

INTERIM BUDGET – MODI’S ECONOMIC POLICIES AND 18TH LOK SABHA ELECTIONS

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(Views expressed in the brief are those of the author, and do not represent those of ISSI)



Source: Times of India.

When Prime Minister Modi inaugurated Ram Mandir on 22 January 2024,¹ it was said that he had formally started his electoral campaign for the next Lok Sabha elections. Just days after the Ram Mandir inauguration, Mr. Modi’s economic policies and how they have ‘positively’ impacted ordinary Indians over the last ten years was laid out before the public with a view to garnering popular support for his third consecutive term in office.

On 1 February 2024, India’s Finance Minister Nirmala Sitharaman made a strong case to convince the public to elect Prime Minister Modi for the third straight term. Presenting Interim Budget², Ms. Sitharaman highlighted in detail the welfare schemes introduced by the BJP government in the last ten years. She highlighted that Direct Benefit Transfers of Rs. 34 lakh crore through PM Jan Dhan Yojana (National Mission for Financial Inclusion) accounts led to savings of ₹2.7 lakh crore. The government provided credit assistance to 78 lakh street vendors under the PM-SVANidhi scheme (Street Vendor’s Self Reliance Fund), whereas 30 crore Mudra Yojana (self-employment/employment creation through financial inclusion) loans were disbursed among women entrepreneurs. Around 1.4 crore youth were trained under the Skill India Mission. The Interim

1 Geeta Pandey and Yogita Limaye, ‘Ayodhya Ram Mandir: India PM Modi Inaugurates Hindu Temple on Razed Babri Mosque Site’, BBC News, 22 January 2024, sec. India, <https://www.bbc.com/news/world-asia-india-68003095>.

2 Prior to the election, the incumbent Government does not present a full Budget as there may be a change in the executive after the elections. It therefore, presents Interim Budget in order to seek approval for the funds required for the transition period. Full Budget is later presented by the government that assumes power following the elections.

Budget also promised to subsidise the construction of 30 million affordable houses in rural areas. It also announced several schemes to turn Net Zero by 2070 including providing funds to harness offshore wind energy generation for an initial capacity of 1 Giga Watt, procuring biomass aggregation machinery, and expanding the e-vehicle sector by encouraging more manufacturing and charging infrastructure. The Interim Budget also highlighted increase to ₹11.11 lakh crore for 2024-25 on spends on capital expenditure.³

Ms. Sitharaman also made comparison between the economic policies pursued by United Progressive Alliance (UPA) government led by Congress and the policies introduced by the Modi government which, according to her, are far more inclusive and have delivered the fruits to ordinary Indians. She further claimed that the Interim Budget introduced by the BJP is based on ‘empowerment model’ as opposed to the ‘entitlement approach’ adopted by the UPA government.⁴

In response to the claims made by opposition members in Lok Sabha that the policies adopted by Prime Minister Modi have benefitted a few, Ms. Sitharaman referred to ‘saturation approach’s implying that there has been transparency and that the benefits have reached every section of the society.

While referring to schemes like *Har ghar jal* (Electricity for all), *Pradhan Mantri Ujjwala Yojana* (Prime Minister’s Lightening Scheme), *Pradhan Mantri Jan Dhan Yojana* (Prime Minister’s Public Finance Scheme), Finance Minister Sitharaman highlighted that the BJP under Mr. Modi had raised 25 crore people above poverty line.⁶ Taking a dig at the opposition parties, it was also asserted that Mr. Modi’s doctrine is universal and recognises only four major castes that include the poor, women, youth, and farmers. The BJP government believes that India will grow when these castes grow.⁷

³ ‘Budget 2024 Highlights: Interim Budget 2024 Key Highlights’, The Hindu, 1 February 2024, sec. Budget, <https://www.thehindu.com/business/budget/interim-budget-2024-highlights/article67799651.ece>.

