

Vision 2020: Are we getting there or have we lost our way?

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The year 2000 was fascinating. Apart from the excitement around the beginning of a new millennium, there was a perceptible thrill among us, envisioning a technology led future and a brave new World. The Millennium bug was more than just the Y2K problem, it was something that catalysed an enthusiasm among us to crack most of the persistent problems that the twentieth century, with its enormous advancements in trade and economic growth had not been able to solve. Spurred on by Abdul Kalam, the Planning Commission came up with an omnibus document that defined and articulated India's vision 2020.

Today, in 2019, let us see how we have done on these counts. What did the forecasts say then? Were the dreams for 2020 far too ambitious? Did we do enough to meet goals that we set out to achieve? Were we oblivious of the challenges to growth and development that would appear without warnings in the twenty first century? Did the blistering pace of economic growth that we saw in the first decade of the new millennium translate into an equally strong development curve? What sectors of the development stage did India reach its potential and where did we fail in our tryst with destiny.

Growth and poverty

India was being counted among the then famous BRIC economies. With Brazil, Russia and China, India would rapidly increase their dominance over the global economy. While Brazil and Russia disappointed Jim O Neill, the Goldman Sachs economist who coined this term, China and India have indeed done well, possibly better by way of GDP growth than was forecasted. The four countries were predicted in this famous report, to overtake the six big western economies by 2040. A major share of manufacturing went to China, and India hoped to follow suit by increasing manufacturing's share to 25%. This would add another 100 million jobs, it was predicted. However, manufacturing got stuck at 16.1 percent of GDP, within industry that accounts for 29%. Agriculture contributes 17% and a dominant services sector makes up the balance.

In India, the consensus at the turn of century was that annual GDP growth rate would be between 8.5 to 9 per cent over the next 20 years. This would result in quadrupling of the real per capita income. Poverty would be completely eliminated and India's rank from

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11th in 2000 would go up to 4th in 2020. In the World Bank's classification of economies, it was predicted that India would move from being a least developed country(LDC) to become an upper middle income country. LDCs are those with a GNI per capita of less than \$1,025 and lower middle-income economies are those between \$1,026 and \$3,995. Upper middle-income economies are those with a GNI per capita between \$3,996 and \$12,371 while the high-income economies are at more than \$12,371.

On this front, India did move very fast, by a staggering 266 per cent between 1990 and 2017, which was responsible for bringing millions of people above poverty. It was no longer an LDC even by the end of the first decade of the millennium. However, this was not enough to reach the upper income bracket where China and Brazil sit. India remains a lower middle income economy on poverty, according to the UN's 2019 Multidimensional Poverty Index. India lifted 271 million people out of poverty between 2006 and 2016, recording the fastest reductions in the multidimensional poverty index values during the period with strong improvements in areas such as assets, cooking fuel, sanitation and nutrition. Poverty could however not be eliminated, as envisioned nineteen years ago. Estimates on the number of poor vary between 21 per cent as per the 2011 census and 3% as Brookings recent calculations suggest.

Demographics and jobs

In the year 2000, it was projected that India's population will continue to grow and will cross 1.3 billion by 2020. It already has and is estimated by the Population division of the UN Department of Economic and Social Affairs to surpass China's population by 2027. It is also true that fertility rates have been declining rapidly, particularly in the South, and India's population should stabilize by 2050. Life expectancy that was at 40 in 1960 and 64 in 2000 grew to 69 in 2019, exactly the figure predicted. However, it compares poorly with Brazil and China, both at a little more than 75. The population of over 60 citizens was expected to reach 120 million. It has reached 103 in 2016, and the number will only go up. Public infrastructure must improve to take care of the elderly now.

The challenge of course is with respect to the youth and those who join the ranks of the labour force. With 65% of the population in the working age group, India in 2000 knew that providing employment opportunities would be key to sustaining growth. The data on jobs is dismal indeed. The country has been seeing jobless growth for nearly two decades and now the employment data is ominous. The rate of unemployment is at a 45 year high with the educated unemployment rate rising to more than 23 per cent. Nearly 11 million youth lost their jobs due to demonetisation in 2016 and the hurried GST implemented in 2017.



The manufacturing sector was envisioned to grow at 12-14% per annum, and therefore the share of manufacturing in India's GDP would go up to 25% by 2022. This would create 100 million jobs in manufacturing alone. As the data also shows, the contribution of the manufacturing sector hasn't changed and has remained at a little over 15% in recent years, and looks unlikely to go up in the near future. The vision of skilling 500 million people to feed into a growing economy's staffing needs was sadly not realized. The percentage of skilled youth moved up marginally from 2% to 4.4% by 2019. The pity and evocative Jobs for All slogan articulated in 2000 remains a distant dream, receding further as automation, sectoral shifts and poor educational outcomes hamper any scope of improvement.

