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Deliberation upon the socio-economic policies in India in light of General Elections 2024



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DPS Rau MUN 2024

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Research Guide

Letter from the Executive Board



Dear Esteemed Delegates,

It is my distinct pleasure to welcome you to the All-India Political Party Meeting at the DPSR MUN. As the moderator, I am honoured to serve as your guide and facilitator throughout our deliberations on the critical topic of Socioeconomic Policies in Light of General Elections 2024.

Our committee's mandate holds immense significance in the current political landscape, where socioeconomic challenges intersect with political transitions, shaping the course of livelihoods of millions. As we gather to explore innovative solutions and forge consensus, I am confident that your intellect, passion, and diplomacy will contribute to meaningful outcomes.

In this background guide, you will find a comprehensive overview of the socioeconomic issues at hand, contextualized within the broader political frameworks.

I encourage each of you to approach our discussions with an open mind, a spirit of cooperation, and a commitment to constructive dialogue. As delegates representing diverse perspectives and interests, your contributions are invaluable in crafting pragmatic solutions that address the needs of all stakeholders.

Throughout the conference, I will be available to provide guidance, answer questions, and facilitate productive exchanges. Together, let us harness the power of diplomacy and collaboration to chart a course towards a more equitable and prosperous future for all.

I wish you all the best in your preparations and look forward to fruitful deliberations during the conference.

Warm regards,

Vishal Parashar

Moderator (AIPPM)



INTRODUCTION

The Modi government has had a big impact on Indian politics, with its policies touching many aspects of life. Some say it's brought in a new focus on making and carrying out policies. But there's also been criticism and problems, showing how tough it can be to run a country as diverse and fast-changing as India.

The government has mainly focused on things like development, helping people, and changing the economy. This has really shaped how people talk about politics and who they vote for. Some of the changes, like better healthcare, making sure more people have access to banks, and improving internet access, have worked well. But there have also been things that didn't go smoothly and caused arguments.

While the Modi government's efforts have moved India forward in many ways, it's important to keep improving and adapting to keep things moving in the right direction. India's future depends on what policies are put in place, how they work in different parts of the country, and how involved people are in making things better.

The socio-economic policies of the Modi government have been a big deal in Indian politics. They've been talked about a lot and not everyone agrees on whether they're good or bad. Some think they've made things better, like fixing the economy and helping more people get access to money and better infrastructure. Others think there have been problems with putting the policies into action, causing issues in the economy and other areas.

The Modi government has brought in several socio-economic policies to tackle various challenges and promote economic growth and social welfare. Here's a detailed look at some key policies:

Demonetization:

- In November 2016, the government suddenly banned high-denomination currency notes (Rs. 500 and Rs. 1,000) to fight black money, corruption, and fake currency.
- This move caused problems like cash shortages, long lines at banks, and diffi-



culties for small businesses.

- Supporters say it boosted tax payments, encouraged digital transactions, and reduced fake money.
- Demonetization was a bold step but faced criticism for its short-term effects on the economy.

Goods and Services Tax (GST):

- Implemented in 2017, GST aimed to simplify India's tax system by merging multiple taxes into one.
- Initially, there were issues with technology, compliance, and adapting to the new system.
- GST has made tax collection easier, reduced tax evasion, and made doing business simpler.
- It was a significant reform to unify taxes and improve financial discipline.

Make in India:

- Started in 2014, Make in India encourages manufacturing, attracts foreign investment, and creates jobs.
- Challenges include attracting foreign investment and improving infrastructure.
- It has increased foreign investment, especially in electronics and defence, and raised India's manufacturing profile.
- Make in India builds on previous efforts to boost manufacturing and cut bureaucracy.

Swachh Bharat Abhiyan:

- Launched in 2014, this campaign aims to improve cleanliness and sanitation by ending open defecation and managing waste better.
- Challenges include changing behaviour and improving infrastructure in cities.
- It has increased sanitation coverage, reduced open defecation, and improved cleanliness in many places.
- It expands on earlier sanitation efforts with a bigger and more visible approach.

Digital India:

- Digital India, launched to promote digital literacy and connectivity, aims to bridge the gap between rural and urban areas.