⁴ Rajeev Deshpande, ‘Powered by Modi’s Guarantee’, Open, 2 February 2024, <https://openthemagazine.com/cover-stories/powered-by-modis-guarantee/>.

⁵ ‘Budget 2024: Full Text of Nirmala Sitharaman’s Speech in Parliament’, Hindustan Times, 1 February 2024, <https://www.hindustantimes.com/business/budget-2024-full-text-of-nirmala-sitharamans-speech-in-parliament-101706769826064.html>.

⁶ ‘Multidimensional Poverty: Meaning, Numbers | Explained News - The Indian Express’, Indian Express, 4 February 2024, <https://indianexpress.com/article/explained/explained-economics/multidimensional-poverty-meaning-numbers-9141495/>.

⁷ Abhinay Lakshman, ‘2024 Interim Budget | After PM Modi’s Call, Centre’s Measure for Social Justice Progress Focuses on Poor, Women, Youth, and Farmers’, The Hindu, 1 February 2024, sec. India, <https://www.thehindu.com/news/national/after-pm-modis-call-centres-measure-for-social-justice-progress-focuses-on-poor-women-youth-and-farmers/article67801092.ece>.

With her budget speech and touting the 'economic benefits' for the public, Nirmala Sitharaman expressed her hope that the Indian people would once again express their confidence in the leadership of Prime Minister Modi by electing him for the third consecutive time. She also highlighted India's successful Presidency of G20 when the world was grappling with financial difficult times with issues like low growth trade and climate change. Similarly, she asserted, Covid 19 posed great difficulties for India but it was under Mr. Modi's leadership that India was able to sail through the muddy waters.

With these economic initiatives, both at the local and global level, the BJP believes that it has an outright chance of winning the upcoming elections. Apart from projecting these economic policies, the party has also been very active on the political front. The recent inauguration of Ram Mandir and the earlier favourable Supreme Court verdict on the revocation of Articles 370 and 35A has multiplied Prime Minister Modi's popularity in India, despite the fact that Muslims, who make around 14 percent of the population, have been significantly marginalized by the BJP government.

In addition to her budget speech, Ms. Sitharaman also presented a 'White Paper' on February 9, 2024, to further strengthen her case against UPA and in favour of BJP. The White Paper alleged that the UPA government did not pay attention to reforms after it assumed power in 2004 and did not build on the foundation that was laid by the previous National Democratic Alliance (NDA) government led by the BJP. The White Paper further alleges that the UPA put the family first, instead of the nation, which resulted in an economy in tatters. Ms. Sitharaman mentioned coal scandal and 2008 financial crisis which, according to her, was not as serious as Covid 19 pandemic and, therefore, should have been handled better by the UPA government. She asserted that it was the Modi government that brought the Indian economy from 'fragile five' to top five global economies.⁸

Predictably, the White Paper resulted in attracting criticism on Mr. Modi's economic policies. It was pointed out that the document mentions per capita GDP growth from \$4,000 in 2014 to \$6,000 under Prime Minister Modi, which is normal for any developing country. However, the White Paper does not mention that India's annual average per capita GDP growth fell from 5.9 percent under Manmohan Singh's government to 3.8 percent under the Modi regime. Net foreign investment was 0.8 percent under NDA, which grew to 1.2 percent under UPA. Similarly, private investment by corporate India was 26 percent under UPA, which under Modi stands at 22 percent. It was also

⁸ 'FM Lays White Paper, Says "UPA Converted Coal to Ash...we Converted into Diamond"', Mint, 9 February 2024, sec. Politics, <https://www.livemint.com/politics/nirmala-sitharaman-lays-white-paper-in-lok-sabha-says-it-is-a-statement-laid-with-responsibility-11707453293050.html>.

highlighted that despite spending more on social sectors like health and education, Prime Minister Manmohan Singh left office with 4.5 percent fiscal deficit which currently stands at 5.8 percent.⁹

