

The Modi Government's "Achievement"*

Prabhat Patnaik

The Modi government is celebrating four years in office with great fanfare. The fact that these four years have unleashed an unparalleled process of social and political retrogression in the country is well-known and need not detain us here. Our purpose here is to examine what these years have meant for the living standards of the bulk of the Indian people.

Here however one immediately comes across a hurdle. For a very long time India had one of the finest statistical systems in the world, with a National Sample Survey collecting data from a large sample of households, larger than anywhere else in the world, once every five years. This survey pioneered by Professor P.C. Mahalanobis provided a mine of information on various aspects of economic life, on the basis of which meaningful economic discussions could occur. The data thrown up by this Survey alas are now increasingly either being withheld from the public domain or not even being collected. Challenging Modi's bombasts therefore is now being made increasingly difficult.

Mercifully however, despite all camouflage, a bit of the truth always shows through, even from other official statistics. Let us see what it reveals about Modi's four years.

The Central Statistical Organization provides data on the Gross Value Added in various sectors of the economy in current prices, from which we can get the nominal Gross Value Added in the sector "Agriculture, Forestry and Fishing, and Mining and Quarrying". Agriculture alone, as is well-known, employs almost half of the country's total work-force. Hence taking this sector as a whole we can safely say that it employs well over half of the work-force of the country and hence provides the means of livelihood for more than half the population. What happens to the people dependent on this sector, who also are largely co-terminus with the "poor" in the country, is the real acid test of the performance of any government.

Now, Modi came to power at the end of May 2014, which means that its first year in office coincided with almost the entire financial year 2014-15. We can therefore take 2013-14 as our base year from which the Modi period can be judged. Accordingly, we shall examine how the living standard of the population dependent upon this sector has improved by 2017-18 over that base year.

The CSO itself also provides data on the "real" gross value added in this sector, by deflating the nominal gross value added with a price index of the goods produced by it. But this means looking at the "real" amounts produced by this sector, which does not give us any idea of the living standards of the people engaged in this sector. For this we need to look not at the real bundle of goods they produce but at the real bundle of goods over which they have command through the incomes they earn from what they produce. We therefore deflate the nominal gross value added in this sector, comprising agriculture, forestry, fishing, mining and quarrying, by the index of consumer prices which is also taken from official statistics. This is a combined index which has started being published of late, apart from the sectional consumer price indices for particular groups, such as agricultural labourers, rural labourers, and industrial workers.

Upon deflating the nominal gross value added figure, which is nothing else but the sum total of the gross incomes of all the persons engaged in production in this sector, by a consumer price index and calculating the per capita figures on the assumption of a 1.5 percent rate of population growth, and hence a 1.5 percent rate of work-force growth (since four years are too short a time for any notable change in the sectoral composition of the work-force) we find that the per capita real income of the work-force engaged in this sector has declined by 2.02 percent between 2013-14 and 2017-18. From this we can clearly infer that the per capita real income of the population that is sustained by this sector, which is well over half the population of the country, has declined over this four year period. This being precisely the period that Modi and his men are celebrating, the tragic irony of the situation is obvious.

The conclusion that the living condition of more than half the population of the country has become worse in absolute terms at the end of four years of Modi rule compared to what it was when he came to power, is a robust one. Some may argue that these comparisons are sensitive to the end-points chosen and hence could only reflect the fact that the base year we have taken was a good-harvest year and hence a high-income year. To guard against such criticism we have done another calculation. Instead of 2013-14 we have taken 2014-15 as our base year, and it is well-known that 2014-15 was a poor agricultural year, which by lowering the base should exaggerate the growth of incomes subsequently, and hence provide a favourable picture of the Modi period.

Even if take 2014-15 as our base and do the same calculation, it turns out that between 2014-15 and 2017-18 there was a 1.74 percent decline in the real per capita income of the work-force of this sector and hence in the real per capita income of the population dependent upon this sector. The conclusion that at the end of four Modi years the bulk of the people in the country, belonging to the agricultural sector and its allied activities, have witnessed an absolute decline in their per capita living standard compared to what it was when he took over, is thus quite indisputable.

True, the decline is not large, but there is a decline. Besides, there are two further points to consider here. First, value added includes, apart from wages and the income of the self-employed, the surplus as well. If we assume, reasonably, that the real income of the capitalists and the landlords in this sector has not gone down per capita, then the per capita real incomes of the workers and peasants, who constitute the overwhelming bulk of the agriculture-dependent population, must have gone down even more than our figure suggests.

Secondly, we have not taken into account here the effect of the privatization of education, health and a host of other essential services which has occurred and pushed up the cost of living index for the people. The Consumer Price Index we have taken into consideration in other words only measures the increase in the price of a bundle of goods and services. It does not take into account the fact that many items in the bundle which were available in the base year may not be available in the current year, at least in the same quantities, and their place taken by other items which are more expensive.

An example will make the point clear. Suppose in the base year most people went to government hospitals where a particular surgery cost Rs.5000. The same surgery in the current year, let us assume, still costs Rs.5000 in the government hospitals; and if

all other goods' prices too remain unchanged then the rate of inflation between the base and the current year will be zero according to the consumer price index (where the bundle of goods includes only surgery in government hospitals). But if meanwhile because of lack of adequate spending the government hospitals have got run down to a point where they conduct very few surgeries, while most people are forced to go to private hospitals where the same surgery costs Rs. 50000, then the effective increase in the cost of living is enormous, even though the official index shows a zero increase.

Exactly the same can be said of education and many other services which are getting privatized. In the current era of privatization of essential services therefore the consumer price index necessarily understates the actual extent of increase in the cost of living. If we look at the actual increase in the cost of living of the agriculture-dependent population, it would turn out that the decline in their per capita real income is far greater than what our calculations, based on the official consumer price index, suggest.

It would of course be argued, quite rightly, that privatization of essential services is not a phenomenon specific to the Modi years. It is a feature of neo-liberalism and was being put into practice even before Modi came to power. But there can be scarcely any doubt that privatization of essential services has proceeded with even greater vigour in the Modi period than ever before. And what is more, even if we assume that the rate of privatization is the same as before, and the difference between the actual increase in cost of living, taking privatization into account, and the rate of inflation in consumer price index, is the same as before, that still does not make an iota of difference to the conclusion that the decline in per capita real income of the agriculture-dependent population is much greater than our figures suggest, owing to the privatization of services. All that matters here is that the cost of living increase is underestimated by the consumer price index, not whether it is underestimated more than in the earlier period.

To celebrate four years of "achievement" when the bulk of the population has witnessed a decline in its per capita real income requires a degree of insensitivity which only the Modi crowd is capable of.

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