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3 Years Of Modi Government | Towards A Transformative, Sustainable And Robust Economy.

The Narendra Modi-led National Democratic Alliance (NDA) government completes three years in office on 26 May after rooting out the 10-year rule of the Congress-led United Progressive Alliance regime.

There will be the usual spate of assessments and analysis of these last three years but it's important to understand what this government started with.

Transformative decisions

Rewind back to 2014 when Narendra Modi assumed office, the economy was a precipice – with over 12 quarters of economic decline, inflation growth. Investment sentiment on the back of unrelenting series of scams like telecom, coal – signaling a governance failure of epic proportions. The out of control government spending also had caused fiscal deficit that was further causing pressure on Currency and Investments.

Fast-forward to 2017, and all critical indicators point to a stable economy – growing at 7 per cent plus, with moderate inflation and fiscal deficit – record Foreign Investment of almost \$150 billion over the last three years. Most importantly, the perception of a corrupt government has been replaced with one that's a corruption-free, determined and hardworking government.

Any objective assessment of the last three years would reveal several transformative decisions taken by this government to fix decades of economic mismanagement, corruption and misuse of public finances. The passing of the GST bill, the bold decision of Demonetization in order to clean up the menace of black money and give a push towards digital economy, passing of the pro - consumer Real Estate bill seeking to protect thousands and millions of homeowner consumers in the real estate sector known for its corrupt practices, passing of the insolvency bill along with amendments in Sarfaesi Act in order to tackle the menace of NPAs along with the recent promulgation of Banking Regulation ordinance are some of the highlights of the government in the last three years – in addition to a new culture of hardwork and public service that has slowly but surely changed the character of government.

Bring the economy back on track

For the last three fiscal years, the Indian economy has been consistently clocking a growth rate of more than 7 percent despite the huge economic mess that it undertook from the UPA government. India's GDP growth in 2017-18 estimated to rise to 7.4 per cent is likely to be the highest among large economies in the world. This government has also moderated inflation it declining from 6 per cent in July 2016 to 3.4 per cent in December 2016. Despite a significant uptick in public spending, the fiscal deficit remains controlled at 3.5 per cent with a plan for 3.2 per cent for the year 2017-18, well on course to the 3 per cent target set

by the FRBM review committee. This is in sharp contrast to the UPA government's profligacy which saw the fiscal deficit reach the dangerous levels of 5 per cent in 2013. India's current account deficit too is at a comfortable level of 0.3 per cent of the GDP. Cumulative FDI \$151 billion in FDI in the last three years including a 36 per cent increase in the FDI this year over the last one despite 5 per cent reduction in global FDI inflows.

One of the highlights of this government is the structural reforms that it undertook. As I have said in the past that the focus of this government has been on transforming India through real solutions and not just rhetoric-heavy visions, a key departure from the UPA brand of public policy. Government through its programs like Jan Dhan Yojana to ensure financial inclusion has resulted in close to 28 crore previously unbanked people to get an access to the financial system. The Government has effectively used the trinity of Jan Dhan Yojana, Aadhaar and Mobile (JAM) to ensure the efficient delivery of subsidies by eliminating leakages and has prevented leakages and helped save Rs 36,000 crore.

GST and demonetization

The passing of the long-awaited GST bill represents independent India's biggest indirect taxation reforms which could grow our economy by 1-2 per cent by creating a common national market. GST will bring also significant benefits to the consumers. And also catalyze the expansion of the tax base. With expansion of the tax base in turn will come increased revenues to Government for its welfare and social spending needs. All these things finally contributing to transforming the economy to one that more efficient, more competitive—an important criterion in a world of increasingly competitive economies.

By announcing the decision to demonetize Rs 1,000 and Rs 500 currency notes, the government showed that it won't shy away from taking bold and tough decisions to clean up the economy. So while in recent years the focus has been on the Quantity of the economy, for the first time there is effort at improving the quality of our economy. Demonetization has led to an expansion of the tax base with 9.1 million new taxpayers in 2016-17, an 80 per cent increase over the typical yearly rise. It has also pushed people towards digital transactions and has taken on the parallel economy. As the finance minister said in his last budget speech, "Demonetization seeks to create a new 'normal' wherein the GDP would be bigger, cleaner and real."

Challenges ahead

There remain challenges off course – growing NPAs, frozen banking sector and therefore the sluggish credit growth for investments, concerns of declining exports both remain issues that need to be addressed. The NPA problem – a problem that I first raised in Parliament in 2012 is in particular one that I have alerted the government as early as 2014. The calculations that we could use policy reform and growth as a way to grow our NPA through the problem has proved to be not enough to conquer the deep, systemic rot caused by years of corrupt and politically backed lending during the UPA years. There are many

more miles to go, but we are headed for the first time in many decades in the right direction under the right leadership.