

A champion of reforms

India still needs change, and Modi remains the person ready to deliver

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● **Healthcare reform could help half a billion poor people afford treatment for cancer and heart disease.**

In his roles as the Prime Minister of India and Chief Minister of Gujarat, Narendra Modi has championed reforms.

Under his stewardship, the state of Gujarat witnessed an unprecedented economic growth,

Born to a Gujarati family in Vadnagar, Modi was introduced to the Rashtriya Swayamsevak Sangh at the age of eight, beginning a long association with the organisation.

Modi travelled around India for two years and visited a number of religious centres before returning to Gujarat.

In 1971 he became a full-time worker for the RSS. During the state of emergency imposed across the country in 1975, Modi was forced to go into hiding.

The RSS assigned him to the BJP in 1985, and he held several positions within the party hierarchy until 2001, rising to the rank of general secretary. Modi was appointed Chief Minister of Gujarat in 2001, due to the then chief

minister Keshubhai Patel's failing health and poor public image following the earthquake in Bhuj.

Modi was elected to the legislative assembly soon after.

In his first term as chief minister between 2002 and 2007, Gujarat's economy grew at a nearly 12 per cent pace annually, the fastest ever recorded in any major Indian state, under any chief minister.

Gujarat is now richer, enjoys faster GDP growth and a greater intensity of jobs and industry than India as a whole. Mr Modi's reputation for clean government and economic competence rests on his record here. When Indians voted for him in great numbers last May, it was in large part because they wanted the country run as Gujarat is.

India still needs change, and Modi remains the person ready to deliver. He has improved relations with China, the US and Japan, but it's his domestic development agenda that has done the most to improve the lives and prospects of hundreds of millions of people. Modi has directed unprecedented amounts of money towards the country's seemingly endless need for new infrastructure.

Construction of roads, highways, public transport and airports have sharply increased the country's long-term economic potential.

Although the process remains unfinished, the government has also brought electricity to remote villages that have never had it, a boon for economic potential, public safety and basic quality of life.

The BJP-led government has also expanded a biometric identification system, begun under the previous Congress Party-led government, that has already taken iris scans and fingerprints from well over a

billion people to help citizens prove who they are so they can receive services.

It has provided bank accounts for 300 million people who have never had them, creating new opportunities for these people to access credit and state subsidies.

It also brings them into the formal economy to potentially make the government more responsive to their needs.

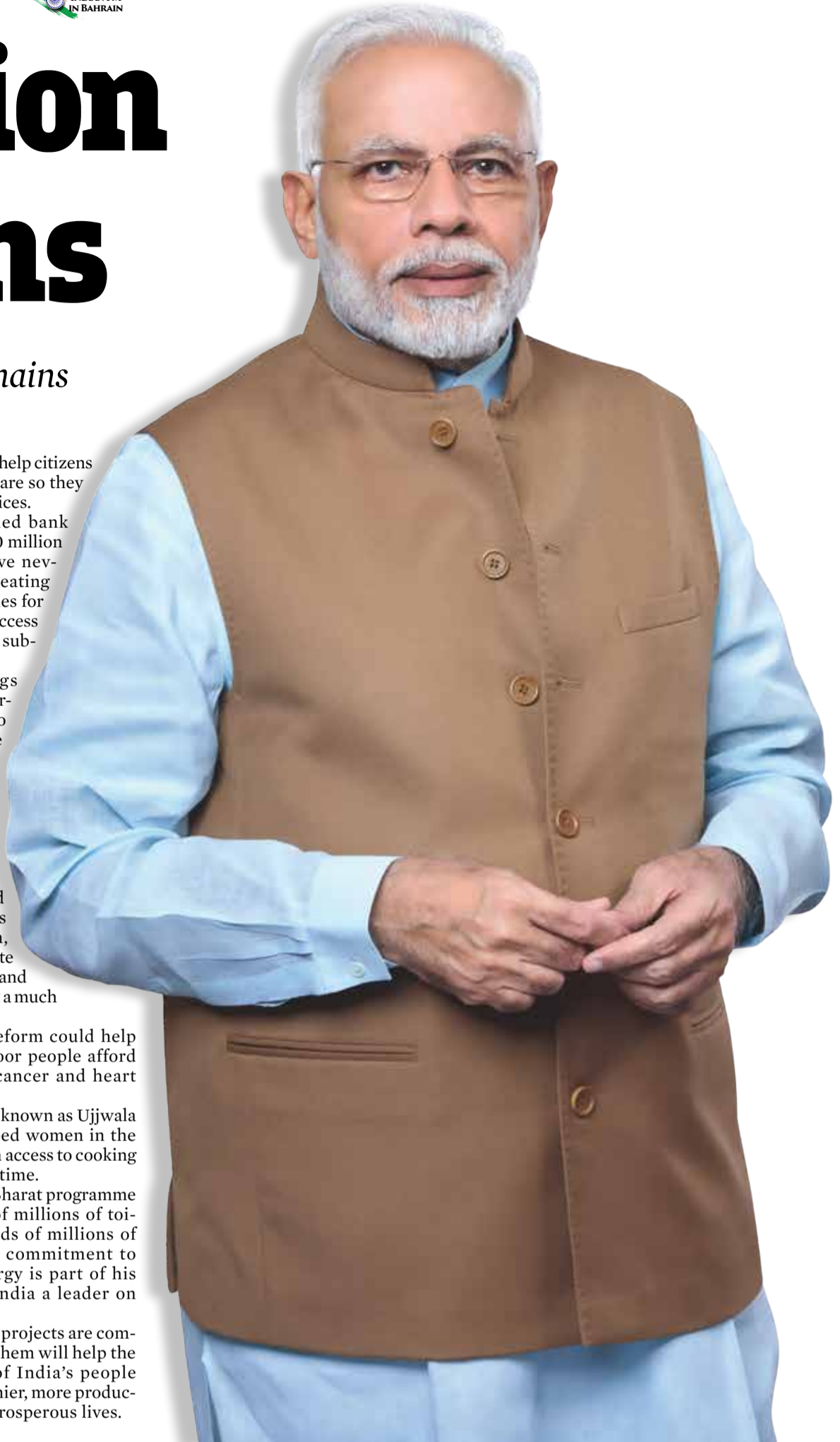
The government says these measures have cut sharply into waste and fraud within India's welfare system, allowing the state to provide more and better services at a much lower cost.

