

Indian General Elections 2024: Impact of Modi's Welfare Policies

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Summary

Indian Prime Minister Narendra Modi made welfare a central part of his political agenda since he came to power in 2014. His government expanded the social safety net, especially programmes which distribute tangible goods, even if schemes providing services (like employment or nutrition) were put on the back burner. Welfare was crucial, on the one hand, to sustain the weaker sections of the population, while the economy, although growing robustly, did not generate many jobs and concentrated at the top of the income scale. On the other hand, welfare implementation was highly centralised and contributed to establishing a direct link between the prime minister and welfare beneficiaries. It is unclear how important issues relating to welfare will be in the forthcoming elections, which will be held from 19 April to 1 June 2024. Some evidence suggests that Modi's popularity trumps economic considerations, and many voters choose the Bharatiya Janata Party irrespective of the party's economic performance.

The Indian general elections are about to begin. The world's largest electoral exercise, it will involve a potential 970 million voters. Very few doubt that Indian Prime Minister Narendra Modi's Bharatiya Janata Party (BJP) will return with a full majority in the Lower House of Parliament (Lok Sabha). Modi built much of his political appeal since he became prime minister in 2014 on the symbiotic relationship between (Hindu) nationalism and development.¹ While his commitment to Hindu nationalism can hardly be put into question, especially after the grand ceremony of the consecration of the Ram temple in Ayodhya on 22 January 2024, inaugurated by the prime minister himself, his government's performance in terms of development is much more debatable. With what economic track record does Modi present himself in front of the voters? And, more specifically, will the sizeable expansion of the welfare state under his watch play a role in the forthcoming elections? This paper seeks to address these two pertinent questions.

There are two ways to look at the performance of the Indian economy under Modi's prime ministership. On one hand, the growth of the gross domestic product (GDP) per capita has been robust, averaging at 4.2 per cent during his decade in office.² While this is lower than that of his predecessor, Manmohan Singh (6.2 per cent), the last decade has been marred by a series of global economic catastrophes – the COVID-19 pandemic and the Russia-Ukraine war, above all else – which makes India's performance one of the few bright spots on the global scenario.

¹ Suhas Palshikar, "India's Second Dominant Party System", *Economic and Political Weekly*, 25 March 2017, <https://www.epw.in/journal/2017/12/commentary/indias-second-dominant-party-system.html>.

² "How Strong Is India's Economy Under Narendra Modi", *The Economist*, 15 January 2024, <https://www.economist.com/finance-and-economics/2024/01/15/how-strong-is-indias-economy-under-narendra-modi>.

On the other hand, however, there are numerous signs that much of this economic growth has remained concentrated at the very top of the income scale. For instance, while the sales of luxury sport utility vehicles are at an all-time high, that of two-wheelers – used by a much larger portion of the population – is nearly 40 per cent lower than what it was before the pandemic.³ A similar story applies to smartphones (where iPhones and other top-end models increased their market share, while overall sales declined) and travel (where there was a sharp contraction of rail travel, as against a complete recovery of air travel to pre-pandemic levels). Fast moving consumer goods (like toothpaste, soaps and other stuff people use daily) have also been declining sharply since the pandemic.⁴ In short, internal demand – which accounts for nearly 60 per cent of India’s GDP – seems to be driven by purchases of those at the very top of the income ladder, while the consumption patterns of the middle and lower classes reveal signs of distress.

There are other data that also point in this direction – chiefly employment data. The first point to make is that data from the private firm, the Centre for Monitoring the Indian Economy shows that unemployment is at 10.09 per cent and youth unemployment at 45.4 per cent and have been rising from pre-pandemic levels.⁵ Official data, however, presents a very different picture, with decreasing unemployment and increasing participation in the labour force.⁶ However, even taking official data at face value, much of the growth in the workforce (96 per cent) is concentrated in the rural areas, and much of this is due to the sharp increase in self-employment. This is a sign of profound distress, as is the increase of unpaid workers, who constitute nearly 40 per cent of the increase in the labour force since 2017/18.⁷ If we add anecdotal evidence like the tens of millions of people who regularly try to get poorly-paid, low-ranking government or railways jobs and the fact that manufacturing, as a share of the GDP, has actually declined since Modi came to office,⁸ it seems safe to conclude that the Modi administration has not brought the tens of millions of jobs that it had promised at the beginning of its term. And that the ‘*achhe din*’ (good days) it had promised in 2014 have probably come only for a tiny proportion of the population at the top of the income scale.

