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‘Minimum Government, Maximum Governance’: The Restructuring of Power in Modi’s India

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This article examines the politics of development during the first year of the new Modi government. In particular, it explores the meaning of its guiding maxim, ‘Minimum Government, Maximum Governance’, by analysing specific reforms and broader changes in state–society relations. First, the Modi government has imposed greater discipline in public administration through a personalistic, centralised and technocratic style of rule. But it has bolstered executive power by limiting political transparency, parliamentary government and social dissent. Second, the new government has promoted urbanisation, manufacturing and infrastructure through greater economic liberalisation, public investment and institutional reform. Yet it has weakened many labour protocols, environmental regulations and participatory mechanisms regarding land acquisition and forest conservation. Lastly, the Modi administration has introduced new insurance schemes and championed digitally-enabled cash transfers to deliver social entitlements. However, it has reduced public spending on primary education and basic health, and undercut many rights-based welfare acts introduced by the previous administration, the United Progressive Alliance (UPA). These three trends have narrowed the spaces of power and contestation in contemporary Indian democracy, frustrating the promise of ‘maximum governance’.

Keywords: Governance; centralisation; rights; participation; technocracy; industrialisation; environment; welfare

The principal aim of the Bharatiya Janata Party (BJP) in the 2014 general election, according to its official campaign, was to restore political leadership and economic dynamism in New Delhi. Narendra Modi styled himself as ‘*Vikas Purush*’, ‘Development Man’, promising ‘*Achhe din aane wale hain*’, ‘Good days are coming’. In particular, he pledged to expand modern infrastructure amenities and mass employment opportunities through rapid industrial growth across the country. Upon assuming office, the latest incarnation of the National Democratic Alliance (NDA) pledged itself to the principle of ‘*Sabka Saath, Sabka Vikas*’, ‘Taking Everyone Along, Development for All’. To achieve it, the Modi administration presented a prospectus of how it would rule: ‘My government will function on the mantra of “Minimum Government, Maximum Governance”’.¹

I am grateful to John Harriss for inviting me to present an earlier version of this paper at a workshop on ‘Hindu Nationalism in Action: The Bharatiya Janata Party and Indian Politics’, at the School for International Studies, Simon Fraser University, Vancouver, 30 April–1 May 2015. I would also like to thank him and two anonymous reviewers for their criticisms and suggestions, encouraging me to clarify the argument. Any remaining mistakes, either of fact or interpretation, are mine alone.

¹ See the address to parliament by President Pranab Mukherjee on behalf of the Modi administration on 9 June 2014 [<http://presidentofindia.nic.in/speeches-detail.htm?293>, accessed 27 July 2015].

Many observers credited the emphasis on governance and development for the stunning electoral victory of the BJP.² During its decade in office, the United Progressive Alliance (UPA) had achieved the highest rate of economic growth since Independence, overseeing substantial increases in savings and investment, foreign trade and capital inflows, and infrastructure spending in partnership with private entities. The UPA continued to liberalise many sectors of the economy while introducing landmark welfare legislation that granted a right to many socio-economic entitlements.³ But a series of developments, reflecting conscious decisions as well as contingent events, badly damaged the Congress-led coalition during its second term. Persistent ideological differences between Sonia Gandhi and Manmohan Singh, symbolised by clashes between the National Advisory Council, which drafted much of the signature welfare legislation of the UPA, and the Economic Advisory Council, which frequently questioned the financial cost vis-à-vis the need for greater economic liberalisation, and the bifurcation of power between the party and the government, increasingly militated against clear decision-making.⁴ A series of major public scandals involving the allocation of contracts to favoured business groups, most prominently in the '2G scam', 'Coalgate' and preparations for the Commonwealth Games, instigated a full-blown crisis. The exposure of high-level political malfeasance galvanised the groundswell of opposition in civil society, inspiring the India Against Corruption movement led by Gandhian social activist Anna Hazare beginning in the summer of 2011. The Supreme Court cancelled the allocation of spectrum for wireless mobile technology, imposed a moratorium on mining and suggested that, henceforth, auctions might be necessary to allocate natural resources to private companies for commercial exploitation. Yet the Congress proved extremely reluctant to accept responsibility for, or act decisively against, individual ministers accused of corruption. Seeking to derive political benefit, opposition parties consistently obstructed parliament, often led by the BJP. Many senior bureaucrats, afraid they might be accused of impropriety in the future by investigative agencies, took few decisions.⁵ A sense of paralysis, fuelled by aggressive media coverage, declining private investment and adverse global conditions, induced a substantial economic slowdown. By the end, 'apologetic welfare policies coupled with crony capitalism and mal-governance' had come to define the UPA.⁶

Has the new Modi administration overcome the economic deceleration and decision-making paralysis that came to define the UPA towards the end of its long tenure, and instead pursued broad inclusive development? Or have its early actions advanced more exclusionary patterns of economic opportunity, political participation and social welfare?

This paper addresses these questions. In particular, it explores the meaning and practice of the tantalising maxim, 'Minimum Government, Maximum Governance', during the first year of the Modi administration. The slogan's meaning and purpose seemed relatively

² See Pradeep Chibber and Rahul Verma, 'The BJP's 2014 "Modi Wave": An Ideological Consolidation of the Right', and Sandeep Shastri and Reetika Syal, 'Leadership in Context: Impact of Leadership in the 2014 Lok Sabha Elections', in *Economic & Political Weekly*, Vol. XLIX, no. 39 (27 Sept. 2014), pp. 50–6 and pp. 77–81, respectively. That said, national television coverage of the election in English and Hindi rarely featured specific analyses concerning the terms 'governance' and 'development', let alone 'corruption', 'poverty' or 'inequality'. See Vipul Mudgal, 'Framing the 2014 Elections: The Curious Absence of Development', in *Television & New Media*, Vol. 16, no. 4 (2015), pp. 354–60.

³ See Maitresh Ghatak, Parikshit Ghosh and Ashok Kotwal, 'Growth in the Time of UPA: Myths and Reality', in *Economic & Political Weekly*, Vol. XLIX, no. 16 (19 April 2014), pp. 34–43.

⁴ Suhas Palshikar and K.C. Suri, 'India's 2014 Lok Sabha Elections: Critical Shifts in the Long Term, Caution in the Short Term', in *Economic & Political Weekly*, Vol. XLIX, no. 39 (27 Sept. 2014), p. 41.

⁵ This was a widely-held view. See James Manor, 'A Precarious Enterprise? Multiple Antagonisms during Year One of the Modi Government' in this issue for more evidence.

⁶ Palshikar and Suri, 'India's 2014 Lok Sabha Elections', p. 44.

straightforward at the start. The official website of the newly-inducted prime minister stated: 'I believe government has no business to do business'.⁷ Under the Modi government in Gujarat (2001–14), an effective judiciary, entrepreneur-friendly environment and less intrusive government had purportedly enabled the state to become 'number one...in economic freedom in India'. Furthermore, the national Modi campaign suggested that his administration would streamline decision-making processes in New Delhi, grant more freedom to private economic actors, and devolve greater power to the states and districts of the Union. Yet the precise contours of these developments, and whether and how they would actually be implemented, remained open questions. How would a minimal government seek to maximise governance?

In general terms, three conceptions of 'good governance' have dominated intellectual debate since the 1990s, beginning with its usage by the World Bank in conditional aid packages.⁸ The first highlights the importance of sound public administration, slim yet efficient, transparent and accountable, able to invest in essential physical infrastructure and basic public services in health and education, but otherwise committed to expanding private enterprise through free markets and the rule of law. In contrast, the second notion emphasises the political underpinnings of effective management, championing a state marked by a separation of powers, an open civil society and competitive democratic politics. Finally, the third embraces a wider outlook, namely the distribution and exercise of power among a much broader range of actors in politics, the economy and society that determine substantive outcomes. Suffice to say, tensions exist between these conceptions of good governance, and many observers would offer alternative formulations. Nonetheless, all three imply a common end: a system of government capable of formulating, executing and implementing public decisions with competence, authority and integrity.⁹

The preceding summary provides a useful foil to illuminate the purpose of government and dynamics of governance in the Modi administration thus far. Although these are still early days, three patterns emerge. First, the Modi government has sought to impose more efficiency and discipline in public administration, and to devolve greater political autonomy and economic resources to the states. However, it has embraced a personalistic, centralised and technocratic approach in order to expedite political decision-making by the executive, limiting the transparency of its actions. In doing so, it has undermined cabinet government, employed greater use of special prerogatives to circumvent parliamentary scrutiny and sought to limit critical voices in civil society. Second, the Modi administration has sought to promote urban development, physical infrastructure and industrial manufacturing by pursuing greater public investment and institutional development as well as a variety of measures to liberalise and deregulate the economy. Yet it has simultaneously weakened many labour protocols and environmental regulations, and tried to remove key mechanisms designed to ensure adequate community participation in land acquisitions and forest conservation, raising many concerns. Lastly, the Modi administration has extended social welfare by introducing new insurance schemes, while strengthening the use of digital technology, bank accounts and cash transfers to deliver civic entitlements. However, it has simultaneously reduced public spending in

⁷ The following information, including quoted remarks, are drawn from <http://www.narendramodi.in/minimum-government-maximum-governance> [accessed 20 April 2015].

