BIG 5

**GST:** After over a decade of political bargaining, all parties came together to enact biggest tax reform to make India a unified market, bigger than EU

**MATERNITY LEAVE:** Landmark law allows women up to 26 weeks maternity leave

**AADHAAR:** After blocking UPA's attempts to enact the law, NDA passed its version making a unique ID mandatory. Govt opted to use Aadhaar to improve efficacy but its validity is being heard by Supreme Court

**INSOLVENCY & BANKRUPTCY CODE:** Finally a law for quicker closure of businesses, revival of viable ones. Time-bound resolution for companies, a quicker one for start-ups

**RERA:** Law to protect home buyers includes restrictions on transferring funds, ways to deal with delayed delivery

— example, Aadhaar — as money bills, before law-making began to gather pace.

By and by laws that are expected to significantly alter how business is conducted and politics is practised were passed as BJP consolidated its dominance in state elections after setbacks in Delhi and Bihar in 2015.

With an eye to the political imperative of social equity, the government moved on economic legislation linked to its stated objectives to speed up business. The sweep of legislations has been ambitious, looking to alter both social and economic behaviour. Besides the high-profile new laws mentioned earlier, there have been several others — such as the ones for setting up dedicated commercial benches in court and making the auction of coal and minerals mandatory. The rights of persons with disabilities is now law while

**The push on economic legislation was linked to its stated objectives to speed up business while while also looking to alter social and economic behaviour**

the maternity benefits bill is pending approval as is the legislation to grant constitutional status to the national commission for backward classes.

BJP's three-fourth majority in UP and Uttarakhand besides stealing a win from Congress in Manipur and Goa smoothed the passage of four GST-related bills in Parliament's Budget session, after the Rajya Sabha had passed the GST constitutional amendment Bill last August, over two years after the Modi government assumed office.

The laws prioritised by NDA reveal its priorities.

Early in its tenure, the government altered the Juvenile Justice Act to provide for teens in the 16-18 age group to be treated as adults in heinous offenses. This was in response to a public outcry over an under-age offender in the Nirbhaya gangrape-murder case being given a mild sentence. The government also brought in the Scheduled Castes and Scheduled Tribes (Prevention of Atrocities) Amendment Act to provide tougher punishment.

If changes in juvenile law point to a tougher line on crime, amendments to the SC and ST act incorporate specific humiliations such as forced tonsuring and denial to water resources. The decision is consistent with BJP's determination to make a mark with Dalit voters and counter the criticism of being a 'manuvadi' party. The BJP's Dalit project was hurt by the Rohith Vemula suicide and the Una violence but the party managed to trump its caste-centric opponents in the crucial UP election.

Expansion of the definition of disabilities and the increase in paid maternity leave to 26 weeks from 12 weeks are interventions that will likely force even the private sector to extend similar benefits to their workforce.

Changes in the law allowing women to work in night shifts was another important pro-women step signalling a commitment to a more gender-friendly work regime.

### FULL MARKS 😊 INCOME, PRICES, SENTIMENT

### HALF MARKS 😞 INVESTMENT & JOBS

Turbo-charged by a decisive PM and aided by low oil prices, the economic ministries of NDA have started to move in tandem. The task for the remaining 730 days is to make it more attractive for private sector to invest, which alone will create large-scale jobs

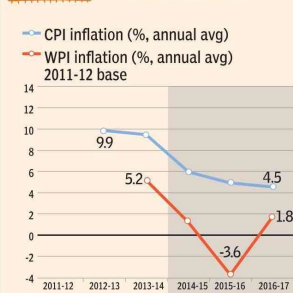
#### Income

Despite demonetisation, GDP growth didn't fall below 7% & per capita income growth re-entered double digits...



#### Prices

...Inflation has finally been tamed, which allowed cut in interest rates...

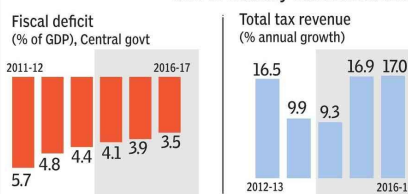


#### RBI repo rate %



#### Govt Finances

...public finances are in a much better shape, largely due to healthy tax revenues...