No one can deny that under Prime Minister Narendra Modi, India has built significant international prestige. From Covid vaccine diplomacy to G20 Presidency, moon mission, and the GDP growth rate estimated at 7.3 percent in 2023-2024,¹⁰ India has taken notable leaps in positioning itself as an emerging economic, political and technological power. In parallel, the Modi regime's actions of revoking Articles 370 and 35A and building Ram Temple at the site of centuries-old Babri Masjid have resonated with a majority of the Hindu population that is influenced by the 'Hindutva' ideology. Lately, the BJP has again been raising the issue of Uniform Civil Code (UCC), promising its voters that if voted to power for the third term, the promise of UCC would also be fulfilled.

While the BJP stands a bright chance of retaining power given its projection of 'successes' in the economic and foreign policy realms, there is another side of the story, too. Observers stress that it is under Narendra Modi's government that the country has seen a slide away from democracy and secularism to majoritarianism rule. India has become a country where its minorities, particularly Muslims, are increasingly being marginalised. Their places of worship are being bulldozed on one pretext or the other as was seen in the case of more than 600 years old Akhoondji Mosque that was declared illegal construction by the Delhi Development Authority.¹¹ Muslims are also being asked to give up their claims on Gyanvapi and Mathura mosques in the interest of resolving the matter peacefully.¹²

Conclusion

It is under the Modi government that India has become a country where any criticism on the policies of ruling dispensation is treated as sedition. Raiding houses of 46 journalists on October 23, 2023, raiding office of BBC in February 2023, and arresting and detaining a number of Kashmiri human

⁹ Praveen Chakravarty, 'Modi Government's Anti-UPA White Paper: Nirmala Sitharaman's Political, Polemical Document Can't Hide Economic Failures', The Indian Express, 9 February 2024, <https://indianexpress.com/article/opinion/columns/modi-anti-upa-white-paper-nirmala-sitharaman-economic-failures-9152674/>.

¹⁰ Vikas Dhoot, 'India's Real GDP Growth for 2023-24 Estimated at 7.3%', The Hindu, 5 January 2024, sec. Economy, <https://www.thehindu.com/business/Economy/economy-to-grow-by-73-in-current-fiscal-against-72-expansion-in-fy23/article67709699.ece>.

¹¹ Livemint, 'Delhi: Mehrauli 600-Year Old Mosque Demolished; Locals Say "Rebuild Another"', Mint, 6 February 2024, sec. News, <https://www.livemint.com/news/india/mehrauli-600-year-old-mosque-demolished-locals-say-rebuild-another-delhi-hc-orders-dda-to-maintain-status-quo-11707187230025.html>.

¹² "Hindus Won't Look at Other Mosques If Gyanvapi, Kashi...", Ram Mandir Official', Mint, 5 February 2024, sec. News, <https://www.livemint.com/news/india/gyanvapi-mosque-issue-should-be-resolved-peacefully-says-ram-mandir-official-11707105663903.html>.

rights activists and journalists in IIOJK like Khurram Parvez, Fahad Shah or Sajjad Gul under various draconian laws¹³ and arresting students and activists like Umar Khalid who is languishing in jail without any legal procedure or implicating Arundhati Roy for a speech she delivered in 2010¹⁴ are just the glimpses of what actually is transpiring. So, if on the one hand, India is being shown as shining like a bright star economically, on the other hand, it is fast becoming a black hole which is increasingly consuming values like human rights, democracy and secularism.

¹³ 'India: Arrests, Raids Target Critics of Government', Human Rights Watch, 13 October 2023, <https://www.hrw.org/news/2023/10/13/india-arrests-raids-target-critics-government>.

¹⁴ Vijay Prashad, 'Why Is the Indian State Reigniting a 13-Year-Old Case Against Arundhati Roy?', The Wire, accessed 9 February 2024, <https://thewire.in/rights/why-is-the-indian-state-reigniting-a-13-year-old-case-against-arundhati-roy>.