⁸ Martin Doornbos, "'Good Governance': The Rise and Decline of a Policy Metaphor?", in *Journal of Development Studies*, Vol. 37, no. 6 (2001), pp. 93–108.

⁹ See Adrian Leftwich, 'Governance, the State and the Politics of Development', in *Development and Change*, Vol. 25, no. 2 (1994), pp. 363–73. Indeed, as Leftwich argues, the developmental states of East Asia displayed many features inimical to the precepts of 'good governance'.

primary education and basic health, and undercut many of the landmark rights-based acts that distinguished the tenure of the UPA. Taken together, these three trends suggest a restructuring of power in contemporary Indian democracy, narrowing the space for deliberation and contestation. Yet such practices have ironically exacerbated the so-called implementation deficit that helped to carry the prime minister into high office, frustrating the promise of 'maximum governance'.

Concentrating Executive Authority

The issue of governance was a longstanding concern of the BJP. The party had explicitly invoked the importance of '*Suraaj*', 'Good Governance', since the late 1990s. In general, it highlighted the need for an 'effective state' in the realms of administration, justice and security. Yet rhetorical commitment to better governance during these years reflected, arguably, pressures upon the BJP to display political moderation and follow a common agreed programme in order to maintain the NDA under the leadership of Atal Bihari Vajpayee.¹⁰

The Modi administration interpreted the obligations of governance quite differently from the Vajpayee ministry. It quickly concentrated political decision-making in many realms of the state. The clearest manifestation was the new 'power vertical' in the executive branch.¹¹ In contrast to previous coalition governments, most notably the second avatar of the UPA, real political authority resided with the prime minister and a small inside circle of advisors: reportedly Amit Shah, whom Modi appointed as president of the BJP; A.K. Doval, national security advisor; and Ram Madhav of the Rashtriya Swayamsevak Sangh (RSS). On the one hand, concentrating power in the Prime Minister's Office (PMO) allowed it to discipline the everyday workings of government. The PMO imposed firm dress codes upon cabinet ministers and senior bureaucratic officials, and enjoined them to be punctual, encouraging greater professionalism. These new protocols very much reflected the chief executive style, issuing clear tasks and strict deadlines, which Modi had cultivated as chief minister of Gujarat.¹² More significantly, the PMO also instructed cabinet ministers to meet corporate leaders in their offices and not to hire family members as staff, in order to lessen opportunities for, and perceptions of, clientelism and nepotism. Avid supporters declared the prime minister had 'turned a dysfunctional executive into the most vibrant one that India has seen since the immediate post-Independence era'.¹³

On the other hand, the concentration of power in the PMO undermined collegial responsibility, which formally legitimised cabinet government. Senior ministers complained of receiving important papers with insufficient notice, if at all, prior to meetings; of being unable to appoint principal staff without the approval of the PMO; and of the tendency of the latter to engage top administrative officials directly, reducing the Council of Ministers to a rubber-stamp body. Hence, a senior minister claimed: '*Ab toh hamare secretary bhi hamare*

¹⁰ See Christophe Jaffrelot, 'The BJP at the Centre: A Central and Centrist Party?', in Thomas Blom Hansen and Christophe Jaffrelot (eds), *The BJP and the Compulsions of Politics in India* (New Delhi: Oxford University Press, 2nd ed., 2001), pp. 343–7.

¹¹ Unless otherwise noted, the following draws upon Siddharth Varadarajan, 'Modi's 100 Days: Biding His Time, Circling the Wagons', *Al Jazeera* (2 Sept. 2014) [<http://www.aljazeera.com/indepth/opinion/2014/09/modi-100-days-india-20149210922878419.html>, accessed 20 April 2015].

¹² 'Briefing: Narendra Modi', *The Economist* (24 May 2014), p. 22.

¹³ Arvind Panagariya, 'Fixing the Economy: What All PM Modi Needs to Do to Fix the Economy', *India Today* (26 June 2014) [<http://indiatoday.intoday.in/story/narendra-modi-government-fixing-economy-inflation-employment-public-sector/1/368721.html>, accessed 20 Aug. 2015].

nahin hai, yeh bhi hum par thope jaate hain ('Even our secretaries and advisors are imposed upon us, we do not have any decision-making power'.)¹⁴ Of course, the clear personal mandate given to Modi and his widely-noted record of monopolising power and consulting senior bureaucrats was bound to make him 'first among unequals', rather than *primus inter pares*. Moreover, he had ruthlessly sidelined potential rivals in the BJP during the campaign, which he had turned into a plebiscite for a presidential-style leader. When asked to articulate the main issue facing the government after its installation, the prime minister reportedly said, 'I am the issue'.¹⁵ Yet the personalisation and concentration of power generated mounting frustration amongst some in the Sangh Parivar, who bristled at the notion that Modi alone had secured victory for the BJP. Mohan Bhagwat, chief of the RSS, declared:

Kuchh log bol rahe hain ki party ko safalta mili. Kuch log bol rahe ki koi vyakti ke liye jeet mili. Koi vyakti, party ya sangathan ki wajah se yeh parivartan nahin hua. Aam Aadmi ne parivartan chaaha.

(Some people say the success was due to the party. Some others say it was because of some individuals. Fact is the common man wanted change.)¹⁶

More ominously, numerous ministers contended the administration had tapped phone lines and planted loyal followers as junior staff in ministerial offices. Such widespread surveillance generated a sense of intimidation and fear in the halls of government.¹⁷

Indeed, the desire to concentrate political authority, control the flow of information and limit independent voices within the executive manifested itself in many spheres. The government refused to recognise an official leader of the Opposition in the Lok Sabha (lower house). The Congress' failure to win 10 percent of Lok Sabha seats, the customary threshold, provided the rationale. Yet the failure of the government to act magnanimously, given its absolute parliamentary strength, presaged a desire to limit formal parliamentary scrutiny. During Modi's tenure at the helm in Gujarat, the state's Legislative Assembly sat only very infrequently, passing most bills with little deliberation.¹⁸

Similarly, the stance of the Modi administration towards the judiciary provoked concerns. In June 2014, the PMO scuttled the recommendation to appoint Gopal Subramaniam to the Supreme Court on the pretext that an Intelligence Bureau report had raised doubts about his conduct in the 2G probe and the so-called Radia tapes, which exposed how lobbyists sought to influence a murky political nexus between cabinet ministers, industrial titans and senior journalists. Commentators suspected the real motive was more political, however; Subramaniam was the *amicus curiae* in the Sohrabuddin encounter case, which had implicated many senior BJP leaders now in government, including its new president, Amit Shah.¹⁹

Lastly, the government sought to constrain the public sphere by limiting critical inquiry into its affairs by members of the fourth estate and civil society. It failed to designate an official spokesperson. Many observers noted that Modi had often kept a distance from traditional media, labelling its members 'news traders'.²⁰ His penchant for using Twitter to

¹⁴ Rana Ayyub, 'So Who's Inside the Sanctum Sanctorum?', *Outlook* (1 Sept. 2014) [<http://www.outlookindia.com/article/so-whos-inside-the-sanctum-sanctorum/291737>, accessed 20 Aug. 2015].

¹⁵ See T.N. Ninan, 'Mr. Modi Comes to Town', in *Seminar*, no. 615 (Jan. 2015) [http://www.india-seminar.com/2015/665/665_t_n_ninan.htm, accessed 20 April 2015].

¹⁶ Ayyub, 'So Who's Inside the Sanctum Sanctorum?'

¹⁷ For additional evidence, see Manor, 'A Precarious Enterprise', in this issue.

¹⁸ See Ronojoy Sen, 'House Matters', in this issue.

¹⁹ Sanjay Hegde, 'Borking Gopal Subramaniam', *The Hindu* (26 June 2014).

²⁰ Ninan, 'Mr. Modi Comes to Town'.

relay messages, creating the third-largest following in the world, and ‘Mann Ki Baat’, his radio show available on YouTube, projected a technology-savvy leader to a relatively young electorate that had helped catapult him to the top. Yet it also suggested a desire to shape public discourse through unmediated one-directional communication.²¹ The government promoted some dialogic interaction, launching MyGov, a new digital portal that sought to contribute to ‘the larger mission of becoming a one stop centre for citizen engagement towards good governance’.²² It also began to cut bureaucratic red tape, permitting self-attestation of many civic documents. Some commentators averred that such moves represented ‘a mantra of quiet execution, which matters in a country with too much talk and too little action’, and would make everyday life easier and lessen the scope for extortion.²³ Yet championing virtual interaction through a digital platform also exemplified a clear technocratic bent, lessening the scope for citizens to hold public officials and elected representatives to account through direct face-to-face engagement, constraining the possibilities of contestation.

Despite these manoeuvres to consolidate power narrowly, however, the Modi administration made few substantial changes in economic policy during its first three months in office. The interim Union budget, which Finance Minister Arun Jaitley introduced in July 2014, proposed moderate reforms.²⁴ Based on a projected growth rate of 7–8 percent over the next three years, Jaitley pledged to reduce the fiscal deficit from 4.1 percent of gross domestic product (GDP) in 2014–15 to 3.6 percent in 2015–16 and 3 percent in 2016–17. In particular, he proposed to curtail public subsidies through better targeting, and to increase revenues by introducing a general sales tax and divesting shares in state-owned banks. The finance minister also announced several proposals to create a more business-friendly regulatory environment, including forming a committee to examine retrospective tax claims against foreign companies, which had antagonised external investors during the last years of the UPA. Lastly, he unveiled plans to boost economic growth and structural diversification, vowing to spend over US\$1 billion to create a hundred ‘Smart Cities’, raise caps on foreign direct investment (FDI) in defence and insurance from 26 to 49 percent, and increase military expenditure by 12 percent.

