

Modi Is India's Best Hope for Economic Reform



[Umakant Sharma works the looms in Surat, India](#)

By Ian Bremmer

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Read Aatish Taseer's "Can the World's Largest Democracy Endure Another Five Years of a Modi Government?"

To win a fresh mandate for himself and his party in India's upcoming elections, Prime Minister Narendra Modi has made extravagant promises and worrisome threats. He can fairly be accused of fanning flames of hostility toward India's Muslim population of up to 200 million, and when terrorists killed at least 40 Indian paramilitary troops in the disputed province of Kashmir earlier this year, Modi ordered airstrikes into Pakistani territory, a dangerous escalation by one nuclear-armed power against another.

His economic record is mixed. Although India has become the world's fastest-growing large economy, in January a leaked government survey (after the Modi government refused to release the data) showed the

unemployment rate hit a 45-year high (6.1%) in 2017. To create a governing majority following the announcement of national election results later this month, Modi and his Bharatiya Janata Party (BJP) will probably have to find coalition partners. That, in turn, would water down some of his second-term plans.

Yet, India still needs change, and Modi remains the person most likely to deliver. He has improved relations with China, the U.S. and Japan, but it's his domestic development agenda that has done the most to improve the lives and prospects of hundreds of millions of people. Consider what he's already accomplished during five years in charge.

First, he's ensured that the government has more revenue to spend. Thanks to the Goods and Services Tax enacted in 2017, Modi has streamlined an enormously complex system of state and federal tax collection, broadening the tax base and sharply reducing the amount of money lost to fraud. That's a historic accomplishment in a country with so many development needs.

Modi has directed unprecedented amounts of money toward the country's seemingly endless need for new infrastructure. Construction of roads, highways, public transport and airports have sharply increased the country's long-term economic potential. Although the process remains unfinished, the government has also brought electricity to remote villages that have never had it, a boon for economic potential, public safety and basic quality of life.

The BJP-led government has also expanded a biometric identification system, begun under the previous Congress Party-led government, that has already taken iris scans and fingerprints from well over a billion people to help citizens prove who they are so they can receive services. It has provided bank accounts for 300 million people who have never had them, creating new opportunities for these people to access credit and state subsidies. It also brings them into the formal economy to potentially make the government more responsive to their needs. The government says these measures have cut sharply into waste and fraud within India's welfare system, allowing the state to provide more and better services at a much lower cost.

Health care reform could help half a billion poor people afford treatment for cancer and heart disease. A program known as Ujjwala Yojana has helped women in the countryside gain access to cooking gas for the first time. The Swachh Bharat program has built tens of millions of toilets for hundreds of millions of people. Modi's commitment to renewable energy is part of his plan to make India a leader on climate change. None of these projects are complete, but all of them will help the vast majority of India's people lead safer, healthier, more productive and more prosperous lives.

What does it take to bring that scale of change in a country with 1.34 billion people who speak dozens of different languages and hundreds of dialects spread across states with differing customs and political cultures while competing for votes against dozens of national and local political parties? Thanks to his reform accomplishments, but also in part to his tough line on Pakistan and his appeal to Hindu pride, Modi is even more popular now than when he was first elected five years ago. Voters in states hit by past terrorist attacks, especially those along the border with Pakistan, want a forceful Prime Minister they believe will protect them.

Modi also benefits from a lack of a credible alternative. The opposition Congress Party's election platform centers on a program that would provide direct cash payments to 50 million poor families. But a promise is not a plan, the BJP controls enough states to block a Congress government's projects and Modi has already delivered for many people.

Modi has the instinct to dominate and the thin skin of other strongmen, but he also has a genuine track record in providing the kind of reform that developing India urgently needs.