The way in which Modi has tried to sustain both those who are being left out of India’s growth story and his own popularity is a rather radical restructuring of India’s welfare state.

³ “‘Car Economics’ to explain India’s skewed growth model”, *Centre for Financial Accountability*, 20 January 2023, <https://www.cenfa.org/car-economics/>.

⁴ Vivek Kaul, “The State of Indian Economy Today: What do the Numbers Actually Say?”, *The India Forum*, 22 May 2023, <https://www.theindiaforum.in/economy/state-indian-economy-today-what-numbers-actually-say>.

⁵ “Unemployment rate”, Centre for Monitoring Indian Economy Pvt. Ltd. <https://www.cmie.com/>.

⁶ Abhishek Jha, “Number Theory: Who is being added to India’s labour force?”, *Hindustan Times*, 23 December 2023, <https://www.hindustantimes.com/india-news/number-theory-who-is-being-added-to-india-s-labour-force-101703264300857.html>.

⁷ Abhishek Jha, “Number Theory: Understanding the rise of unpaid workers in India”, *Hindustan Times*, 26 December 2023, <https://www.hindustantimes.com/india-news/number-theory-understanding-the-rise-of-unpaid-workers-in-india-101703561151378.html>.

⁸ “How Strong Is India’s Economy Under Narendra Modi”, *The Economist*, 15 January 2024, <https://www.economist.com/finance-and-economics/2024/01/15/how-strong-is-indias-economy-under-narendra-modi>.

It is no exaggeration that welfare has been one of Modi's central political planks.⁹ Modi's "new welfarism"¹⁰ has a number of key features. First, it is not a complete break with the past but rather a reworking and re-branding of the welfare architecture inherited from the previous governments. In fact, most of the existing programmes, such as the Mahatma Gandhi National Rural Employment Guarantee Act, the Food Security Act, the Midday Meal Scheme or the Integrated Child Development Services are still in place. Other schemes, covering areas like housing, banking, delivery of cooking gas and sanitation were also inherited from previous administrations, but the Modi government substantially expanded them. Importantly, these schemes were not only expanded and streamlined but were also renamed, with the words 'Prime Minister' included in most of the government's welfare schemes. This signals, above all else, the importance that Modi gives to welfare in his political calculations.

Second, welfare schemes have been centralised and digitised. Many programmes are directly credited into the beneficiary's bank accounts, effectively bypassing local administrators. This further strengthens the direct link between welfare and the central government. Surveys conducted after the 2019 elections show that beneficiaries were more likely to attribute credit for welfare measures to the central government rather than the state governments.¹¹

Third, the funding pattern of the welfare schemes has been somewhat erratic. Generally speaking, schemes that provide services like childcare and nutrition, work or education have been defunded. However, schemes providing tangible goods such as toilets, cooking gas and cash, have seen much higher allocations. These are also the schemes more associated with the prime minister. Overall, social sector expenditure remained quite static at 20 per cent of total expenditure.¹²

The Indian economy under Modi, while performing strongly in terms of GDP growth, has most likely resulted in a sharpening of inequality. Moreover, it has not been as transformative as many had hoped, especially in terms of job creation. If one adds to the devastation of the informal sector brought about by the 2016 demonetisation, the introduction of the new Goods and Services Tax in 2017 and the outbreak of the COVID-19 pandemic, it is likely that especially over the last five years, the living conditions of the average Indian have not improved much.¹³ In fact, according to a nationally representative survey conducted by the Centre for the Study of Developing Societies conducted in 2023, about 42 per cent of the voters felt that the economic situation has not changed much and 22 per cent opined that it has, in fact, deteriorated. About a third of the respondents

⁹ Yamini Aiyar, 2019, 'Modi Consolidates Power: Leveraging Welfare Politics', *Journal of Democracy*, 30(4): 78-88, <https://www.journalofdemocracy.org/articles/leveraging-welfare-politics/>.

¹⁰ Arvind Subramaniam and Josh Felman, 2021, "India's Stalled Rise", *Foreign Affairs*, 14 December 2021, <https://www.foreignaffairs.com/articles/india/2021-12-14/indias-stalled-rise>.

¹¹ Rajeshwari Deshpande, Louise Tillin and K K Kailash. 'The BJP's welfare schemes: Did they make a difference in the 2019 elections?', *Studies in Indian Politics* 7, no. 2 (2019): 219-233, <https://journals.sagepub.com/doi/abs/10.1177/2321023019874911?journalCode=inpa>.

