

India in 2020

A Year of Multiple Challenges

ABSTRACT

The year 2020 was one of multiple challenges for India and for the Modi-led Bharatiya Janata Party government. The year began with mass protests against the Citizen (Amendment) Act, which minority Muslims saw as threatening their citizen rights and was widely felt to be unconstitutional, and ended with mass protests by farmers against market-oriented farm reforms. The coronavirus pandemic arrived in January and by the end of the year had caused the world's second-largest caseload (10.3 million infections) and 149,000 deaths. The government responded with a strict lockdown, resulting in a severe economic contraction, although the economy and foreign investment picked up in the last quarter, buoyed by vaccine hopes and a partial economic recovery. On the foreign front, Chinese incursions in June along the Line of Actual Control, the de facto border, led to a tense standoff that remained unresolved at year-end. Politically, the BJP remained not only entrenched but somewhat further empowered against a weak and divided opposition, with Modi's popularity ratings high.

KEYWORDS: protests, pandemic, lockdown, economic contraction, China, Modi, BJP

CONSTITUTIONAL AND MINORITY CONCERNS

The year 2020 opened on a turbulent note, with spontaneous mass protests against the government of Prime Minister Narendra Modi (of the National Democratic Alliance, led by the Bharatiya Janata Party, or BJP) on the issue of the Citizenship Amendment Act (CAA). Passed in late 2019, the CAA gave

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fast-track citizenship to members of non-Muslim religious minorities in three of India's neighbors, Pakistan, Bangladesh, and Afghanistan, on the grounds that non-Muslims were by definition persecuted in those countries.

The law was arbitrary in two ways. First, the selection of countries was arbitrary, leaving out China, Myanmar, Sri Lanka, Nepal, and Bhutan, all of which arguably have persecuted minorities, most notably Myanmar's Rohingyas and China's Uighurs (both Muslims), and Sri Lanka's Tamils and Muslims. Because it includes Afghanistan, which was never a part of British India, the law cannot be said to be addressing unfinished business from the 1947 Partition, which some BJP spokesmen have argued. Second, the definition of "minority," and implicitly of "persecution," was arbitrary, being limited to *religious* minorities, whereas minorities can be defined by racial/ethnic, linguistic, intra-religious sectarian, or political criteria and persecuted for those reasons.

And while the CAA was pitched by the government and ruling BJP as an innocuous humanitarian law, the sting in the tail was its connection to the proposed National Register of Citizens (NRC). Under the NRC, whose implementation was suspended following mass protests (it was implemented in the state of Assam, an offshoot of that state's politics and demographics, given the large-scale illegal immigration from Bangladesh over decades, by both Muslims and Hindus), it was feared that all residents of India would have to show documentation to prove that they were Indian citizens by birth. The implication was the need for proof even of the birth of their parents, which vast numbers of poor and illiterate people would not have. While non-Muslims would get fast-track citizenship under the CAA, it was feared that Muslims without the necessary documents would be stripped of citizenship. Home Minister Amit Shah had virtually threatened as much in 2019. It was widely felt that this law, in linking citizenship to religion, was unconstitutional in a secular state.

The misgivings and mass protests were widespread and not limited to Muslims; they included students and civil society organizations. Students at Jamia Millia Islamia University and Jawaharlal Nehru University, both in Delhi, played a leading role, with the latter (along with a diverse range of protesters) organizing a months-long public sit-in, blocking traffic at a place called Shaheen Bagh in Delhi. The protests were peaceful, but police used violence against students in Jamia Millia Islamia University, and on January 5, a masked gang entered the Jawaharlal Nehru University campus and attacked protesting students and faculty. Two of the attackers were identified

on video recordings as members of the student wing of the BJP, but no arrests have been made to date.

DOMESTIC POLITICS

February saw the presentation of the government's budget for 2020–21 (April to March). It was a response to an ongoing slowdown that began seven quarters earlier, and also marked a move toward protectionism. However, the budget rapidly became obsolete due to the COVID-19 pandemic and attendant slowdown, on which I elaborate further below.