Reactions varied. On the one hand, mirroring rises in the stock markets, bullish proponents of neo-liberal reform hailed the interim Union budget as ‘very pro-growth...for a new look India’.²⁵ More sober commentators welcomed the pledge to rationalise public finances, improve market access and establish a more consistent regulatory framework to spur growth.²⁶ Yet others lamented the gradualist agenda of the government, pressing it to exploit its political capital and generate constituencies for greater reform through ambitious policy change,²⁷ unless it addressed key governance issues regarding land acquisition, environmental

²¹ For deeper analysis, see Joyojeet Pal, ‘Banalities Turn Viral: Narendra Modi and the Political Tweet’, in *Television & New Media*, Vol. 16, no. 4 (2015), pp. 378–87; and Arvind Rajagopal, ‘Indian Democracy and Indian Populism: The Modi Regime’, in *Social Text* (27 Feb. 2015) [http://socialtextjournal.org/periscope_article/indian-democracy-and-hindu-populism-the-modi-regime/, accessed 18 Aug. 2015].

²² See MyGov [<http://www.narendramodi.in/prime-minister-launches-mygov-a-platform-for-citizen-engagement-towards-surajya>, accessed 20 April 2015].

²³ Gurcharan Das, ‘Two Months on, Mantra’s Clear: Less Talk, More Action’, *The Times of India Blog* (3 Aug. 2014) [<http://blogs.timesofindia.indiatimes.com/men-and-ideas/two-months-on-mantras-clear-less-talk-more-action/>, accessed 20 April 2015].

²⁴ See ‘Arun Jaitley Unveils Reform Plans’, BBC News (10 July 2014).

²⁵ Quoting Surjit Bhalla, ‘Going for Growth’, *The Economist* (12 July 2014).

²⁶ Rathin Roy, ‘Minimum Government, Maximum Governance: Good Continuities, Bad Continuities’, Livemint (11 July 2014) [<http://www.livemint.com/>, accessed 20 April 2015]; and Rajiv Kumar, ‘India’s Watershed Vote: What It Means for the Economy’, in *Journal of Democracy*, Vol. 25, no. 4 (Oct. 2014), p. 53.

²⁷ Suyash Rai and Milan Vaishnav, ‘The Politics and Plumbing of Reforms’, Livemint (28 July 2014) [<http://www.livemint.com/>, accessed 20 April 2015].

degradation and the banking sector, the real causes for the downturn in private sector investment post-2010, the government would inevitably only 'build half-bridges'.²⁸ Indeed, at the end of July, the Modi administration refused to sign the Trade Facilitation Agreement that would allow the World Trade Organization (WTO) to proceed with the so-called Bali deal unless it offered further concessions to India to subsidise its poor farmers in the name of food security. Some commentators disapproved of the move, saying it smacked of protectionism.²⁹ Others justified it, given the power of the agricultural lobby, and the fact that developing countries had historically had such concerns neglected. Nonetheless, they agreed that it sent a confusing signal considering the pro-market rhetoric of the new governing dispensation.³⁰

In view of its comfortable parliamentary majority, many assumed the prime minister would enact major structural reforms quickly. But Modi retorted:

There have been discussions about vision, big vision and grand vision... By thinking small for small people I am trying to make them grow. Nobody was thinking about these small people.³¹

Or as he wryly put it during his maiden visit to the United States: 'My friends, I came here selling tea. I'm a small man. My mind is busy doing small things'.³²

Yet the government did initiate several policy changes regarding the environment during its first three months in office.³³ It removed the need for *gram sabhas* to provide their consent before companies could prospect for minerals in forested areas. It tried to discard more generally a key provision requiring the *gram sabhas*' 'prior informed consent' to industrial activity under the so-called Forest Rights Act, introduced by the UPA in 2006, designed to empower tribal communities by granting them the right to own and use traditionally-cultivated land and to protect and conserve forests. The government weakened the National Board of Wildlife, reducing the required number of independent experts on its standing committee from ten to three, allowing projects more than five kilometres from a protected area to proceed without a clearance, and cutting from six to four the number of parameters required to decide whether forested land could be opened to industry and mining. In addition, it exempted coal mines with a capacity of less than 16 million tonnes per year, twice the previous size, from conducting public hearings, no longer required irrigation projects less than 2,000 hectares to obtain environmental clearances, and lifted a moratorium on new industries in 43 critically-polluted regions. And the government established a committee to review the five main ecological laws in the country governing forests, water, the environment, wildlife and air, as well as the working of the National Green Tribunal. Such developments naturally alarmed social activists opposed to rapid industrialisation. Yet the hastiness of these moves, together with the failure to establish credible regulations, raised the risks of harm to the environment

²⁸ Pratap Bhanu Mehta, 'Building Half-Bridges', *The Indian Express* (11 July 2014).

²⁹ Ashok Kotwal, Milind Murugkar and Bharat Ramaswami, 'Protectionism under the Guise of Food Security', *Livemint* (10 Aug. 2014) [<http://www.livemint.com/>, accessed 27 April 2015].

³⁰ Surupa Gupta and Sumit Ganguly, 'Modi Bets the Farm', in *Foreign Affairs* (12 Aug. 2014).

³¹ *The Indian Express* (17 Sept. 2014) [<http://indianexpress.com/article/cities/ahmedabad/in-xis-visit-modi-sees-worlds-approval-of-absolute-majority/>, accessed 27 April 2015].

³² *The New York Times* (28 Sept. 2014) [<http://www.nytimes.com/2014/09/29/world/asia/narendra-modi-madi-son-square-garden-obama.html>, accessed 27 April 2015].

³³ The following summarises the views of Nayantara Narayanan, 'Modi Government Has Launched a Silent War on the Environment', *Scroll.in* (12 Sept. 2014) [<http://scroll.in/article/678380/modi-government-has-launched-a-silent-war-on-the-environment>, accessed 20 April 2015].

and the poor and, thus, of drawing in the courts, which concerned proponents of liberalisation.³⁴ Save for the business press, however, the media either largely ignored these changes or discounted their significance.³⁵ The stricter protocols imposed on the bureaucracy, lack of an official government spokesperson and creeping media self-censorship arguably contributed to these developments.

The Modi government was not alone in these moves. The UPA had tried to weaken similar regulations during its second term, establishing a Cabinet Committee on Investment with powers to override the Ministry of Environment and Forests. The Congress-led coalition had also begun to hound environmental non-governmental organisations (NGOs) by changing the rules of the 1976 Foreign Contribution Regulation Act (FCRA), requiring them to now renew their licences every five years, and barring externally-aided organisations from ‘political actions’ such as strikes, demonstrations and roadblocks.³⁶ And it had belatedly sought to expedite clearances for a series of projects on the eve of the 2014 general election.³⁷

Nevertheless, the Modi administration exploited these openings with greater zeal. In June 2014, the Intelligence Bureau leaked a report against a hundred NGOs that had campaigned against nuclear energy, genetically-modified seeds, coal-based energy and the mining of iron ore and bauxite. Notably, it accused them of having ‘subversive links’ and of conducting ‘anti-national’ and ‘anti-development’ activities that allegedly diminished overall economic output by 2–3 percent of GDP.³⁸ Some commentators agreed that many NGOs had failed to be sufficiently transparent and had ‘turned seriatim protest into a career’. Yet they also defended the individuals named in the report, calling them a ‘roll call of the best and brightest in the country’ who had ‘mainly [articulated] a crisis of empowerment, a failure of dialogue’ and a ‘battle for survival’.³⁹ Nevertheless, in September 2014, the government notified approximately ten thousand NGOs that failure to file their annual statements would potentially lead to the cancellation of their licences under the FCRA.

Making It Easier to ‘Make in India’

The government presented its developmental vision far more openly thereafter. In August 2014, the prime minister unveiled the Pradhan Mantri Jan Dhan Yojana (PMJDY), or National Mission for Financial Inclusion that sought to provide fifteen crore (150 million) families with debit cards linked to Aadhaar-seeded bank accounts.⁴⁰ He declared that each family would be entitled to an overdraft facility of Rs5,000 and accident insurance up to Rs100,000. The initiative extended the potential of Aadhaar, a project launched by the UPA during its second term, to give every resident of the country a Unique Identification Number (UID) to ensure that entitlements reached their intended beneficiaries. Ensuring the expansion of bank accounts to poorer families, given their vulnerability to private moneylenders, was a constructive move. Nonetheless, concerns that Aadhaar lacked adequate safeguards regarding the protection of private biometric data, and thus could be misused, persisted. And as

³⁴ See Pratap Bhanu Mehta, ‘Achhe Din, Like Old Times’, *The Indian Express* (29 July 2014).

³⁵ Varadarajan, ‘Modi’s 100 Days’.

³⁶ See Meghna Krishnadas and Nandini Velho, ‘Misconstrued Dichotomies’, in *Seminar*, no. 665 (Jan. 2015); Amy Kazmin, ‘India’s Campaigners Fear Modi Crackdown’, *Financial Times* (17–18 Jan. 2015); and Praful Bidwai, ‘Modi Government Cracks Down on Green NGOs’, *Open Democracy* (17 Feb. 2015).