¹² "The Evolution of India's Welfare System from 2008-2023: A Lookback", Centre for Policy Research, <https://accountabilityindia.in/publication/special-edition-2023-accountability-initiative-centre-for-policy-research/>.

¹³ We are not able to include anything about poverty reduction, as data have not been published since 2011.

thought that it had improved. These results are similar to those of a post-election survey conducted in 2019, when 14 per cent of the rural and 13 per cent of the urban population thought that their economic conditions had worsened over the previous five years; and 45 per cent of rural dwellers and 36 per cent of urban residents thought that it had not changed much.¹⁴ Yet, the BJP swept the polls in 2019.

Will this track record be enough to sustain Modi's quest for a third term? The answer is most probably yes, not because of the economic benefits accrued by the population, but because the issue seems to be not very important electorally. Evidence from the latest round of state elections seems to suggest that as well.

Take Rajasthan where the Congress government made welfare a major part of its agenda. During Ashok Gehlot's term as Rajasthan's chief minister, the state implemented an ambitious welfare agenda, including the Right to Health Bill, which makes treatment free at government hospitals and a select few private hospitals; and launched several welfare initiatives such as the Chiranjeevi Health Insurance Scheme, the Income Guarantee Act, the Workers Security Act, the Inflation Relief Camps and the Gig Workers Security Act, among others. However, the Congress was not able to effectively translate benefits into votes. Paradoxically, the BJP benefited more from welfare implemented by the central government than the state government did with its own welfare measures.¹⁵

In Madhya Pradesh, where the state was governed by the BJP, central and state welfare schemes did help the BJP to be voted back to power, but only marginally.¹⁶ Also, interestingly, the BJP in Madhya Pradesh was not punished, despite the fact that many voters (62 per cent) believed that corruption had increased over the last few years. In Rajasthan and Chhattisgarh, however, corruption became one of the important factors leading to the Congress's defeat in both states.¹⁷

In other words, it does not seem that issues – the state of the economy, corruption and welfare – matter a great deal in determining electoral results, at least in the Hindi belt, where the BJP has its stronghold. It seems more plausible that a sizeable proportion of the voters have chosen Modi and the BJP for other reasons and almost irrespective of their performance in office. Neelanjan Sircar made a similar argument by analysing the 2019 general elections results.¹⁸ According to him, voters choose a leader and entrust him to

¹⁴ Diego Maiorano, 'The 2019 Indian Elections and the Ruralization of the BJP', *Studies in Indian Politics* 7, no. 2 (2019): 176-190.

¹⁵ Devesh Kumar and Lalit Kumawat, 2023, "Did welfare measures make a mark on Rajasthan voters?", *The Hindu*, 6 December 2023, <https://www.thehindu.com/elections/rajasthan-assembly/assessing-the-delivery-and-impact-of-government-schemes-in-rajasthan/article67607288.ece>.

¹⁶ Abhinav Pankaj Borbora and Manish Gyani, "Welfare schemes beneficiaries push BJP to victory in Madhya Pradesh", *The Hindu*, 7 December 2023, <https://www.thehindu.com/elections/madhya-pradesh-assembly/lokniti-csds-survey-welfare-scheme-beneficiaries-push-bjp-to-victory-in-madhya-pradesh/article67611355.ece?art=package>.

¹⁷ Suhas Palshikhar and Aadyot Prakash, "From development to defamation: the election campaign in Chhattisgarh", *The Hindu*, 8 December 2023, <https://www.thehindu.com/elections/chhattisgarh-assembly/from-development-to-defamation-the-election-campaign-in-chhattisgarh/article67614809.ece>.

¹⁸ Neelanjan Sircar, 'The politics of vishwas: Political mobilization in the 2019 national election.' *Contemporary South Asia* 28, no. 2 (2020): 178-194, <https://www.tandfonline.com/doi/full/10.1080/09584935.2020.176>.

make good decisions and then find reasons to justify their choice rather than the other way around.

In this sense, welfare and development certainly helped to give substance to Modi's narrative and political messaging, but on their own, they do not really move many votes. It seems more plausible that many Indian voters have chosen the whole "Prime Minister Package", of which welfare is just one of many, and, most probably, not the most important dimensions. Perhaps the most important way in which welfare plays a political role is that it constitutes a constant and widespread source of visibility for the prime minister. Modi's pictures are on display in ration shops and billboards presenting welfare schemes and on the very name of most of them. In this sense, Modi was able to build a very direct link between the welfare beneficiaries and him, contributing to the construction of his persona as a leader who takes care of ordinary Indians.

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