February also saw elections to the Delhi State Assembly. The ruling Aam Aadmi Party (Common Man's Party) was reelected, winning 62 seats out of 70 with 54% of the votes. The BJP came second with eight seats from 39% of the votes, while the Congress, which had once ruled Delhi for 15 years (1998 to 2013), scored zero seats and only 4% of the votes; it looked as if the Congress's entire base had moved to the Aam Aadmi Party. While this was a big setback for the Congress (the principal opposition party), it was also a setback for the BJP, Delhi traditionally being one of its strongholds. It showed that despite its thumping victory, with a greater seat majority and vote share margin in 2019, the BJP could be challenged in state-level elections.

Immediately following this were the Hindu-Muslim riots in northeast Delhi, which lasted six days (February 23–28, partially coinciding with US President Donald Trump's visit to India) and resulted in 53 deaths (38 Muslims, 15 Hindus) and a few hundred injured, besides damage to property. The riots were widely said to have been sparked by the BJP's counter-mobilization to the anti-CAA protests, in which three BJP leaders allegedly used hate speech to incite violence, issuing an ultimatum to the police to clear the street at Shaheen Bagh of the sit-in protesters or threatening direct action to do this on their own. None of these leaders have been arrested or charged by the police, which is said to have played a partisan role in the riots and the subsequent investigations.

March saw the toppling of the Congress government in the large central Indian state of Madhya Pradesh and the BJP forming a government with the aid of a faction that defected from the Congress. The Congress had won the MP state assembly election in November 2018, but the government was marked by differences between Chief Minister Kamal Nath and next-generation leader and

former Central Minister Jyotiraditya Scindia.¹ Matters came to a head in March when Scindia and his followers resigned from the assembly, reducing Congress to a minority and enabling the BJP to get a majority vote; by-elections to the vacant seats of the resigned legislators were held in October. These developments left the Congress in power in only three states out of 28 (Punjab, Rajasthan, and Chhattisgarh), and a junior partner in coalitions in two states (Maharashtra and Jharkhand) and one Union Territory (Puducherry).

In August, a similar crisis broke out in Rajasthan, where the deputy chief minister and next-generation leader Sachin Pilot revolted against chief minister and old-guard leader Ashok Gehlot. However, in this case the Congress leadership organized a rapprochement within a month, and Pilot rejoined the government, leaving Rajasthan in Congress's hands.

Following the developments in Rajasthan, 23 senior leaders of the Congress wrote an open letter to interim Congress president Sonia Gandhi asking for internal elections (which the party had not held since 1997) and an end to the practice of the party president nominating party office-bearers. The internal crisis in the Congress over internal democracy and leadership, as well as a clear political-ideological stance, is ongoing as of the end of 2020.

INTERNATIONAL POLITICS

In security, foreign policy, and international relations, the year saw developments that challenged what had become fundamental assumptions. Starting May 5, there were tense and confrontational face-offs between troop patrols from India and China as the Chinese army encroached on the Indian side of the Line of Actual Control (LAC), the *de facto* border between the two countries' forces. This was so particularly in the eastern part of Ladakh, a newly created Union Territory that until August 2019 was part of the state of Jammu and Kashmir. On June 15, 2020 these tensions led to hand-to-hand fighting near the LAC in the Galwan Valley in eastern Ladakh, in which 20 Indian soldiers and an unknown number of Chinese soldiers died, the former mostly by falling from heights. No shots were fired, but these were the first deaths on the LAC since 1967.