³⁷ T.K. Rajalakshmi, ‘Bypassing a Law’, *Frontline* (5 Feb. 2014).

³⁸ Lola Nayar, ‘War and Greenpeace’, *Outlook* (30 June 2014).

³⁹ Shiv Viswanathan, ‘NGOs of the Mind’, *The Hindu* (30 June 2014).

⁴⁰ See ‘PM’s “Jan Dhan Yojana” to Boost Financial Inclusion: SBI’, *Outlook* (15 Aug. 2014); and ‘RBI says “Overdraft” under Jan-Dhan Yojana is “Priority Sector Lending”’, *Outlook* (25 Feb. 2015).

subsequent moves soon revealed, direct cash transfers occupied a far more important role in the conception and delivery of welfare under the Modi administration than under the UPA. Indeed, the prime minister simultaneously announced the impending closure of the Planning Commission, claiming it was obsolete in an age of market-oriented growth and given the demand for greater political devolution and economic resources by the states.

In October, the government unveiled the centrepiece of its economic policy framework, 'Make in India'.⁴¹ The campaign aimed to increase the ratio of manufacturing to GDP from 15 to 25 percent and create a hundred million skilled jobs by 2022. Both goals had been enunciated by the UPA, to lessen the high ratio of low-paid agricultural workers in the overall economy, when it unveiled the National Manufacturing Policy midway through its second term.⁴² That said, 'Make in India' highlighted the necessity of greater foreign direct investment to transform the country into a global manufacturing hub. Significantly, it challenged the principle of Swadeshi that had guided the economic philosophy of the Bharatiya Jana Sangh (BJS) from the 1940s, whose notion of 'integral humanism' advocated a village-based strategy of labour-intensive production to counter the risks of foreign capital, urban development and machine technology.⁴³ The emphasis on national economic production also influenced the BJP from the 1980s, when the party argued that external liberalisation would harm domestic industry and the 'common man'.⁴⁴ Of course, tensions existed within the party, which claimed that it had 'always been in favour of debureaucratization of the industrial sector...and [the] removal of red-tapism'.⁴⁵ And its actions in office, at the centre and in the states, very often diverged. The first avatar of the NDA under Atal Bihari Vajpayee had backed foreign equity in the insurance sector, amended the Patents Act to bring India in line with World Trade Organization regulations, and offered several incentives to finance capital through the 1999–2000 Union budget.⁴⁶ Running for re-election in 1999, the BJP pledged to develop national industry, yet also recognised the need to improve its access to capital, technology and new management practices through greater FDI. The second avatar of the NDA removed caps on FDI in several economic sectors, liberalised telecommunications, privatised a number of state-owned companies, and increased public spending on roads and highways.⁴⁷ It even set up a specific ministry for disinvestment. Nonetheless, the 'Make in India' campaign represented a more radical departure from the principle of Swadeshi, consonant with a classic liberal understanding of 'minimum government' in national economic affairs.

Shortly thereafter, the government announced that it would end diesel subsidies and raise the price of natural gas from \$4.20 per million metric British thermal units to \$5.61. Eliminating diesel subsidies, whose timing owed much to the collapse in global oil prices, consolidated the work of previous Union administrations. The natural gas price rise, a smaller

⁴¹ See 'Make in India' [<http://www.makeinindia.com/>], accessed 1 Sept. 2015].

⁴² Victor Mallet and James Crabtree, 'Industrial Evolution', *Financial Times* (6 May 2014).

⁴³ See Thomas Blom Hansen, 'The Ethics of Hindutva and the Spirit of Capitalism', in Thomas Blom Hansen and Christophe Jaffrelot (eds), *The BJP and the Compulsions of Politics in India* (New Delhi: Oxford University Press, 2nd ed., 2001), p. 295.

⁴⁴ See Christophe Jaffrelot, *The Hindu Nationalist Movement and Indian Politics: 1925 to the 1990s* (New Delhi: Penguin Books, 1999), pp. 536–8.

⁴⁵ Hansen, 'The Ethics of Hindutva and the Spirit of Capitalism', p. 299.

⁴⁶ Stuart Corbridge and John Harriss, *Reinventing India: Liberalization, Hindu Nationalism and Popular Democracy* (Cambridge: Polity Press, 2000), p. 135.

⁴⁷ See Jaffrelot, 'The BJP at the Centre', pp. 341–2; and Milan Vaishnav, 'Empty Economics', in *Foreign Affairs* (12 Feb. 2014) [<https://www.foreignaffairs.com/articles/india/2014-02-12/empty-economics>], accessed 27 July 2015].

increase than had been attempted by the UPA, did as well.⁴⁸ Nonetheless, each decision sought to boost market sentiment.

The prime minister also unveiled the Pandit Deendayal Upadhyay Shramev Jayate Karyakram.⁴⁹ Named in honour of one of the founding ideologues of 'integral humanism', the programme contained a number of schemes that ostensibly championed the 'triumph of labour'. First, in order to make it easier for businesses to comply with labour regulations and to end 'arbitrary harassment' by the 'inspector raj', the government established the Shram Suvidha Portal, which granted approximately 600,000 businesses a unique Labour Identification Number to enable them to file self-certified, composite, online returns for sixteen labour laws. It also set up a Random Inspection Scheme, designed to identify businesses to be inspected through a computerised programme using pre-determined criteria. Complaints-based inspections would be determined on data and evidence, while an Emergency List would be established for serious cases. The new scheme required labour inspectors to upload their reports within 72 hours. Second, pointing out that Rs27,000 crore (Rs270 billion) lay unclaimed in the Employees Provident Fund Organization, and in order to enhance individual portability, political transparency and financial inclusion, the government announced that it would provide a Universal Account Number to over forty million employees, seeded with a bank account, Aadhaar card and other 'Know Your Customer' details. Third, highlighting the need to ensure a supply of skilled workers, the government announced the Apprenticeship Protsahan Yojana. The scheme would support manufacturing firms by reimbursing 50 percent of the stipend paid to apprentices, who currently numbered 2.82 lakh (282,000) out of an available 4.9 lakh (490,000) positions, during the first two years of their training. Finally, the government revamped the Rashtriya Swasthya Bima Yojana (RSBY), a government-supported private health insurance scheme for unorganised sector workers below the poverty line, by integrating the smart cards utilised by the scheme with the details of two other social security schemes. The prime minister justified the slew of measures associated with the Shramev Jayate Karyakram in the spirit of 'minimum government and maximum governance'. However, he also invoked the dignity of labour, saying ordinary workers, '*Shram Yogi*', would become '*Rashtra Yogi*' ('nationalists') and '*Rashtra Nirmaata*' ('nation builders').

The 'Make in India' campaign generated diverse reactions. Some bullish commentators, seeing 'no conflict between being pro-business and pro-people', viewed its desirability as 'even more obvious'.⁵⁰ Other pro-liberalisation advocates contended that only a competitive market, geared towards consumers rather than selective business interests, would attract greater trade and investment.⁵¹ The governor of the Reserve Bank of India (RBI), Raghuram Rajan, expressed different concerns. Citing the difficulty of replicating the export-oriented industrialisation that had propelled the East Asian miracle due to new historical circumstances, the risks of focusing on manufacturing, and the global economic downturn in the West, Rajan suggested the government might pursue a campaign of 'Make for India' focused on raising domestic economic demand.⁵² The Communist Party of India (CPI) was

⁴⁸ *Financial Times* (19 Oct. 2014).

⁴⁹ See 'Shramev Jayate: PM Unveils String of Labor Reforms', *Outlook* (16 Oct. 2014); Tuhin Dutta, '2014 Saw Slew of Labour Reforms', *Outlook* (24 Dec. 2014); and <http://vikaspedia.in/social-welfare/unorganised-sector-1/schemes-unorganised-sector/pandit-deendayal-upadhyay-shramev-jayate-karyakram>, accessed 27 April 2015.

⁵⁰ Jaithir Rao, 'From Vision Statements to Doable Designs', in *Seminar*, no. 665 (Jan. 2015).

⁵¹ Milan Vaishnav and Suyash Rai, 'Pro-Business or Pro-Consumer?', *Livemint* (13 Oct. 2014) [<http://www.live-mint.com/>, accessed 27 April 2015].