Education

The education story is a mixed one. Enrolments have gone up significantly, with big moneys spent on mid day meal schemes, Sarva Shiksha Abhiyan and village school buildings. The recent All India Survey on Higher Education 2018-19 gives extensive data on students and their journey through school. What is really a matter of concern is that the journey from primary school to college is rough and despite nearly complete enrolment at the primary level, very few youth reach college. The problem is particularly harsh with respect to the vulnerable sections of society. For example, the Scheduled

Tribes are 5.5 per cent of the total number in college compared to 8 per cent share in population. The same problem exists among teachers too, 8.5% teachers are and 2.3% are STs. Both these categories continue to be seriously under-represented despite legally mandated reservations.

The report then gives an update on the higher education sector in the country. There are 993 Universities today compared to the 642 universities in 2011-12 and 229 in 1998. The Knowledge Commission had estimated that India would require at least 1500 Universities by 2020 to provide education to its youth, so we are still more than 500 short. However, what is critical is to note that the quality of higher education is abysmal. The government is not helping either by interfering with the functioning of our higher education institutions.

Only one fourth of our youth in the 18 and 24 age group are going to college and University. Only 26 per cent of our population aged between 18 and 23. The higher education system awards a little less than 10 million degrees every year. 65 percent of these are students who get an undergraduate degree. Most of the students with such degrees learn very little in terms of knowledge, life-skills or any other skills relevant to employability. We produce less than two lakh MPhil/PhD degree holders annually who presumably have some research skills. It's no wonder that the level of teaching in our Universities and the quality of research that comes out are of very low quality.

Hunger and malnutrition

According to the Food Agricultural Organization (FAO), in India in 1992 there were 240 million people undernourished while in 2012 the figure has gone down to 217 million, a decline of more than 9 percent, from 26.9 per cent to 17.5 per cent during the last decade. However the vision of Food for All and zero malnourishment has been a dismal failure. India tops the world hunger chart with around 200 million citizens sleeping hungry each night. 2 million children who are born each year do not live beyond the age



of five, largely due to inadequate food and poor public health facilities. 38 per cent of children in 2016 below five years were stunted, that is, they have low height for their age. The ratio is 31 per cent for children living in urban areas and 41 per cent are those in the rural areas. Same is the case with wasting, where 21 percent of India's children suffer. Only three countries in the world have wasting above 20 per cent - Djibouti, Sri Lanka, and South Sudan.

The Global Hunger Index (GHI) is a tool designed to comprehensively measure and track hunger at the global, regional, and national levels. In the 2019 Global Hunger Index, India ranks 102 out of 117 qualifying countries. With a score of 30.3, India suffers from a level of hunger that is serious. In the index that measures the level of hunger in 117 countries, Bangladesh at 88 and Pakistan at 94 performs better than India. Sri Lanka at rank 66 and Nepal at 73 are way better. The only country in the region that performs worse than India is Afghanistan at rank 108. How has India got left behind in this race? A democratic country, whose economy has been growing at among the fastest rates, India's performance is perplexing and worrisome.

Health

Health for All, we promised. But with huge supply side problems this vision is as far from being reached as nothing else is. With 17.5% of the world's population, Indians account for 20% of the global burden of disease. The Private sector caters to 75% of outpatient care and 60% of inpatient care. 1.2% of GDP spent by India on healthcare while even now 6% Indians do not seek healthcare due to financial reasons. An estimated 60 million Indians are pushed into poverty every year because they must spend nearly half their annual household expenditure for medical needs. It is a steep 2/3rds of all expenditure on healthcare that is out of pocket (OOPE), the money that patients must pay on their own to access healthcare

A much quoted Lancet study shows that our doctor shortages are mindboggling. There is much regional variation - there is one government hospital bed for every 614 people in Goa compared while there is only one for 8,789 people in Bihar. 6 out of 10 hospitals in our poor states do not provide intensive care and a fourth of them have abysmal sanitation and drainage facilities. The government's flagship program Ayushman Bharat suffers from this gross under supply of doctors even as it increases demand substantially.

The last six years

The modern day politician faces a dilemma on the eve of every election. Should she make generous promises, and give people hope that they will see a far better future? Politicians who make grand promises, as modern day literature on political economy suggests, get greater vote shares. Therefore it is not surprising that Narendra Modi, as the Prime Ministerial candidate in 2014, made a large number of very generous promises. And he was re-elected in 2019, with an even bigger margin. However, making large commitments is fraught with danger. Those who implement policy are many and often not accountable. There are vested interests in decentralised governance that could spoil the best laid plans. The Prime Minister had reportedly blamed the bureaucracy squarely for wasting five years and not honoring the commitments he had made over the last five year period.

