

# Politicisation of Data Under the Modi Regime

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## Summary

*India has built, over the last few decades, a strong reputation regarding the credibility and availability of data. However, under the Modi regime, there have been several instances of data manipulation. This article shows how the government has been delaying, inflating and withholding access to public data. This could have severe repercussions in terms of India's international reputation, democratic accountability and policy design.*

## Introduction

Data are the currency of governance. Data are used to identify problems, design policy, monitor implementation and adopt corrective measures. Having good, reliable and credible data can make a huge difference in terms of a state's effectiveness to reach its own stated goals.

In a democracy, data are also a key element in the relationship between voters and elected representatives. Without credible information about the performance of a government, citizens cannot make informed decisions and hold their representatives accountable.

Finally, data are important for the economy, not only because they allow government agencies to realistically plan their expenditures, but also because it is on data that domestic and foreign investors base their decisions.

India has a strong international reputation for the credibility – and availability – of its data. Compared to most developing countries, India stands out in a league of its own and it compares favourably with many developed economies.

However, some recent trends are a cause for concern. In particular, there has been a marked politicisation of government data – or, at least, the perception that government data might be manipulated to serve partisan purposes. In this article, we will look at three types of manipulation that compromised the credibility of India's official data.

## Delayed Data

The first type of issue is the delay in the publication of available data. This, of course, can be due to low state capacity to collect, clean and publish available datasets. However, at times the delayed publication, because of the politically sensitive nature of the data in question – and in the absence of an explanation of the delay by government agencies – leads to speculation on whether the government is delaying the sharing of the data on purpose.

Take for example the data on child malnutrition that was collected in 2015/16 for the National Family Health Survey (round 4). In October 2016, the government shared with the International Food Policy Research Institute (IFPRI) data showing that, compared to 2004/05, child malnutrition had been reduced substantively, although not spectacularly. However, the IFPRI was clueless about what drove this reduction, or in which part of the country it had reduced the most. This was so because the government shared a single number with the IFPRI, withholding the rest of the dataset.

No explanation was offered by the government, so analysts started speculating that, since the decrease in child malnutrition coincided with the United Progressive Alliance (UPA) terms (2004-14), the new government did not want to give credit to them at a time when it was re-discussing several social policy initiatives introduced by the UPA. Also, with the important state elections in Uttar Pradesh around the corner, many believed that the government was unwilling to release the state wise data that, it turned out, showed Modi's home state, Gujarat, as one of the worst performers.

Even more significant was the delay in the publication of the data regarding the amount of cash that was deposited in banks in the wake of the 'demonetisation' of 86 per cent of the circulating cash – a surprise move decided by Narendra Modi in November 2016. The decision caused significant hardship to India's citizens, led to the loss of millions of jobs, and brought to a virtual halt India's economy, particularly in the informal sector, which accounts for at least 80 per cent of the workforce.

The decision was justified as an unprecedented attack on 'black money' and the government's expectations were that a significant amount of the demonetised cash would not be deposited in bank accounts because of their illicit source. Analysts waited for months for the release of the data, which was inordinately and inexplicably delayed until the Reserve Bank of India had to publish its annual report in September 2017 – well after the round of state elections held in the first half of the year. This showed that just 0.7 per cent of the demonetised cash did not return into the system, as against the government's expectation of at least 20 per cent. In other words, the government had inflicted significant pain – economists estimated losses between 1 and 2 per cent of the GDP – for very little reward. The delay in the publication of the data was very long, which makes it rather implausible to attribute it to the technical inability to complete the counting process.

## **Inflated Data**

A second issue is the inflation of data. One of the current government's priorities is making India open-defecation free (ODF) by 2019. The main policy platform to achieve this target is the Swachh Bharat Mission, through which the government is building toilets and promoting behavioural change. While there is no doubt that there has been tremendous progress in both toilet construction and usage, the government claims that as many as 29 states and Union Territories are now ODF – all but Telangana, Assam, Goa, Bihar, Odisha and West Bengal. This is a highly unrealistic claim. A Comptroller and Auditor General Report, for

instance, showed that 29 per cent of the households in a selected district in Gujarat (declared open defecation free in October 2017) do not have access to a toilet.<sup>1</sup> Similarly, a study by Accountability Initiative shows that 18 per cent of households in officially open defecation free villages do not have access to toilets and that 38 per cent of toilet owners declared that they defecated in the open on the day of the survey.<sup>2</sup> There is in fact an abundance of evidence that government figures are highly questionable and that state officials, under pressure to achieve the targets, inflated the data which resulted in a completely unrealistic – but politically desirable, for the ruling party – picture of the sanitation infrastructure and practices across the country. This might have serious repercussions for future policy-making in an area that is crucial to ensure the well-being of the population.

Perhaps the most discussed example of inflation of data pertains to the calculation of the GDP. This is a crucial figure that affects major policy decisions and determines, among many other things, the government's ability to borrow in the international market. Also, given that the Bharatiya Janata Party (BJP) was elected in 2014 mainly on the basis of its promise to bring about high levels of development and to restore India's high-growth story, it is an extremely important data in political terms.

In 2015, shortly after the BJP came to power, the government revised the methodology to calculate the GDP. This is a routine exercise conducted every few years to change the base year, and to take into account refinements in methodology, availability of new data sources and adherence to international standards. When the base year is changed – and even more so when the methodology is – it is imperative to release the 'back series', which allow for comparison between the new and the old GDP figures. However, the Modi government did not release the back series until December 2018 – more than three years after the new methodology was introduced. This by itself limited for a long time the ability of analysts (and voters) to evaluate the government's economic performance.