⁵² Raghuram Rajan, 'Bharat Ram Memorial Lecture', New Delhi, 12 Dec. 2014 [https://www.rbi.org.in/scripts/BS_SpeechesView.aspx?Id=930, accessed 27 April 2015].

more critical, claiming that multinational corporations would capture a greater share of the domestic market, thereby undermining domestic industry as well as small and medium enterprises.⁵³ The finance minister defended the campaign, emphasising its aim of lowering production costs and improving the quality of outputs.⁵⁴

The Shramev Jayate Karyakram attracted greater criticism. The majority of national trade unions, including the BJP-affiliated Bharatiya Mazdoor Sangh (BMS), denounced its underlying motivation as 'pro-corporate' and 'anti-worker'. The Communist Party of India (Marxist) pointed out that some of its provisions, such as the Universal Account Number, had already been in the pipeline. But its main criticisms were threefold: self-certification would increase labour exploitation since many protective laws were already ignored; the government had introduced the programme unilaterally without consulting trade unions; and it primarily benefitted investors, not labourers.⁵⁵ Advocates of greater state deregulation, who decried the contemporary situation as 'maximum state, minimal governance', praised the initiative. Indeed, they enjoined the government to eliminate the multiple permissions necessary for many activities to make it really work.⁵⁶ But opponents highlighted the fact that labour inspections had declined in secular terms, from 63 percent of registered establishments in 1986 to 18 percent in 2008. Moreover, they noted an increase in casualisation of the workforce and outsourcing over these years, limiting the purview of labour laws. In fact, organised sector workers often lacked written contracts, while their share of wages in terms of gross value added had declined.⁵⁷ Excessive bureaucratic regulations had created many opportunities for bribery and extortion, and some labor laws had discouraged medium-sized and large firms from hiring new workers.⁵⁸ Yet some analysts contended that other factors constrained industrial growth to a greater extent. And the declining collective power of labour raised serious questions over whether initiatives such as 'Make in India' and the Shramev Jayate Karyakram would in fact generate a substantial increase in decent jobs or merely worsen inequalities between capital and labour.

Undermining the Right to Transparency, Participation and Dissent

Rhetorically, the government championed the importance of agency and participation in many realms. Yet in practice, it often limited their scope. In November 2014, the Modi administration decided to expand the Council of Ministers, making it comparable in size to cabinets during the UPA government. Clearly, it seemed to violate the spirit of 'minimum government'. Yet most of the 21 new members were ministers of state, relatively junior appointments. Moreover, the concentration of power in the PMO, and its penchant for engaging the senior bureaucracy directly, persisted, while numerous cabinet ministers apparently had to consult the RSS before finalising many decisions. 'Ministers have been reduced to being secretaries to the government', claimed one bureaucrat, 'while secretaries are reduced to the level of joint secretaries'. Despite the centralisation of decision-making, or

⁵³ "'Make in India' Campaign a Deceptive Fraud: CPI", *Outlook* (27 Mar. 2015).

⁵⁴ 'Jaitley Rejects Rajan's Criticism of "Make in India"', *Outlook* (29 Dec. 2014).

⁵⁵ Press statement by CPI(M) Politburo, 'India: Shramev Jayate and Other Anti Labour Reforms' [<http://www.sacw.net/article9802.html>, accessed 29 April 2015].

⁵⁶ Rao, 'From Vision Statements to Doable Designs'. According to Rao, India is the only country that has a No Objection Certificate (NOC).

⁵⁷ V. Sridhar, 'The Curse of Cheap Labour', *Frontline* (29 Oct. 2014).

⁵⁸ See Pranab Bardhan, 'The Labour Reform Myth', *The Indian Express* (23 Aug. 2014).

perhaps because of it, many files allegedly remained inactive.⁵⁹ ‘When all is said and done’, quipped a former NDA minister, ‘more is said than done’.⁶⁰

Similarly, the Smart Cities Mission, which sought to improve urban infrastructure and public services by employing new information technologies and big data, officially had a ‘bottom-up’ approach:

A smart city means a city which is two steps ahead of the basic necessities of a resident... Now private property developers decide a city’s growth. But often roads and drainage are not built when they lead the development. The city’s residents and leadership should decide how a city should grow.⁶¹

To decide where to build these cities, the government proposed a competition among the states to submit prospective designs, claiming that such a ‘mechanism would end the top-down approach, and lead to people-centric urban development’.⁶² However, knowledgeable observers noted how the Mission emphasised the power of technology, service-level agreements and big infrastructure projects, while outsourcing the provisioning of most public services, from education, health and land to jobs, transportation and water. Indeed, despite celebrating participation, the Mission was silent on how to empower local democratic governments. In short, the project suggested a desire to avoid ‘the messiness of political representation and a belief, naïve or motivated, that smart cities are about symbols...providing packaged solutions to perceived problems’, rather than enhancing civic participation.⁶³

Indeed, the government began to attack many of the flagship rights-based acts introduced by the UPA that had incorporated explicit transparency provisions and participatory mechanisms into their design. In October 2014, the Modi government failed to appoint a new chief information commissioner (CIC), the top administrative office of the Right to Information (RTI) Act, which mandated all government agencies to release information regarding their activities to individual citizens upon request in a timely manner. The UPA had tried to weaken the Act, having discovered its power to irritate, expose and destabilise the status quo during its own tenure. The governing coalition unsuccessfully attempted to exempt file notings. Moreover, it rarely penalised bureaucrats for not supplying information to individual petitioners within the stipulated timeframe, or compensated the latter for the delay. And other branches of state also sought to limit their exposure to the Act. The Supreme Court had filed an appeal before itself in 2012 after the Delhi High Court claimed the chief justice of India fell under its purview. The six recognised national parties resisted demands by social activists to place their internal political deliberations and sources of funding under its remit too.⁶⁴ And the work-rate of many information commissioners began to deteriorate during the second incarnation of the UPA. The increase in pendency was even worse in those states where, in a majority of cases, petitioners were simply asking for information that should have been proactively disclosed under Section 4(1)(b) of the Act.⁶⁵ Despite these problems, the

⁵⁹ See Uttam Sengupta and Sunit Arora, ‘There’s Lots of Sizzle, but Where is the Steak?’, *Outlook* (22 Dec. 2014).

⁶⁰ Arun Shourie, quoted in an interview with *The Indian Express* (7 Dec. 2014).

⁶¹ *The Indian Express* (25 June 2015) [<http://indianexpress.com/article/india/india-others/pm-narendra-modi-launches-smart-cities-mission/>, accessed 27 April 2015].

⁶² *The Economic Times* (25 June 2015) [http://articles.economictimes.indiatimes.com/2015-06-25/news/63831414_1_smart-cities-mission-prime-minister-narendra-modi-amrut, accessed 13 Oct. 2015].

⁶³ Partha Mukhopadhyay, ‘The Un-Smart City’, in *Seminar*, no. 665 (Jan. 2015).

⁶⁴ The preceding facts are drawn from Anjali Bhardwaj, Amrita Johri and Shekhar Singh, ‘R Stands for...’, *Outlook* (30 Mar. 2015).

⁶⁵ Pavithra S. Rangan, ‘When the Haze Takes Over’, *Outlook* (30 Mar. 2015).

office of the chief information commissioner had never been left vacant. Its vacancy under the Modi government meant that inquiries into, and petitions against, many political bodies and Union ministries at the centre—the PMO, the Comptroller and Auditor General and the Supreme Court—could not be made or heard.

In addition, evidence mounted that the government had squeezed the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), which entitled rural households to demand from the state a hundred days of paid employment at stipulated minimum wages. Modi had repeatedly mocked the programme during the election campaign, saying it exemplified the Congress' historic failure to develop the countryside. Although the MGNREGA had weakened under the UPA, the Modi administration constrained it further by failing to increase real wages, removing provisions that entitled labourers who had not been paid to receive compensation, reducing the ratio of labour to material from 60:40 to 51:49, imposing strict caps on state-level expenditure, and proposing an amendment to restrict government-paid work to the two hundred poorest districts in the country.⁶⁶

Lastly, in December 2014, the Modi administration amended the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act. Passed by the UPA in 2013, the landmark bill required the state to obtain the consent of local communities whose land it sought to designate for compulsory acquisition, to compensate landowners between two to four times existing market valuations, and to rehabilitate and resettle all stakeholders whose livelihoods had been affected. The Modi government exempted five areas—industrial corridors, social infrastructure such as educational institutions, and rural infrastructure such as roads, power and housing for the poor, and national defence—from the need to conduct social impact assessments or acquire the consent of 80 percent of all stakeholders. It expanded the meaning of public purpose to allow land acquisition for private hospitals and private educational institutions, and the meaning of private companies to include proprietorships, partnerships, corporations and NGOs. The government also made the five-year retrospective application of the law, applicable to instances where possession of land had not been taken or compensation had not been paid, a matter to be decided by tribunals. It stipulated that errant public officials could not be prosecuted without prior government sanction, and allowed new proprietors to retain ownership even if they had not utilised newly-acquired land for five years. And the government extended its power to issue notifications from two years to five.⁶⁷ For the Modi government, easier land acquisition was a key prerequisite for the 'Make in India' campaign.

However, given its minority in the Rajya Sabha (upper house), rather than trying to pass legislation, the Modi administration promulgated an ordinance (temporary executive order) to introduce these amendments, a power customarily employed to legislate on pressing matters when parliament is not sitting. Previous Union governments had resorted to similar executive powers to press their own agendas. Yet the government chose to pass an ordinance despite an active month-long parliamentary session involving the passage of twelve other bills.⁶⁸ Unsurprisingly, political opposition erupted in parliament. Although the government had retained the provision offering relatively high compensation, by seeking to remove various protective clauses, it undermined the standing of farmers as citizens with rights.⁶⁹ The Modi

⁶⁶ 'Letter to PM on NREGA from Development Economists', *Kafila* (14 Oct. 2014) [<http://kafila.org/2014/10/14/letter-to-pm-on-nrega-from-development-economists/>, accessed 29 April 2015].

⁶⁷ T.K. Rajalakshmi, 'Land Bill Hits a Wall', *Frontline* (4 Mar. 2015).

⁶⁸ V. Venkatesan, 'Tyranny of the Majority', *Frontline* (7 Jan. 2015).