The Prime Minister to be in 2013-14 was, to make an understatement, giving his voters really lavish commitments. Let's explore what these were and what happened to the promises made? Did the NDA 1 honour its various assurances? Some of these were undoubtedly delivered. But a large number remained either works in process or were completely untouched? How did the voter react to the fact that a large number of promises made were not delivered? It is important for a politician going back to his electorate, to be able to give credible explanations or blame the failure on factors beyond his control. How did the Prime Minister convince his voters that his intentions were genuine and that, given another chance, he would deliver on all that he had gallantly undertaken in 2014?

Promises kept

The government did deliver on some of its promises. GST, a long standing agenda, was implemented across the country. The farm insurance scheme was implemented, another long awaited measure. Expenditure limits of elections were revised. A few outdated laws were scrapped. Mobile platforms started being used to improve financial inclusion. A new Health policy was announced and a Health assurance scheme was launched. For the smart city project, a hundred cities have been identified and a hundred most backward districts are now identified to be developed on a priority basis. At least three of these proved to be truly disastrous moves, and a few others showed tepid results, while a large number remained untouched.

The sense of achievement was nowhere more explicit than on India's improvements on the ease of doing business. India's ranking improved 79 places from 142nd in 2014 to 63th in 2019. On the Human Development Rank, India improved its position to 130, one above the rank from 2017. A large reason for India's improvement in HDI comes on account of increased per capita incomes, a staggering 266 per cent between 1990 and 2017, that was responsible for bringing millions of people above poverty. The challenges that remain are by way of lower life expectancies, poor gender diversity among elected representatives and enormous inequalities by way of access to health and education.

Narendra Modi, the PM candidate in 2013 and his party, cannot be blamed for playing safe, on both the economic and the social front. There were a total of 346 promises made. After five years, two thirds remained unfulfilled, and leading the pack were the ones that were made at the loudest decibels. Corruption, the PM had thundered, would be plucked out mercilessly. All black money deposited abroad would return home and no one would dare print fake currency. Names of those holding suspicious accounts are still withheld and the NCRB reports a four times increase in seizure of fake notes. Demonetisation, the magic wand against corruption, ended a damp squib when 99.3% of old notes were returned and deposited in banks.

On the economic front, the claims of fast paced growth in GDP, millions of new jobs and a higher rupee value came apart in spectacular fashion. The RBI had to be worked on, and it was only after two Governors left with some unpleasantness, that interest rates came down. The fiscal deficit target kept slipping despite a fight back from the Finance Minister and is now again precariously placed. Inflation was one front where the government successfully kept prices, particularly on farm produce, well controlled. The impact of such low prices on growing joblessness, on the other hand, has taken the sheen away from a commitment honoured.

The social sector challenge

It is on the social sector that the Modi government has been fighting hard to deliver. Rural poverty, measured by way of consumption, if the latest leaked figures are to be believed, has gone up by at least four percent. The 75th report of the NSSO suggests that consumption expenditure in rural areas has gone down to 1,524 rupees per person per year from Rs 1587 in 2014. On the agri front, the government had promised that farm incomes would double by 2022. With negative growth rate setting in, this promise seems as much a fantasy as any. The vision of setting up Seed culture labs and soil testing facilities, easing rural credit availability, establishing an Organic farming corporation and promoting herbal produce has fallen by the wayside.

On Education, there is a new policy. However, the challenges in removing the gender gap for education access, lightening school bags, making teachers more effective and setting up multi country student exchange programs remain formidable. The Institutes of Excellence exercise started off with the government and its selection process come under some harsh criticism. The University Grants Commission and other regulatory bodies were to be transformed into modern facilitative institutions and enable large numbers of India universities to come into the top global rankings. If anything this year's list is a little more disappointing than previously.

On Health, the big announcement the government made was by way of setting up the PMJAY and Ayushman Bharat. These are indeed big measures, set to bring nearly half the population under high quality healthcare, funded by the state. While it is too early to judge these interventions, the fact is that we are staring at a situation where demand has increased dramatically, while the supply side remains unprepared. Far too few medical schools still prepare a lower than required number of doctors and an abysmally smaller number of specialists. The chances of leakage and adverse selection are every high and the schemes, laudable as they are on their ambition, are increasingly looking vulnerable and far too expensive to sustain.