1. By "next generation" I mean younger (forties/fifties); the established leaders are mostly over sixty.

These developments overturned what were taken to be foundational understandings about management of the disputed border. According to the confidence-building measures and protocols established in the major border management agreements of 1993, 1996, 2005, and 2013, which held until the spring of 2020, none of this was supposed to happen. No shots had been fired on the LAC since 1975, and there had been no loss of life, in stark contrast to the Line of Control to the west, between India and Pakistan. Even during the Doklam confrontation in the India-Bhutan-China triangle area in 2017, there had been no shooting or loss of life. While it was not repeated, the June 15, 2020 incident and points of friction along the entire stretch of the LAC in Ladakh led to military buildup on both sides and heightened tension with China, with no sign of resolution as of the end of the year, despite talks at various levels, from local military commanders to foreign ministers. Given the opaqueness of Chinese decision-making, it remains unclear why the Chinese leadership has upended the existing understandings on the border, but the explanation could lie in a combination of factors, ranging from local military to geopolitical. Or it could be a reflection of China's current general assertiveness, as seen in other theaters and issue areas. India's response so far has been to build up its military capacity on the LAC and to seek to reduce dependence on Chinese products (over 200 mobile apps were banned for data security reasons) and supply chains, although this will be difficult, given the dominance of Chinese suppliers in many economic sectors.

The LAC crisis has led to a turn toward the United States in foreign and defense policy. The Chinese actions on the LAC were criticized by the US at the highest levels, and there has been a revival of the Quadrilateral Security Dialogue (or Quad), with it moving more explicitly in the direction of a military alliance to contain China, and with Australia joining India, Japan, and the US in the 24th annual Malabar naval exercises in November. At the October 2+2 summit of Indian and US foreign and defense ministers, India and the US signed the Basic Exchange and Cooperation Agreement, the fourth of four "foundational" defense cooperation agreements between the two countries, which opens the door to greater military technology transfer, interoperability, and intelligence sharing. The previous three agreements were the General Security of Military Information Agreement of 2002, the Logistics Exchange Memorandum of Agreement of 2016, and the Communications Compatibility and Security Agreement of 2018, the last two under the Modi government. These developments can be read as a shift in emphasis

from the strategic autonomy paradigm, itself a revised version of nonalignment of old. The India–China, India–US, and US–China relationships are evolving, and their evolution will need to be closely watched. There has also been a stepped-up import of arms, with France delivering some of its earlier-contracted advanced Rafale combat aircraft on an emergency basis.

THE PANDEMIC

The novel coronavirus, or COVID-19, arrived in India in January, and by the end of 2020, 10.3 million people had been infected, the second-largest number next to the US. The vast majority recovered, but over 149,000 died. It was a single wave that peaked in mid-September and declined thereafter to the end of the year. The government initially responded with a strict national lockdown on March 25, which was gradually relaxed in steps beginning June 1, the situation varying state by state. As around the world, the standard precautions of wearing masks in public, washing hands frequently, maintaining social distance, and staying home and working from home as much as possible were promoted, by and large with the cooperation of the public, especially in urban areas.

Economic Effects

The economic impact of the lockdown was severe. The Indian economy contracted by 24% in the April-June quarter, recovering somewhat in the next two quarters. Particularly hard hit were labor-intensive sectors like travel (airlines, hotels, etc.), construction and real estate, retail, entertainment, and manufacturing. (Agriculture survived the crunch and showed positive growth.) Massive job losses ensued, triggering a temporary large-scale reverse migration by unemployed workers from cities back to villages. In an economy already slowing since 2018, this was the worst crunch since 1979, and the economy has been projected by the IMF to contract by 10.3% in fiscal year 2020–21. The government had already acknowledged the slowdown in late 2019 and started revival measures (like tax cuts on companies), but the 2020 crunch required a much larger stimulus. But the fiscal space for such a large stimulus remains limited, with the deficit forecast for February in the 2020–21 budget already exceeded halfway through the fiscal year.

The fiscal stimulus that was put into effect after the April-June quarter was under 2% of GDP, much smaller than in other major economies. The

Reserve Bank of India (India's central bank) cooperated with the government in keeping policy rates low, but the problem is more complex. The economy had already been hampered by an investment slowdown due to a twin balance sheet problem: bad loans on the books of most major banks, plus high levels of corporate debt, deterred borrowing and investment, no matter how much interest rates were cut. With fiscally constrained public investment, and exports that were flat for four years due to the uncompetitiveness of Indian industry in all but a few sectors, the economy was dependent on consumption spending—which was hit hard by the lockdown.