⁶⁹ Pratap Bhanu Mehta, 'Losing the Plots', *The Indian Express* (12 Mar. 2015).

administration promulgated several further ordinances, reflecting its minority in the Rajya Sabha.⁷⁰ Yet its device of using special executive power for contentious legislation also suggested another meaning of ‘minimum government’, namely, an unwillingness to build a case through parliamentary deliberation and open public debate.

Some moves encountered stiff resistance. The Modi administration made several amendments to the National Judicial Appointments Commission (NJAC) Bill, which received presidential assent in December 2014. Its principal aim, to enable the executive and legislature to have a bigger say in appointing senior judges, had the support of many political parties. Nevertheless, some commentators found the latest government revisions problematic. The proposed six-member selection panel, which now included the Union law minister, no longer required complete unanimity to appoint a judge. Moreover, the criteria for selecting the two eminent outsiders to the selection panel remained unclear. These questions mattered because the biggest litigant was the state. Thus, several quarters issued petitions, which sent the bill to a five-member Constitution Bench, temporarily halting notification.⁷¹

Still, the Modi administration pressed ahead with other items. Despite widespread protests by major trade unions, the government passed the Apprentices Amendment Bill, 2014, and the Labour Laws (Exemption from Furnishing Returns and Maintaining Registers by Certain Establishments) Amendment Bill, 2014, through both houses of parliament. And it proceeded to apply greater pressure on various social organisations. In December 2014, the government had clamped down on four North American NGOs, the Bank Information Centre, Sierra Club, 350.org and Avaaz, which had campaigned in India on climate change and against the use of coal-based energy. In January 2015, it went further, requiring several NGOs and national development agencies, including Cordaid, DANIDA and Climate Works, to obtain ‘prior permission’ before transferring funds to Indian NGOs.⁷² Concurrently, *The New York Times* reported that a high-level committee appointed by the government to review environmental laws had declared that existing regulations ‘served only the purpose of a venal administration’. Several independent observers agreed that the cumbersome regulations encouraged corrupt officials to extort bribes. However, mirroring the spirit of the Shramev Jayate Karyakram, the committee went further. It recommended scrapping the majority of government inspections in favour of allowing business owners to disclose the level of pollution generated by their activities voluntarily and to monitor their own compliance, premised on ‘the concept of utmost good faith’.⁷³

Intervening to Spur Market-Oriented Growth

In March 2015, the government introduced its first major budget. Economic conditions had substantially improved: inflation had declined 6 percentage points, thanks to a 50 percent decline in crude oil prices and the monetary policies of the RBI, while foreign portfolio

⁷⁰ Discussed in depth in Ronojoy Sen, ‘House Matters’, in this issue.

⁷¹ See Siddharth Varadarajan, ‘A Fatal Flaw in the Bill on Judges’, NDTV (14 Aug. 2014) [<http://www.ndtv.com/opinion/a-fatal-flaw-in-the-bill-on-judges-649005>, accessed 20 April 2015].

⁷² Praful Bidwai, ‘Indian Government Sanctions Greenpeace to Send a Menacing Message’, *The Ecologist* (23 April 2015).

⁷³ *The New York Times* (4 Dec. 2014) [<http://www.nytimes.com/2014/12/05/world/indian-leader-favoring-growth-sweeps-away-environmental-rules.html>, accessed 20 April 2015].

inflows had reduced the current account deficit and stabilised the rupee.⁷⁴ Based on revised GDP figures,⁷⁵ Finance Minister Jaitley projected annual economic growth would reach 7.4 percent in 2014–15 and over 8 percent in 2015–16. Yet the government's *Economic Survey* tempered expectations of great structural change: 'Big Bang reforms in robust democracies... are the exception rather than the rule'.⁷⁶ Instead, the 2015–16 Union budget sought to bolster economic growth, industrial diversification and social welfare in an incremental manner.

Three broad aspects stood out. First, the finance minister emphasised the need for greater public spending to crowd in private sector investment and drive economic growth. In particular, he unveiled a variety of measures to upgrade physical infrastructure. Jaitley raised allocations for roads and highways by approximately Rs70,000 crore (Rs700 billion), which represented a 40 percent increase for the former and 50 percent for the latter, using special purpose vehicles and securitisation of future revenue streams to raise non-budgetary resources.⁷⁷ He proposed a 'plug and play' scheme for public–private partnerships (PPPs) to ensure that all necessary clearances would be secured in advance of projects being awarded.⁷⁸ And the budget announced the intention to establish a National Investment and Infrastructure Fund (NIIF) with an annual outlay of Rs20,000 crore (Rs200 billion). The finance minister justified large public investment by highlighting the significant amount of debt saddling the private sector and banking system. The majority of stalled projects, which amounted to Rs8.8 crore (Rs88 million), involved the private sector.⁷⁹

Second, the finance minister announced several policy-cum-institutional reforms to improve economic governance and public services. The most important was a pledge to create a single national market by introducing a Goods and Services Tax (GST) across the Union by 1 April 2016. Additional measures included drafting a comprehensive bankruptcy code, setting up special commercial divisions in various courts and an expert body on dispute resolution, and introducing a Public Contracts (Resolution of Disputes) bill.⁸⁰ These proposals came on the heels of the Agreement on Monetary Policy Framework, which had just been unveiled and which enjoined the RBI to lower inflation to 6 percent by January 2016 and less than 4 percent thereafter, based on the Consumer Price Index (with a margin of error of 2 percent in either direction).⁸¹ And Jaitley presented the JAM Number Trinity, a scheme to target subsidies better through direct cash transfers, using Jan Dhan Yojana bank accounts, Aadhaar identification numbers and mobile phones. By January 2015, 12.54 crore (125.4 million) accounts had been opened under the Jan Dhan Yojana, leading the RBI to announce that it would place the Rs5,000 overdraft facility under 'priority sector lending' to rural and urban families earning less than Rs60,000 and Rs120,000, respectively. The Jan Dhan Yojana, alongside the decision to nationalise the Direct Benefit Transfer for LPG (Liquefied Petroleum Gas) scheme, underscored the centrality of finance and technocracy to improve political governance and economic development in the Modi administration.

⁷⁴ Ajit Karnik and Mala Lalvani, 'Long on Announcements, Short on Intent', in *Economic & Political Weekly*, Vol. L, no. 12 (21 Mar. 2015), p. 20.

⁷⁵ For a critique of their reliability, see R. Nagaraj, 'Seeds of Doubt on New GDP Numbers: Private Corporate Sector Overestimated?', in *Economic & Political Weekly*, Vol. L, no. 13 (28 Mar. 2015), pp. 14–7.

⁷⁶ See *Economic Survey 2014–15, Volume I*, p. 2 [<http://indiabudget.nic.in/es2014-15/echapter-vol1.pdf>, accessed 27 April 2015].

⁷⁷ N.K. Singh, 'Arithmetic and the Road Ahead', *Outlook* (16 Mar. 2015).

⁷⁸ Gita Gopinath, 'India's Fiscal Fortune', *Project Syndicate* (4 Mar. 2015).

⁷⁹ Most of these concerned manufacturing. The public sector, whose stalled projects largely concerned infrastructure, accounted for only Rs1.8 crore. *The Hindu* (28 Feb. 2015).

⁸⁰ N.K. Singh, 'Arithmetic and the Road Ahead'.

⁸¹ Rajrishi Singhal, 'A Sharing of Instruments', *Outlook* (16 Mar. 2015).

Finally, the finance minister introduced several new schemes to enhance social welfare, while earmarking funds for previously announced initiatives. The government introduced three new insurance plans for workers in the unorganised sector. The Pradhan Mantri Suraksha Bima Yojana enabled individuals between the ages of eighteen and seventy to buy protection against accidents, offering Rs100,000 or Rs200,000 in the event of disability or death, for a premium of Rs12 per annum. The Atal Pension Yojana expanded the National Pension Scheme by providing a defined contribution plan that would disburse up to Rs5,000 per month after the age of sixty for individuals who presently lacked membership in a statutory social security scheme. The Pradhan Mantri Jeevan Jyoti Bima Yojana offered life insurance worth Rs200,000, whatever the cause of death, to individuals between the ages of eighteen and fifty for an annual premium of Rs300. Subscribers to all three plans had to acquire a bank account through the Pradhan Mantri Jan Dhan Yojana. In addition, the budget unveiled the MUDRA (Micro Units Development Refinance Agency) Bank, endowed with Rs20,000 crore (Rs200 billion) to finance small entrepreneurs, especially members of the Scheduled Castes and Scheduled Tribes. Lastly, to meet its target of building 120 million toilets over five years in the name of preventive health care, it allocated Rs2 lakh crore (Rs2,000 billion) to the Swachh Bharat Abhiyan.⁸² Yet despite its earlier rhetoric, the government allocated an extra Rs5,000 crore (Rs50 billion) to the MGNREGA.