When the government finally released the back series, very few could conceal their surprise. The figures released in December 2018 did two things: first, they sharply revised (upwardly) the GDP growth for the last two financial years; and, second, they sharply revised (downwardly) the figures for the years between 2004 and 2014, when the UPA was in power. In January 2019 – one month after the previous release – the government revised the figures again – upwardly. The result was that the Modi government's average annual GDP growth (7.7 per cent) became higher than that of its predecessor, which was decreased from 8.1 to 6.3 per cent. Clearly, this is a useful figure in an election year, which might also help to divert attention from the fact that India's GDP growth has been slowing down, for the third quarter in a row, to 6.6 per cent.

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<sup>1</sup> Indian Express, (21 September 2018). <https://indianexpress.com/article/india/cag-report-picks-holes-ingujarats-open-defecation-free-claim-5367438/> Accessed 5 November 2018

<sup>2</sup> D. Deshpande & A. Kapur, "Unpacking The Processes of Open Defecation Free Status in Udaipur", New Delhi: Accountability Initiative (2018). <http://accountabilityindia.in/paisa/study/download/1981> Accessed 5 November 2018

The picture emerging from the newly released data is surprising for a number of reasons. First, the new numbers contradict the calculations made by the Committee on Real Sector Statistics chaired by economist Suidipto Mundle submitted to the National Statistical Commission in August 2018. The Committee had calculated that GDP expansion was significantly higher during the UPA regime.

Second, the new data show that the year (2016/17) when the Modi government ‘demonetised’ 86 per cent of the country’s currency in an attempt to curb tax avoidance – which experts estimate lowered the GDP between 1 and 2 percentage points – recorded the highest economic growth during Modi’s term (8.2 per cent).

Third, and more fundamentally, the GDP figures are in contrast with a number of other indicators that suggest that economic growth was significantly higher during the UPA government. For instance, the growth rates of car sales, two wheelers, tractors, bank credit, corporate and personal income tax revenues, and exports are all significantly lower during the current regime. Other indicators are also not in line with the new GDP figures. The corporate profit-to-GDP ratio for companies on the Nifty 500 index decreased to a 15-year low of 2.8 per cent in 2017/18 from 5.5 per cent a decade earlier; the investment-to GDP ratio declined steadily from 41.2 per cent in September 2011, to 30.8 per cent in March 2018; unemployment almost tripled from 2.2 in 2011/12 to 6.1 per cent in 2017/18. How the GDP figures could be so distant from other economic indicators remains far from clear and raises serious questions on the credibility of the figures. Analyst Milan Vaishnav reported to the Wall Street Journal that “privately, economists have confided that they are discounting Indian growth by as much as 1-2 percentage points.”<sup>3</sup>

## **Withholding of Data**

The third and last problem with official data is the withholding of key bits of information from public scrutiny. Unemployment data are a case in point. In 2017, the government decided to discontinue the Employment-Unemployment Survey (EUS), which resulted in a considerable data gap (the last EUS was conducted in 2012). The results of the newly introduced Periodic Labour Force Survey have not been released yet, despite assurances by the government that the data would be available by the end of 2018. Another credible source of information about job creation, the results of the Annual Employment Survey, was not officially released – which caused the resignation of two members of the National Statistical Commission in January 2019. The report was leaked to the press, however, and it showed that unemployment has reached a 45-year high. Considering that Modi had made job creation one of his priorities, it is not difficult to see how these figures might cause his government an embarrassment, which, in the absence of a better explanation,<sup>4</sup> might be the reason for the withholding of the data.

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<sup>3</sup> *Wall Street Journal* (28 February 2019), “It’s Official: India’s Economy Did Better Under Modi, If You Trust the GDP”.

<sup>4</sup> The government claimed that the leaked report was just a ‘draft’. However, the claim was strongly denied by the members of the National Statistical Commission who prepared the report.

Unemployment figures are not the only data that it has been kept away from public scrutiny. The data on farmers' suicides have not been released for four years now. This is again a politically sensitive issue, as Modi's years in office have been marked by large-scale farmers' demonstrations and rising agricultural distress. The government has made significant efforts to counter the narrative that farmers have been neglected. One can just speculate why data on farmers' suicides are not available – and for what reasons.

Similarly, data on Foreign Direct Investment flows have been inexplicably withheld since June 2018, whereas the report of the Comprehensive National Nutrition Survey (conducted in 2016) has been ready but not released. All these are crucial information to design policy, orient business decision and plan budget expenditures.

## Conclusion

The United Nations Fundamental Principles of Official Statistics – notified by the government of India – state that “official statistics provide an indispensable element in the information system of a democratic society, serving the government, the economy and the public with data about the economic, demographic, social and environmental situation. To this end, official statistics that meet the test of practical utility are to be compiled and made available on an impartial basis by official statistical agencies to honour citizens' entitlement to public information.”

This fundamental principle seems to be in jeopardy in India, as a number of key statistics have been delayed, inflated or withheld from public scrutiny. The consequences can be serious and long-lasting.

First, manipulated data, when coming from official sources, tend to be accepted at face value, in the absence of alternatives. Innumerable reports across international agencies will adopt India's official figures in the years to come, influencing policy decisions beyond the boundaries of India.

Second, the independence of data-producing agencies in India might have suffered irreparable damage. Once the precedent is set to allow for the politicisation of official estimates, it is often very difficult to restore the independence and credibility of the institutions.

Finally, the lack of credible data makes it harder for voters to evaluate the performance of the government. This is particularly important when the spread of fake news on social and traditional media is eroding the public ability to discern what is true from what is not.

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