- Challenges include bringing internet access to remote areas and teaching digital skills.
- It has increased internet access, enabled online government services, and improved financial inclusion.
- Digital India continues earlier efforts to digitize governance but with a wider focus on technology.

Jan Dhan Yojana:

- Started in 2014, this program aims to provide banking services to all Indian households.
- Challenges include getting people to use bank accounts and teaching financial skills.
- It has opened millions of new accounts, giving more people access to banking services and direct benefits.
- It builds on earlier efforts to include more people in the financial system with a more comprehensive approach.

Pradhan Mantri Awas Yojana (PMAY):

- Launched in 2015, PMAY aims to provide affordable housing to all by 2022, addressing India's housing shortage.
- Challenges include acquiring land, funding, and ensuring quality construction.
- It has made progress in providing affordable homes to eligible people.
- PMAY continues previous housing schemes but with specific goals and incentives.

Ayushman Bharat:

- Started in 2018, Ayushman Bharat provides health insurance to millions of low-income families.
- Challenges include improving healthcare facilities and ensuring quality care.
- It has increased access to healthcare and provided financial security to beneficiaries.



Critique of the aforementioned schemes:

a. Demonetization:

- While demonetization aimed to tackle black money, corruption, and counterfeit currency, its implementation led to significant disruptions in the economy. Cash shortages and long queues at banks caused inconvenience to many, especially those in the informal sector.
- Critics argue that the short-term economic disruptions outweighed the benefits, and the anticipated reduction in black money and corruption did not materialize to the extent expected.
- Moreover, the shift towards digital payments favored urban populations with better access to technology, potentially widening the digital divide.

b. Goods and Services Tax (GST):

- The GST aimed to simplify India's tax system, but its implementation faced challenges such as technological glitches, compliance issues, and adjustments for different states and industries.
- Some small businesses struggled to adapt to the new tax regime, leading to economic hardships and protests.
- The complex multi-tiered tax structure also resulted in confusion and administrative burden, particularly for small enterprises.

c. Make in India:

- While Make in India aimed to boost manufacturing and attract foreign investment, it has faced difficulties in achieving substantial progress.
- Critics argue that the initiative has not translated into significant job creation or a substantial increase in manufacturing output.
- Challenges such as bureaucratic hurdles, inadequate infrastructure, and regulatory complexities have hindered the ease of doing business in India, limiting the success of the initiative.

d. Swachh Bharat Abhiyan:

- The Swachh Bharat Abhiyan has made strides in improving cleanliness and sanitation but has faced challenges in achieving lasting behavioural change and addressing infrastructural deficiencies.
- Open defecation persists in many rural areas despite efforts to build toilets,



highlighting the need for comprehensive sanitation solutions beyond infrastructure development.

- Waste management remains a challenge in urban areas, with inadequate systems for collection, segregation, and disposal.

e. Digital India:

- While Digital India has expanded internet access and promoted digital literacy, challenges such as inadequate infrastructure, particularly in rural areas, persist.
- The digital divide between urban and rural populations remains significant, limiting the equitable benefits of digital initiatives.
- Issues of data privacy and cybersecurity also pose concerns, particularly as digital services become more integrated into governance and daily life.

f. Jan Dhan Yojana:

- While the Jan Dhan Yojana successfully opened millions of bank accounts, challenges remain in ensuring active usage and promoting financial literacy.
- Many accounts remain dormant or underutilized, indicating the need for complementary measures to promote financial inclusion and empower account holders.

g. Pradhan Mantri Awas Yojana (PMAY):

- The PMAY has made progress in providing affordable housing, but challenges such as land acquisition, funding constraints, and quality control issues persist.
- Accessibility and affordability of housing remain significant challenges for low-income households, particularly in urban areas where demand outstrips supply.

h. Ayushman Bharat:

- While Ayushman Bharat has expanded health insurance coverage, challenges such as inadequate healthcare infrastructure, quality of care, and fraud prevention remain.
- In many areas, the scheme's benefits have not reached the intended beneficiaries due to issues such as lack of awareness and accessibility to healthcare facilities.