Despite all these pledges, the finance minister also vowed to reduce the fiscal deficit. The budget expected revenues to increase 15.8 percent, based on 14 percent growth in nominal GDP.⁸³ On the one hand, it kept income taxes at the existing rate; lowered corporate taxes from 30 to 25 percent over four years and customs duties on gold, diamonds and jewellery; increased deductions for health insurance as well as home loans for individuals who invested their savings in various public instruments;⁸⁴ and abolished the wealth tax. On the other hand, the budget increased the service tax from 12 to 14 percent; hiked excise taxes on petrol and diesel after deregulating their prices, taking advantage of lower international prices; and imposed a 2 percent surcharge on annual incomes greater than Rs10 million.⁸⁵

In sum, by presenting a substantial role for the public sector in infrastructural development, new welfare schemes to enhance income security for various groups, and a greater share of tax revenues for the states, the budget seemed to belie a commitment to 'minimal government'. Several factors determined its final shape. On the one hand, commentators believed the overall strategy reflected the emphasis on infrastructure-led growth that Modi had championed in Gujarat. The *Economic Survey* stressed that:

India's recent PPP experience has demonstrated that given weak institutions, the private sector taking on project implementation risks involves costs (delays in land acquisition, environmental clearances, and variability of input supplies, etc.). In some sectors, the public sector may be better placed to absorb some of these risks.... In infrastructure projects, the sovereign will have to bear a major part of the risk without, of course, absorbing it entirely.⁸⁶

⁸² See the paper by Robin Jeffrey, 'Clean India! Symbols, Policies and Tensions', in this issue.

⁸³ Ashok V. Desai, 'Banking on Tall Promises', *Outlook* (16 Mar. 2015).

⁸⁴ Narayan Krishnamurthy, 'The Rs. 4.44 Lakh Deception', *Outlook* (16 Mar. 2015).

⁸⁵ C.P. Chandrasekhar, 'Public Funds to Push Neoliberal Agenda', *Frontline* (30 Mar. 2015).

⁸⁶ See *Economic Survey 2014–15* [<http://www.indiabudget.nic.in/es2014-15/echapter-vol1.pdf>, accessed 1 Sept. 2015].

Similarly, highlighting the 'need to cut subsidy leakages, not subsidies themselves', the budget reiterated its commitment to 'good governance'.⁸⁷ On the other hand, the introduction of new welfare schemes reportedly demonstrated the influence of the Sangh Parivar, especially the Swadeshi Jagran Manch, Bharat Krishak Samaj and BMS.⁸⁸ Ultimately, the budget seemed to reflect a commitment to 'moderate government and maximum governance'.⁸⁹ Its complex balance reflected differing political views within the government and the Sangh Parivar more broadly.

Some commentators underlined its shortcomings. First, the headline allocations for several items made a number of assumptions. The increased public outlay for roads and highways presumed greater mobilisation of Internal and Extra Budgetary Resources, comprising the profits, loans and equity of Public Sector Undertakings (PSUs). Hence, it remained vulnerable to their performance. The NIIF had no funds allocated in the current fiscal year.⁹⁰ The government estimated that disinvestment would draw approximately Rs70,000 crore (Rs700 billion). Yet the record of previous administrations was generally poor.⁹¹ And the appropriation for LPG, even if the Direct Benefits Transfer scheme worked, represented less than 10 percent of all subsidies.⁹²

Second, the new income promotion and insurance schemes unveiled by the government had various provisions that limited their accessibility, relevance and level of commitment.⁹³ Despite placing 7.5 percent of its resources under priority sector lending, the MUDRA Bank failed to address the perennial concerns of the approximately 5.77 crore (57.7 million) businesses that comprised the sector: inadequate access to equity capital and global markets; the high cost of credit and collateral requirements; and the absence of any mechanism to revive sick enterprises.⁹⁴ Premiums for the Pradhan Mantri Suraksha Bima Yojana lay entirely with subscribers. Individuals wishing to join the Pradhan Mantri Jeevan Jyoti Bima Yojana had to be between the ages of eighteen and fifty. And the Atal Pension Yojana only accepted individuals aged between eighteen and forty, and required prospective beneficiaries to enrol before 31 December 2015 if they wished to take advantage of the Rs1,000 contribution by the centre towards their plans for the first five years. The budget permitted a series of deductions for health-related expenses, but these had narrow coverage, benefitting those already relatively better off. Perhaps most importantly, none of these new insurance schemes explicitly granted legal entitlement, which distinguished the National Social Assistance Programme, RSBY and Aam Aadmi Bima Yojana, all of which emerged from the 2008 Unorganized Workers' Social Security Act. Allowing subscribers to Employees Provident Fund (EPF) and Employee State Insurance Corporation (ESIC) to buy equities through the New Pension Scheme allowed them to diversify their portfolios, but also exposed them to greater market risk.

Finally, the budget imposed drastic reductions in social development outlays and represented a clear attempt to undermine the rights-based welfare architecture introduced by the UPA. The projected ratio of total central expenditure to GDP, which stood at 14.1 percent

⁸⁷ See point 27 of the 2015–16 Union budget speech.

⁸⁸ Reportedly, a key influence was S. Gurumurthy, a leader of the Swadeshi Jagran Manch. See Arindam Mukherjee, 'Pro-Poor? Bah!' *Outlook* (16 Mar. 2015).

⁸⁹ Gopinath, 'India's Fiscal Fortune'.

⁹⁰ Karnik and Lalvani, 'Long on Announcements, Short on Intent', p. 21.

⁹¹ Chandrasekhar, 'Public Funds to Push Neoliberal Agenda'.

⁹² Karnik and Lalvani, 'Long on Announcements, Short on Intent', p. 22.

⁹³ K.P. Kannan, 'Corporate Capitalism in the Name of Social Security', in *Economic & Political Weekly*, Vol. L, no. 2 (21 Mar. 2015), pp. 30–2.

⁹⁴ Sagnik Dutta, 'Small and Ignored', *Frontline* (1 April 2015).

in 2012–13, declined to 12.6 percent for 2015–16.⁹⁵ Social expenditure bore the brunt. Health and family welfare, and primary and secondary education, suffered heavy cuts, declining 15 percent in the former and 16 percent in the latter. In particular, the allocation for the Sarva Shiksha Abhiyan (SSA), the primary vehicle for the Right to Education, fell 22 percent,⁹⁶ while funds for the Integrated Child Development Services (ICDS) dropped almost 50 percent. Similarly, despite nominally increasing, the outlay for the MGNREGA actually declined when the Rs6,000 crore (Rs60 billion) in arrears for wages and inflation was taken into account. The food subsidy, whose nominal budget remained unchanged, fell as well in real terms.⁹⁷ In fact, the reductions for the SSA and ICDS were far worse in real terms. Put bluntly, the revenue foregone in customs duty on gold, diamonds and jewellery, estimated at Rs75,592 crore (Rs755.92 billion), was roughly twice the allocation for MGNREGA and equal to the total amount earmarked for the SSA, Mid-Day Meal Scheme and health.⁹⁸ And the budget largely eliminated central allocations for Panchayati Raj, which declined from Rs7,000 crore (Rs70 billion) to Rs97 crore (Rs970 million), transferring its flagship schemes to the states. The failure of numerous state governments to spend their prior budgetary allocations for many schemes lessened the reduction in actual social expenditure. Nonetheless, the government had taken an increasingly neo-liberal approach to welfare services, encouraging individual households to rely on personal resources and market dynamics rather than legal entitlements to government programmes in order to enhance human capabilities and social protection. Social sector spending in public health and primary education remained below international norms.

To some extent, the government could defend these reductions in central budgetary allocations by pointing out that it had accepted the recommendations of the Fourteenth Finance Commission, which increased the share of gross tax revenues given to the states from 32 to 42 percent. The states would receive Rs1,78,000 crore (Rs1,780 billion) in additional funds in 2015–16, 45 percent more than in 2014–15, a hefty increase. Perhaps more importantly, the Finance Commission's devolution of funds to the states enhanced their autonomy and created an opportunity for them to formulate policies according to local needs, in contrast to the previous model, which privileged schemes and grants from the centre.⁹⁹ Moreover, in the run-up to the budget, the government had established the NITI (National Institution for the Transformation of India) Aayog, which officially empowered the states vis-à-vis the centre and enabled more flexible implementation of social-sector schemes. These changes provided an opportunity to enhance 'co-operative federalism'.

Nonetheless, many questions remained.¹⁰⁰ The dramatic reduction in central assistance to state plans in the forms of Centrally Sponsored Schemes (CSSs), loans and grants, which fell from Rs3,38,000 crore (Rs3,380 billion) to Rs2,05,000 crore (Rs2,050 billion), left a net reduction of Rs1,34,000 crore, dramatically cutting the amount to be devolved in real terms. The decision of the centre to impose a number of cesses and surcharges effectively reduced the amount transferred even further.¹⁰¹ Moreover, the Fourteenth Finance Commission reduced the importance of population in the formula used to calculate the distribution of

⁹⁵ Chandrasekhar, 'Public Funds to Push Neoliberal Agenda'.

⁹⁶ Lola Nayar, Sharat Pradhan, Minu Ittye and Prachi Pinglay-Plumber, 'School of Hard Knocks', *Outlook* (16 Mar. 2015).

⁹⁷ Reetika Khera, 'Whose Bharat is It?', *Outlook* (16 Mar. 2015).

⁹⁸ P. Sainath, 'So Richie Rich? Have Another One on Us', *Outlook* (23 Mar. 2015).

⁹⁹ *The Hindu* (24 Feb. 2015) [<http://www.thehindu.com/business/recommendations-of-the-14th-finance-commission/article6929255.ece>, accessed 27 July 2015].

