

# Paving the path to prosperity

*Lies and deceit by Manmohan Singh will not cover the corruption and inefficiency of the Siddaramaiah government*



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**A**s part of its ongoing campaign for Karnataka state elections, the Congress party got former Prime Minister Shri Manmohan Singh to criticise the Modi government's management of Indian economy at a press conference in Bengaluru. It must be said that the critique was based on half-truths designed to mislead than to enlighten.

In the said press conference, it was claimed that UPA delivered an average growth rate of 7.8 per cent under turbulent global conditions whereas NDA has managed lesser growth rate despite favorable international climate and low oil prices. In order to see through the dishonesty in this statement, we will need to segregate the performance of UPA I and UPA II. What Shri Singh has conveniently ignored is the fact that in 2004, UPA I inherited an economy that was in pink of its health, thanks to the macroeconomic policies of the NDA government headed by Shri Atal Bihari Vajpayee. Add to this the fact that, the Global Economy and international trade had witnessed some of its best years during this period. The average annual GDP growth rate of India during this period was 8.45 per annum.

No doubt, global factors had turned somewhat adverse during UPA II but fiscally profligate policies of UPA I were coming home to roost during the tenure of UPA II. High Inflation had broken the back of the common man. When Mr. Singh relinquished power in 2014 the economy was at the precipice (India was infamously part of the 'Global fragile five'). It is instructive to note that the growth rate during the last two years of Manmohan Singh's tenure was 5.4 and 6.1 per cent respectively, with very high fiscal and current account deficits and low foreign exchange reserves.

Rising non-performing assets (NPA) of the banking system is one of the criticisms. There has been a relentless attempt by the Congress party to confuse the public by mentioning the loan write-offs and farm loan waiver in the same vein. Actually, the Corporate loans are not being written off, but the banks are making provisions for the bad loans created under the previous UPA regime so that the banks' balance sheets are



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strengthened. All earlier attempts like SDR, SIA, CDR, LoC, LoU etc, to tackle NPA were simply to restructure and evergreening bad loans. Increased NPA is the result of the Modi Government identifying and recognising a problem that existed in the system. The bad loans have increased by a magnitude of three times (from Rs 2.61 lakh crore to Rs 8.4 lakh crore by September 2017) out of the outstanding loans in 2014 only.

The Narendra Modi government has enacted The Insolvency and Bankruptcy Code (IBC), which is helping in the recovery of Bad Loans from the defaulters for the first time. The prospect of defaulting promoters losing control of their companies was unthinkable before IBC. 'The Economist', whose antipathy towards BJP is well-known, has also said that due to IBC, "the outlines of a fresh era in Indian capitalism are taking shape."

Congress and Mr. Singh have also tried to create a ruckus about the tax collection by the government. They say that the Government has collected Rs. 10 lakh crore through taxes on petroleum products without mentioning that this collected over the last four years. The taxes on petroleum products are counter-cyclical in nature and the Government has reduced them to a certain extent due to rising prices. It should also

be noted that the administered price mechanism (APM) followed during the UPA years had led to hidden subsidies through the issuance of Oil Bonds, without provisioning in the budget. So far as appropriation of this revenue is concerned, Government has been able to bring down the fiscal deficit from 4.48 per cent of GDP in 2013-14 to 3.24 in 2017-18 and keeping inflation under check. At the same time increased government spending on infrastructure.

Infrastructure spending is one of the focus areas of Modi Government because of its multiplier effect on other sectors of the economy and better quality of life for the common man. From spending Rs. 1,74,000 crore on infrastructure in the FY 15, the spending in FY 18 is expected to be Rs. 2,92,200 crore - an annual increase of 19 per cent per annum. The average annual construction of highways in the three-year period of NDA government stood at 6,200 kms against 5,000 kms in the preceding three years, similar is the case for rural roads, irrigation coverage, and low-cost housing. The increased government spending has also created demand for cement, steel, and construction equipment.

On agriculture sector, Shri Singh has claimed that in the last four years current government has reversed the suc-

cesses of UPA government of increasing MSP and rise in exports. But the fact is that the current government has recognised that the problem in agriculture sector is not one of production but of income security. To address rural distress, the focus of the government has shifted from increasing production to doubling of farmer's income. A large number of steps like e-NAM and model APMC Act, better agriculture risk mitigation through insurance has been taken to ensure that farmers get a better price for their produce.

Independent bodies have also attested the current stellar performance of Indian economy. Centre for International Development at Harvard University in its report has said that India would be the fastest growing economy in the world in the coming decade. In 2017 Moody's raised India's sovereign rating from Baa3 to Baa2 after a gap of 13 years.

People of Karnataka are intelligent enough to see through the lies, deceit, and inefficiency of the Siddaramaiah government. Whatever Congress does, its fate is already sealed so far as the Karnataka Assembly elections are concerned.

*(The author is National Spokesperson on Economic affairs of BJP. The views expressed are strictly personal)*