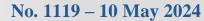
ISAS Brief





Indian Election 2024:A Road Map for the New Government





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Summary

India's general election is coming to a close. Soon a new government will assume office. It is largely anticipated that the present National Democratic Alliance government led by Narendra Modi will get a third term. The Indian prime minister has already embarked on an agenda to prepare an action-oriented road map so that the newly inducted ministers will hit the ground running. Some of the priority sectors needing urgent attention will be health, education, employment and infrastructure. Clean energy and the environment will also top the agenda.

The five-year tenure of the present National Democratic Alliance government ends in June 2024. At every major public gathering leading up to the general election, Prime Minister Narendra Modi has expressed confidence in his government returning to power. In fact, in his customary Independence Day address from the ramparts of the Red Fort on 15 August 2023, the prime minister declared that he would give an account of India's achievements on 15 August 2024 from the Red Fort. To give concrete shape to his claim, he met with all his cabinet colleagues in March 2024 to discuss the road map for a *Viksit Bharat*, or a developed India, by 2047. The meeting deliberated on the agenda for the first 100 days of the government as and when it is elected for a third consecutive term.

It is understood that the road map has a comprehensive blueprint with a clearly articulated national vision, aspirations, goals and action points. Its goals include areas like economic growth, sustainable development goals, ease of living, ease of doing business, infrastructure and social welfare. The thought process behind the exercise appears to be double fold. The first political objective would be to send an early message to the electorate and opposition of the party's confidence of emerging successful. Secondly, it has a ready blueprint which would allow the new ministers to hit the ground running as soon as they take the oath.

Any such roadmap will have to ensure that the country's growth momentum is maintained. The gross domestic product (GDP) is estimated to grow by 7.6 per cent in the financial year (FY) 2023–24 after recording 8.4 per cent growth in the third quarter of the fiscal year. Moody's has raised India's GDP growth forecast to 6.8 per cent in 2024. India also needs to address the challenges of competitiveness to compete in the global market. A reform agenda would be required on economic and administrative aspects along with transformation in health, education, labour and finance. The economic agenda for the next five years should include reforming labour laws, reducing interest rates and reducing the cost of land to enhance manufacturing growth in the coming times.

Post the pandemic, private consumption is yet to pick up. This is an area where the government needs to focus. It also has to concentrate on further investments in infrastructure. While the government's expenditure on infrastructure has been high, the need

now is to improve the quality of this expenditure and reduce cost and time overruns. Such investment in creating physical infrastructure will also boost employment.

The major issue currently being discussed in the general election is unemployment among the educated youth. India's labour force participation rate for the 15-29-year age group remains very low, even so for urban youth. The priority for the government has to be the creation of earning opportunities for such youth. Gig jobs that shift the risk to the youth is not the most effective solution to the employment problem. What is required is government employment in public services like transport, education, health and sanitation. On the other hand, sustained public investment in agriculture to absorb the workforce in a meaningful way would help curb widespread migration to urban areas which is putting strain on available infrastructure.

Public health spending, even after the lessons of the pandemic, continues to languish at 1.3 per cent of GDP whereas spending on the education sector is showing encouraging signs at five per cent of GDP with increased numbers attending school. Government spending on education and health needs to be addressed by increasing the budgetary provision in these two sectors to at least six per cent and three per cent of the GDP respectively.

The private sector's contribution to creating job opportunities is essential. The government needs to create a more conducive environment for ease of doing business. The early implementation of reforms in labour laws and land zoning regulations with higher floor area usage ratios to permit intensive use of land will incentivise private investment. The prevalence of archaic regulations prompts the private sector to invest only in high technology high capital-intensive sectors, thereby not boosting employment.

There has been much adverse notice of the fact that India is creating a large number of billionaires and thereby accentuating inequality with pointers to a K-shaped growth pattern that the economy is exhibiting. No doubt, there is need for re-engineering the economy for more inclusive growth, but billionaires also create job opportunities; hence, providing purchasing power in the hands of the poor. This could be a win-win argument if there is regulatory control over such large billionaire companies to ensure that they are indeed employing skilled labour themselves and not outsourcing labour-intensive functions to smaller companies who use daily wage and low-paid labour.

In the recently concluded G20 summit, deliberations which were held under India's presidency, clean energy and focus on the environment took centre stage. India was at the forefront of espousing renewable energy and an action-oriented programme for environmental preservation and climate finance. The target of 500 gigawatts for renewable energy generation and five million tonnes of green hydrogen by 2030 has to be ensured if energy access, energy security and decarbonisation through green growth and net zero objectives are to be achieved. This will also establish the credibility of India's efforts towards global efforts towards mitigating climate change.

Over the last decade, India has had the advantage of a consistency of policy and strong political leadership. The advantages of digitisation and the opening of 'no frill' bank accounts have enabled direct benefit transfers to the targeted beneficiaries without any leakage from

the system. This has reduced transactions in the grey economy, thereby boosting tax collection. The new government will have to capitalise on these achievements to ensure that India's objective of becoming a developed country by 2047 becomes a reality.

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