- Ensuring the sustainability and effectiveness of the scheme requires addressing systemic issues within the healthcare system, including infrastructure gaps and healthcare delivery inefficiencies.

The government claims on the Indian Economy:

Upon assuming office in 2014, India's economy faced formidable challenges stemming from past policies, reflected in its economic distress. Acknowledging the imperative for transformation, the government embarked on a sweeping agenda to re-vamp systems and processes, catalysing India's journey towards development while fortifying its macroeconomic foundations. Noteworthy achievements ensued, with the government spearheading pivotal initiatives like the digital revolution, achieving widespread vaccination, and eradicating open defecation. These endeavours culminated in substantial milestones, supported by statistics showcasing tangible progress:

- **Increase in Capital Expenditure:** The government achieved a remarkable increase in capital expenditure, rising from 16% to 28% in FY24 (RE) compared to FY14, signalling a significant investment in infrastructure and development projects.
- **Reduction in Non-Performing Assets (NPA):** Through judicious policy reforms and inclusive measures, the government successfully reduced the ratio of Gross Non-Performing Assets as a proportion of Gross advances to a multi-year low of 3.2% in September 2023, indicating a robust financial sector and improved asset quality.

Amidst these transformative endeavours, India's economic landscape experienced a paradigm shift, transitioning from fragility to resounding strength. This shift was further substantiated by:

- **Enhanced Competitiveness:** India's enhanced competitiveness was underscored by its remarkable rise in global economic rankings. From being the 10th largest economy in 2014, India surged ahead to become the fifth largest in 2023, with projections indicating a trajectory towards becoming the third largest by 2027, as per IMF projections.



- **Strengthened Global Position:** The surge in investor confidence and robust economic performance positioned India as a formidable contender in the global arena. Both domestic and foreign investors exhibited high optimism regarding India's growth potential, anticipating abundant opportunities as the economy expanded.
- In light of these statistics and transformative efforts, India emerged as a beacon of economic resilience, demonstrating promising growth prospects and solidifying its position as a global economic powerhouse.

Criticism of the incumbent government by the opposition:

- **Economic Growth:** Critics argue that despite promises of high economic growth rates, the actual GDP growth under the Modi government has been inconsistent and below expectations. While there have been periods of growth, such as in the initial years of the government's tenure, there have also been instances of slowdowns, particularly in recent years.
- **Unemployment:** Another point of contention is the issue of unemployment. Critics argue that despite the government's emphasis on job creation through initiatives like "Make in India" and "Skill India," unemployment rates remain high, especially among youth and in certain sectors. Additionally, the COVID-19 pandemic exacerbated unemployment challenges, leading to widespread job losses.
- **Economic Reforms and Policies:** Critics argue that some of the economic reforms introduced by the Modi government, such as demonetization and the implementation of the Goods and Services Tax (GST), have had adverse effects on the economy. Demonetization, for example, disrupted economic activity and caused hardships for small businesses and the informal sector, while the GST rollout faced implementation challenges and complexities.
- **Agricultural Distress:** The government's handling of agricultural issues, including farmer protests against farm laws introduced in 2020, has also drawn criticism. Critics argue that the laws were rushed and lacked adequate consultation with stakeholders, leading to concerns about the impact on farmers' livelihoods and the agricultural sector's overall welfare.



- **Income Inequality and Social Welfare:** Critics contend that despite economic growth, income inequality has widened under the Modi government. They argue that policies and reforms have disproportionately benefited certain segments of society, leading to greater disparities. Additionally, concerns have been raised about the adequacy of social welfare schemes and their reach to marginalized communities.
- **Financial Sector Stability:** Some critics point to challenges in the financial sector, including the rise in non-performing assets (NPAs) of banks and the health of public sector banks. They argue that despite efforts to address these issues, the sector remains vulnerable, posing risks to overall economic stability.

Overall, criticism of the Modi government's economic performance stems from various aspects, including growth rates, unemployment, the impact of reforms, agricultural policies, income inequality, social welfare, and financial sector stability. These criticisms highlight areas where the government's policies and actions have fallen short of expectations or have had adverse effects on the economy and society.