The issue of unemployment must count as the biggest disappointment for the government. The Prime Minister had himself talked about making big improvements in manufacturing, and making this sector the engine of growth and employment. Make in India, was his big slogan and the targets set were ambitious. The manufacturing sector would grow at 12-14% per annum, and therefore the share of manufacturing in India's GDP would) to 25% by 2022. This would create 100 million jobs in manufacturing alone, and help reach the Prime Minister's goal of creating 120 million jobs. The situation on the job front has never been more disappointing with government data showing unprecedented job losses, especially among the educated youth. As the data also shows, the contribution of the manufacturing sector hasn't changed and has remained at a little over 15% in recent years, and looks unlikely to go up in the next three years.

The Annual Survey of Industries data shows that there has been a downward trend in industrial growth from 2014-15 to 2016-17 and job growth in industries has been weak while wage growth has been falling. More recently, the Periodic Labour Force Survey data shows that earnings of regular workers have actually declined in real terms. In rural India, regular wages have grown negatively at 0.3% per annum. The Urban sector saw regular wages declining at 1.7% per annum. This kind of decrease in wages and more importantly in consumption, was only seen in the early 60s when the country was going through a serious crisis due to the two big wars and huge food shortages.

Public spending, law and order

The problem in many ways has been the inability of those charged with delivery to keep up to the generosity of the people who made the promises. The distance between intention and impact came out starkly when a parliamentary panel on urban infrastructure showed how the state is woefully underperforming. Big ticket programs, announced at the highest places have been lacking even by way of spending the moneys allotted to them. Of the more than 40,000 crore allocated, the spending has been just a fifth of the total, little more than 7000 crore. The smart cities have spent the lowest amount and as a result there isn't one that is anywhere close to being declared smart. Urban poverty continues to struggle even as housing promised to all of them has not taken off. Sanitation and drainage facilities are abysmal. On the issue of open defecation, the evidence suggests rather strongly that more than a fourth of India's population still defecates in the open. PM Modi, after reviewing nine infrastructure projects, commented sharply in his tweet saying "Such attitudes will NOT be tolerated."

On the law and order front where the Modi government was seen as being strong and decisive, there were a number of moves made, including the recent changes in Kashmir valley. However the security situation in Kashmir and in Naxal affected areas doesn't seem to have improved much. Crimes against women, another major head under the Beti Bachao slogan, have not come down. The score card of various specialised agencies probing black money cases of tax evasion also is anything but stellar and the regularity with which some big names managed to flee the country escaping investigation has been a constant source of embarrassment.

The BJP government also came up with a series of pledges under its Clean India campaign. These included the provision of toilet facilities to address a widespread lack of clean sanitation, and cleaner cooking fuel in the form of subsidised gas cylinders to reduce the amount of kerosene and wood being used in household kitchens. Many households have switched to the cleaner fuel, so this was a considerable success. But

the longer-term success of the project has been tempered by the tapering off of subsidies on gas cylinder refills, and many households have reverted to using dirtier fuels.

As for toilets, the prime minister has said that 90% of Indians now have access to a toilet - up from 40% before he came into office in 2014. While it's true that many more household toilets have been constructed across the country, there is also evidence that not all are working properly, and that - for a variety of reasons - they do not always get used. On October 2nd this year, when the PM got up to declare India open defecation free, he had to change his aggressive style and say that states have declared themselves open defecation free.

What next for politics, economics and governance

The conclusion is difficult to make. With a large number of commitments half delivered and a good number never even attempted, the ones where the government delivered proved fruitful and the incumbent government won handsomely in 2019.

In a recent report indicting our public policy, we find that India ranks 158th in the world for its investments in education and health care, according to the first-ever scientific study ranking countries for their levels of human capital. Sudan (ranked 157th) is ahead of India and the poor Namibia (ranked 159th) is behind in the list. The U.S. is ranked 27th, while China is at 44th. The simple fact that emerges is that the expenditure of Human development must rise substantially. Universal Health care, easy access to quality education, elimination of hunger, provision of sanitation infrastructure, pollution control and putting an end to malnutrition is critical to take India into the next stage of development.



One leading indicator of growth and development in any economy is urbanization. India's population remains persistently rural, particularly in east. India with its 35% urban population today is way behind most developed countries where the share is upwards of 50%. Hostility towards migrants, slowdown in interstate movement and the shrinkage of urban jobs has hampered labour mobility considerably. The 5 trillion dollar economy that defines the Prime Minister's vision for 2024 will need a far more inclusive agenda, where sharp gender gaps, lack of access to the digital world and poor quality infrastructure is tackled immediately. India continues to be an economy with great potential, but will need concerted efforts in the next twenty years if it must go on to become a developed country by 2040.