Healthcare reform could help half a billion poor people afford treatment for cancer and heart disease.

A programme known as Ujjwala Yojana has helped women in the countryside gain access to cooking gas for the first time.

The Swachh Bharat programme has built tens of millions of toilets for hundreds of millions of people. Modi's commitment to renewable energy is part of his plan to make India a leader on climate change.

None of these projects are complete, but all of them will help the vast majority of India's people lead safer, healthier, more productive and more prosperous lives.



Demonetisation: A master stroke

World Bank has praised the Modi govt for implementing the move

The overwhelming victory of Narendra Modi and his Bharatiya Janata Party in the 2019 general elections reflected the support the Modi government had garnered over the demonetisation of old currency notes of Rs 1,000 and Rs 500.

On November 2016, the Government of India announced the demonetisation of all ₹500 and ₹1,000 banknotes of the Mahatma Gandhi Series. It also announced the issuance of new ₹500 and ₹2,000 banknotes in exchange for the demonetised banknotes.

Modi claimed that the action would curtail the shadow economy and reduce the use of illicit and counterfeit cash to fund illegal activity and terrorism, which later proved out to be true.

According to Indian financial experts like S Gurumurthy, the decision was long overdue. "The new currency will eliminate counterfeit currency. The denomination in which counterfeit currency operates is in Rs 500s and Rs 1,000s.



"The Naxalite funding is through normal currency. According to one estimate, about Rs 50,000 to Rs 60,000 crores of the extremist funding is in the form cash. It will be very difficult for them to deposit - their funding is designed for cash economy. Left extremism will receive a very, very serious setback because of this," he

observed.

"If Rs 5 lakh crores is in cash economy, it just stays as Rs 5 lakh crores. But if Rs 5 lakh crores comes into the banking system, because of the fractional reserves basis, this Rs 5 lakh crores can become Rs 20 lakh crores.

"Let us assume Rs 100 is deposited in a bank. About one quarter of the

Five outcomes

- Move towards a digital economy
- Boost to financial inclusion initiative
- Clamp down on black money
- The shift in investment habits

amount will be invested in government bonds and reserves. The remaining 75 per cent will be available for lending. This 75 per cent gets into the banking system. My estimate is, that at a minimum, the banking system multiplies the money in the system by three or four times. Money creation by banks will increase prosperity. The black or the cash economy therefore is inefficient in using money this way.

"Once these kinds of deposits come into the system, there will be an all-round reduction in interest rates. Big industries in India have access to foreign funds and are able to draw money

at international rates. It is the small and medium industries that are paying very high rate of interests. The reduction in interest rates will be very good for our economy."

Experts also opine that the move has had a positive impact on the realty sector. "Because of the withdrawal of cash from real estate economy, land prices will moderate and moderate. This will increase the affordability of housing, most people are not able to afford houses because of high land prices. Construction prices are dependent on commodities, land prices are dependent on the amount of money that chases land."

The World Bank has also praised the Modi government for implementing the move. In a report titled 'South Asia Economic Focus - Globalisation Backlash', it said eliminating tax evasion and corruption -- the most talked objectives of junking old 500 and 1000 rupee notes -- is "typically a demanding process involving multiple measures overtime."