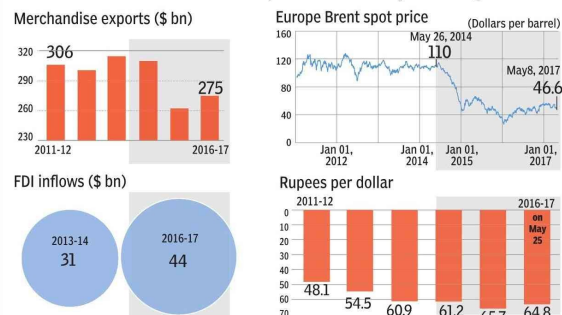


World GDP data for calendar year. Source: Crisil, CME, RBI, ETG



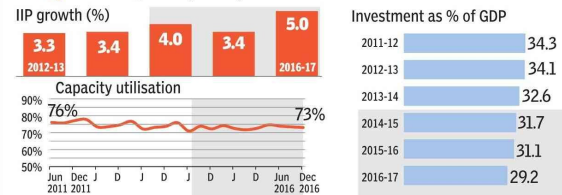
#### External Economy

...Crude prices are at less than half the level of May 2014, which cushioned the impact of fall in exports even as rupee strengthened...



#### Industry

...industrial production shows mild recovery, though investments and capacity utilisation are yet to pick up...



#### Wealth

...stock prices, one of the key indicators of business sentiments, have soared again after a fall in 2015-16



### 10 INITIATIVES PROGRESS REPORT

#### 1 PRADHAN MANTRI JAN DHAN YOJANA

**WHAT'S BEEN DONE**  
DEPOSIT BASE EXPANDED:  
**Rs 63,971 cr in 28.2 cr accounts**  
Avg deposit per account more than doubled from Rs 1,064 in March 2015 to **Rs 2,235 in Mar 2017**  
**22.14 cr RuPay cards issued**

**TO BE DONE**  
Expand coverage, ensure security of accounts

#### 2 MAKE IN INDIA

Programme to transform the manufacturing sector

Railways, Defence, Insurance & Medical Devices sectors opened up to higher FDI

Several foreign investors have shown interest in setting up manufacturing facilities

Six industrial corridors are being built

Progress limited, more needs to be done to get large greenfield units

#### 3 DIGITAL INDIA

For a digitally empowered society & knowledge economy

Seen as a \$1 trillion business opportunity across IT and IT-enabled services

Several initiatives undertaken

Investments from telecom companies have flowed in

Progress needs to gather momentum. Vast scope makes it unwieldy

#### 4 SMART CITIES

Government of India to develop 100 smart cities

Govt says 60 proposals approved: **72m urban population impacted**

Total cost **Rs 1.3L cr**

Massive efforts needed to achieve objective, implementation slow & way behind schedule

#### 5 UJALA

Aim to replace 770m inefficient lamps with LED. **Total 23 cr LED bulbs given out** that resulted in **saving 30,751 units of electricity** and reduced carbon emissions equivalent to 24 tonnes

#### 6 PRADHAN MANTRI UJJWALA YOJANA

Target was to provide 5 cr free cooking-gas connections to poor families by 2019. **Upto now 2.2 cr connections** have been given against target of 1.5 in 2016-17

Expand coverage

#### 7 SWACHH BHARAT

Launched Oct 2, 2014, to Clean India by Oct 2, 2019: Sanitation coverage **up from 42% to 60% in 2017**

Slow; rural areas face challenge in dealing with liquid waste; urban areas struggle with garbage and open urination

Kerala, Himachal & Sikkim & **85 districts** across country & **1.5L villages** have now been declared open defecation free (ODF)

Waste to compost, best option to manage urban waste has not made progress. Only 20% of waste is treated

Progress good but pace must pick up

#### 8 PAHAL

Direct benefits transfer for LPG (DBTL) consumers scheme

Direct benefit transfer scheme for cooking gas users. The scheme will cover over **15.3 cr consumers** in **676 districts**. Over **6.5 cr** have already joined the scheme

Progress good but pace must pick up

#### 9 NAMAMI GANGE

Launched July 7, 2016. More than **300 projects** to clean and protect the 2,500km river. **Rs 2,037 cr** allocated

Past two years, **Rs 1,665 cr** spent

Progress has been slow and massive effort needs to be mounted to meet the objective of cleaning the river

#### 10 BETI BACHAO BETI PADHAO

Objectives of scheme to prevent sex selective elimination, ensure survival & protection of girl child, education of the girl child

Has two components  
Mass communication campaign and multi-sectoral action in 100 selected districts (as a pilot) with adverse child sex ratio covering all states and UTs

Some results visible in some states such as Hararyana but coverage has to expand

