

3 years of PM Narendra Modi: Here's how NDA government performed on economic front

Modi has been successful in ensuring political stability and providing decisive leadership with bold decisions, which were both acclaimed as well as bitterly criticised over the last three years.



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HIGHLIGHTS

- Transport Ministry under Gadkari is one of the best performing wings of the Modi government.
- The Modi government has been able to keep inflation under control.
- Job creation is one area where the NDA govt has failed to live up to its expectations.

On May 26, 2014, Narendra Modi took oath as the Prime Minister of India after the BJP-led NDA secured a mammoth majority - unseen in the last 30 years - in the parliamentary polls. Narendra Modi swung the BJP's electoral fortune in the general elections with the slogan of bringing Achche Din, symbolising economic prosperity accompanied with enough number of jobs for the teeming millions.

The Narendra Modi government has completed more than half its tenure and the Prime Minister has been successful in ensuring political stability and providing decisive leadership with bold decisions, which were both acclaimed as well as bitterly criticised over the last three years.

HOW BUDGET WAS REFORMED



PM Modi with Finance Minister Arun Jaitley.

When the Modi government was sworn in three years ago, the economy was suffering on account of a policy paralysis. Reviving the economy was high on the agenda of the Modi government. Narendra Modi announced simplification of rules and procedures as the guiding principle of his government to bring about economic reforms in the country.

Three years down the line, Budget has been transformed into a simple process. Three major changes have been brought by the Modi government to streamline the annual Budget. Railway Budget was merged with Union Budget. It brought all the departments of the government on an equal footing with equal weightage in the eye of the Finance Ministry. Anyway, there was no mention of a separate Railway Budget in the Constitution. Furthermore, the Railway Minister was saved from the excruciating process of formulating Budget for the department. This process earlier consumed a lot of precious time of the Railway Minister and his department's staff. The date of Budget presentation was advanced from February 28 to February 1 and the passage of the Finance Bill was also advanced. This helped change the financial cycle from July to April more in sync with the cropping cycle in most parts of the country. The third major change was doing away with the artificial distinction between planned and non-planned expenditure of the government. A government is anyway not supposed to spend money without planning. Furthermore, there is a contingency fund and a Prime Minister's Relief Fund to meet any expenditure in times of calamities or emergency.

EASE OF DOING BUSINESS

In the World Bank's latest Doing Business 2017 report, India ranks 130 among 190 countries - just one place ahead of its last year's ranking. But, Union Minister Nirmala Sitaraman recently said that over '7,000 steps' were taken by the Modi government to improve the ease of doing business in the last three years.

Narendra Modi has defined ease of doing business in the country as one of the prime objectives of his government. He has said on several occasions that ease of doing business helps in attracting foreign as well as institutional investments.

The passage of the Goods and Services Tax Acts is a step in the direction of improving the ease of doing business. This is likely to change the business environment in the country. Further, the Modi government scrapped the Foreign Investment Promotion Board (FIPB), which was held responsible by many observers of the Indian economy as the single biggest bottleneck in the way of FDI.

E-filing of Income Tax Returns is another step that helps in improving the ease of doing business in the country.



PM Modi at Parliament.

FIGHT AGAINST BLACK MONEY

Bringing back illegal wealth stashed in foreign banks was one of the stated agenda of the Modi government, which began its tenure with the setting up of a Special Investigation Team (SIT) on black money. Justice MP Shah heads the SIT.

While the SIT continued to work on its mandate, the Narendra Modi government brought about a number of measures to curb black money. The most debated of those measures was demonetisation of Rs 1,000 and Rs 500 notes in November last year.

Demonetisation was a decision aimed at bringing about a new phase in the Indian economy. It was implemented to target multiple goals. The biggest achievement of demonetisation is the spread of formal economy and bank connectivity to most of the transactions.

Besides, a series of legislations was enacted by the Modi government aimed at checking the generation of black money. Benami transactions (Prohibition) Amended Act, 2016 replaced the old law of 1988, making it more punitive.

Similarly, the loopholes in the Prevention of Money-laundering Act, 2002 were plugged by an amendment in 2015. The Undisclosed Foreign Income and Assets (Imposition of Tax) Act, 2015 was passed that provides for penalty for hiding information about foreign income. The much-debated Finance Act 2015 amended Foreign Exchange Management Act (FEMA) 1999. The amended law provides for seizure and confiscation of property of equivalent value in India, in case a person is found to have acquired any foreign exchange or immovable property abroad through illegal means.

FOCUS ON INFRASTRUCTURE

Transport Ministry under Nitin Gadkari is said to be one of the best performing wings of the Narendra Modi government. A range of schemes were launched to improve infrastructure including roads, ports, railways, airways and electricity.

Smart City Mission was launched with the aim of building 100 model cities in the country by 2019. The Atal Mission for Rejuvenation and Urban Development (AMRUT) Yojana was launched to develop infrastructure in 500 towns and cities by 2020.

The Shyama Prasad Mukherjee National Rurban Mission is aimed at developing smart villages on the line of smart cities in order to stem the trend of migration. The Setu Bharatam Project is aimed at making national highways free of railway crossing by 2019.

In June 2016, the Narendra Modi government launched the National Civil Aviation Policy - the first comprehensive policy on civil aviation. It is aimed at creating an eco-system to make flying affordable for the masses. Under this policy, UDAN (Ude Desh Ka Aam Nagrik) was launched to connect nearly 50 small cities of the country.

INFLATION UNDER CONTROL





PM Modi with his predecessor Dr. Manmohan Singh.

Rising prices was one of the factors that went against the previous Manmohan Singh government in 2014. The Modi government has been able to keep the prices down. CPI inflation for May 2014 was around 8.5 per cent. Now it has come down to 2.9 per cent (April, 2017). The wholesale price index (WPI) for the last month was 3.85 per cent. Price stabilisation has helped the Narendra Modi government and the RBI work in tandem to bring down the lending rates. The BJP benefitted from this politically as evident from election after election in different states.

GDP GROWTH AND OTHER INDICATORS

The gross domestic product rate stood at 4.7 per cent during the last fiscal year of the Manmohan Singh government. But, one year later under the Narendra Modi government, the GDP growth rate soared over 7 per cent. It has maintained the trend since then.

Now, with the GST, many observers across the globe believe that India's GDP growth rate would go past 8 per cent.

The Current Account Deficit (CAD), which was a problem during the UPA rule, is now below 1 per cent of the Gross Domestic Product (GDP).

However, job creation is one area where the Narendra Modi government has not fared according to expectations. Against the Modi government's promise to create 1 crore jobs every year, labour bureau records presents a dismal picture.

In the last two years about 3.5 lakh jobs were created, which is a cause of worry. But, at the end of three years, the Narendra Modi government may sit satisfied especially when the Opposition is reeling under sustained political pressure from the BJP, which is functioning like an election winning machine.