¹⁰⁰ Unless otherwise noted, the following paragraph summarises Nayar *et al.*, 'School of Hard Knocks'.

¹⁰¹ Karnik and Lalvani, 'Long on Announcements, Short on Intent', p. 22.

resources, leading to lower shares for Uttar Pradesh and Bihar, states which had greater absolute poverty. Finally, the relationship between fiscal devolution and social expenditure was unclear. Sceptics foresaw the possibility that state governments might exploit these newfound resources to expand discretionary patronage, rather than support local *panchayats* or provide basic services and public goods. In the past, many quarters had complained that CSSs imposed a uniform model upon the country, preventing the states from innovating new approaches and identifying their own priorities according to local conditions. Yet the new fiscal compact in centre–state relations could potentially exacerbate socio-economic disparities. Indeed, the structure of the NITI Aayog, which granted discretionary power to the prime minister as its chairman, created the possibility of fiercer inter-state competition in an attempt to appease the centre.¹⁰²

Suppressing Elements of Civil Society

The government sought to further its agenda during the parliamentary budget session in March 2015. Arguably, its most important goal was to pass the amended version of the Land Acquisition Act. Intense public opposition, spearheaded by parties in the Lok Sabha and a variety of movements in civil society, forced several concessions regarding land acquisition for industrial corridors, the scope of social infrastructure projects, and compensation for project-affected families. However, the government failed to retract its amendments to clauses requiring critical community consent and the need for social-impact assessments. Recognising the scale of opposition, it sent the bill to a joint parliamentary committee for further review.¹⁰³ The Goods and Service Tax bill, which the BJP had cynically obstructed throughout the tenure of the UPA, suffered a similar fate.

However, the Modi administration continued to attack many rights-based acts introduced by the UPA. It restricted accessibility to the National Food Security Act, which entitled approximately two-thirds of the population to highly-subsidised food grains per month, allocating 5 kilograms for each individual and 35 kilograms for the poorest households. Revising the Public Distribution System (Control) Order, the government notified the states not to add new households to the Antyodaya Anna Yojana (which targeted the poorest households) once they had dropped out of the programme, to use decadal census figures to determine the number of beneficiaries, and to require proof of citizenship, even though many poor families could easily fall into extreme destitution again through sudden economic shocks.¹⁰⁴ Additionally, the government seized administrative control of the CIC, delegating its financial powers to a government-appointed secretary, further emasculating the Right to Information.¹⁰⁵ Some commentators saw the move as symptomatic of the culture of surveillance that had reportedly developed in the government, even though it had set up a committee to review the Official Secrets Act.¹⁰⁶ However, the concentration of decision-making in the PMO vis-à-vis the Council of Ministers, the failure to fill many senior posts in the bureaucracy, and the reluctance of officials to act without approval from above, created a

¹⁰² Alam Srinivas, 'The Rajniti behind NITI Aayog', *Teelka* (17 Jan. 2015). For greater analysis, see the paper by Mitu Sengupta, 'Modi Planning: What the NITI Aayog Suggests about the Aspirations and Practices of the Modi Government', in this issue.

¹⁰³ For greater analysis, see Ronojoy Sen, 'House Matters', in this issue.

¹⁰⁴ See Biraj Patnaik, 'Cutting the Food Act to the Bone', *The Hindu* (24 June 2015).

¹⁰⁵ Rangan, 'When the Haze Takes Over'.

¹⁰⁶ Uttam Sengupta, 'The Lock-Up Men', *Outlook* (30 Mar. 2015).

backlog of files that now exceeded its size during the UPA,¹⁰⁷ exposing the limits of ‘minimum government, maximum governance’.

These high-level developments presaged a growing crackdown against specific quarters in civil society. In April 2015, the government froze the bank accounts of Greenpeace, suspended its FCRA licence for alleged tax violations worth Rs90 million, and placed the organisation under its ‘prior approval category’ (requiring all financial transactions to obtain sanction from the Home Ministry), even though more than 60 percent of its funding came from India, while Greenpeace International was its main external donor. Tellingly, state officials reiterated their charge that its ‘anti-national’ and ‘anti-development’ campaigns ‘adversely impact[ed] the economic security’ of the country.¹⁰⁸ The government also required the Infosys Foundation, established by the former Aadhaar chairman Nandan Nilekani, to obtain prior FCRA clearance. And it placed the Ford Foundation, which had longstanding ties to many organisations in India, on the ‘prior approval category’ of the FCRA too, as well as on a national security watch-list after the Gujarat state government accused it of ‘direct interference...in the internal affairs of the country and also abetting communal disharmony in India’.¹⁰⁹

Suffice to say, numerous political parties and state governments in India had been accused of intimidating opponents of large-scale industrial projects for many years. Nonetheless, these recent investigations seemed part of a wider attempt to assert executive authority and constrain the space for dissent. Speaking at the chief justices’ conference in April 2015, the prime minister, while pledging to repeal 1,800 obsolete laws, counselled the judiciary to resist public litigation by ‘five star activists’. According to observers, Modi proceeded to mention a number of cases before the Supreme Court that implicated well-known critics, including Teesta Setalvad and Javed Anand of Citizens for Justice and Peace, which represented the victims of the 2002 anti-Muslim riots in Gujarat, and Priya Pillai, a Greenpeace activist.¹¹⁰ The prime minister was hardly the first to question the motives and ramifications of public interest litigation since it began in earnest in the 1980s. Indeed, many activists and judges had sought to reappraise its consequences over the years. Yet the seemingly incongruous stance of the government—welcoming foreign investment in the economy, yet barring external funds from civil society—captured the antimonies of ‘minimum government and maximum governance’.

Conclusions

The fortieth anniversary of the Emergency, in June 2015, drew many public figures to reflect on its legacies. Strikingly, the former BJP president Lal Krishna Advani declared that he could not rule out another spell of authoritarian rule: ‘It could be that fundamental liberties are curtailed again... I do not see any sign in our polity that assures me, any outstanding aspect of leadership. A commitment to democracy and to all other aspects related to democracy is lacking’.¹¹¹ Given his own hawkish reputation and previous actions to further a militant

¹⁰⁷ See Mihir Srivastava, ‘NaMo’s Minimalist Wave’, *Outlook* (13 April 2015).

¹⁰⁸ *The Indian Express* (15 June 2015) [<http://indianexpress.com/article/india/india-others/foreign-contribution-regulation-act-new-crackdown-on-ngo-foreign-funds/>, accessed 27 April 2015].

¹⁰⁹ Amitabh Sinha, ‘India Research Centres, Institutes Hail Ford Foundation Grants’ (26 April 2015) [<http://www.indian24news.com/india/research-centres-institutes-hail-ford-foundation-grants/3094-news>, accessed 29 April 2015]; Samar Halarnkar, ‘Govt’s Indiscriminate Crackdown on NGOs Will Affect the “Marginalized”’, *Hindustan Times* (27 April 2015); and interview with Kumi Naidoo, *Outlook* (30 June 2014).

¹¹⁰ See Upendra Baxi, ‘The Scale Tilts’, and Ushinor Majumdar, ‘Circling the Turf’, *Outlook* (20 April 2015).

¹¹¹ Interview of L.K. Advani by Vandita Mishra, *The Indian Express* (18 June 2015).

version of Hindutva, not to mention his recent marginalisation, it was easy to question the integrity of his remarks. Yet they underlined growing concerns regarding the purpose, structure and exercise of power in the new political order.

Many observers contend that, to date, Prime Minister Modi has proven to be a 'manager-reformer', focused on incremental efficiency gains, not structural upheaval.¹¹² Nevertheless, his first year in office reflects a distinctive vision of the relationship between 'minimum government' and 'maximum governance': to bolster economic development by empowering capital at the expense of labour, enhancing market-oriented approaches to social protection, and using executive power to circumvent parliamentary government, media scrutiny and social dissent. Greater public spending on physical infrastructure and the establishment of new institutional bodies, rules and schemes concerning monetary policy, corporate bankruptcy and income security, reflect a recognition that economic governance and social welfare often require a greater role for government. Yet major budgetary cuts in the areas of health and education and attempts to weaken organised workers' rights and statutory welfare entitlements reveal a partial understanding of 'economic freedom', undermining the essential individual capabilities and social foundations of genuine human agency.¹¹³

These emergent trends reveal a clear neo-liberal vision. According to critics, neo-liberal regimes frequently prioritise the civil liberties and political rights of individuals over collective socio-economic needs; deploy the rule of law and sanctity of the courts to protect private property; and privilege technocratic expertise over elected politicians to champion the liberalisation, deregulation and privatisation of markets at the expense of organised labour.¹¹⁴ The Modi administration seems to espouse an even starker outlook. It has promoted selective property rights, flexible labour conditions and a 'good business environment' as necessary prerequisites of individual freedom and social well-being. It has weakened the principle of collegial responsibility and challenged the checks and balances and separation of powers which formally define parliamentary cabinet government. And it has eroded the civil liberties and political rights of many organisations in civil society beyond organised labour in the name of transparency and accountability.

¹¹² Ninan, 'Mr. Modi Comes to Town'.

¹¹³ See Amartya Sen, *Development as Freedom* (New York: Anchor, 2000).

¹¹⁴ See David Harvey, *A Brief History of Neoliberalism* (New York: Oxford University Press, 2005), pp. 176–206.