To tackle the slowdown, and to tackle India's dependence on supply chains centered on China, and thus respond to aggressive Chinese behavior on the border, in July the government launched a new economic policy paradigm called *Atmanirbhar Bharat* (Self-Reliant India). It has been widely debated among policymakers. Government spokespersons argue that this is not a return to protectionist import-substitution, the paradigm that India followed before the liberalizing reforms of 1991, but an attempt to make India competitive and a participant in international supply chains, partly to reduce dependence on China. But there is a large protectionist lobby in Indian industry. Actual policy moves since 2018 have been protectionist, with tariff increases in 3,200 products out of 5,300, affecting US\$ 300 billion or 70% of total imports. Average tariffs declined from 125% in 1991 to 13% in 2014, when Modi came to power, but have risen to 18% in 2020, much higher than those in India's developing-world competitors and a deterrent for export-oriented investments, which depend on cheap imports, a necessity for being a major player in global supply chains. The turn to import-substitution has been criticized by a former head of the government's economic thinktank and by a former chief economic adviser.²

On the other hand, September saw three major laws passed that liberalized agricultural markets, potentially freeing farmers from regulators and intermediaries and opening up the scope for contract farming in collaboration with agro-industrial companies. Earlier, in May, three BJP-ruled states, Uttar Pradesh, Madhya Pradesh, and Gujarat, liberalized labor laws in an

2. Yogima Seth Sharma, "Arvind Panagariya Cautions Govt: Import Licenses Will Be a Complete Violation of WTO," *Economic Times*, August 8, 2020. Panagariya was the vice-chair of NITI Aayog, the government's economic think tank, from 2014 to 2018. See also Shoumitro Chatterjee and Arvind Subramanian, "India's Inward (Re-) Turn," *Indian Express*, October 14, 2020. Subramanian was the Modi government's chief economic adviser in 2014–18.

attempt to attract investment and kickstart a recovery. What appears to be falling into place is a combination of protectionism and domestic deregulation to promote Indian industry and agriculture.

These developments have broader geopolitical implications for the long run. While India is the world's fifth-largest economy, with GDP of almost US\$ 3 trillion in 2019, its geoeconomic and thus geopolitical influence really comes from being a large, open economy, rather than a large, closed economy, particularly when the country seeks to reduce Chinese influence in its South Asian neighborhood. All India's neighbors are participants in China's Belt and Road Initiative and have China as a larger trade partner, while the Indian economy remains relatively closed to their principal exports, as does its labor market—Nepal being an exception in that the Indo–Nepal treaty allows free entry and work in India. While Pakistan remains an adversary and allied to China, the other neighbors are all following hedging strategies, balancing India's regional dominance through relationships with China. Even Nepal, which has historically been close to India, opened up a new area of contention by showing a piece of Indian territory (Lipulekh and Kalapani) as Nepalese in a new map that was approved by its parliament.

THE BJP AND THE OPPOSITION

In domestic politics, the BJP seems to have consolidated its hegemony and appears to be steadily moving forward with its Hindu-nationalist majoritarian agenda, though kept somewhat on hold by the broad resistance to the CAA and the pandemic, which combined to postpone any implementation of the proposed NRC nationwide (beyond Assam). Several opposition-party-ruled states have declared that they will not cooperate with implementation of an NRC.

Toward the latter part of the year there were signs that the Hindu-nationalist agenda will be stepped up in the coming years. BJP-linked persons have petitioned courts for the repeal of the 1991 law on maintaining the status quo of all religious places (except the Babri Mosque in Ayodhya) as it was on India's independence, and have demanded that the mosque adjoining the claimed birthplace of the Hindu god Krishna in the city of Mathura in North India be removed. This appears to be the beginning of a new Hindu-nationalist campaign on the lines of the movement to build a temple on the site of the Babri Mosque in Ayodhya, which was demolished by a BJP-mobilized mob in

December 1992 and whose site was awarded to the Hindu plaintiffs by the Supreme Court in 2019. The aim seems to be to keep reminding the public of the real or alleged atrocities by medieval Muslim kings, a part of the Hindu-nationalist agenda.

The opposition, and large segments of civil society, the media, and intellectuals, including many former civil servants and judges, have found the government's attitude to dissent and what seems to be a systematic capture of what should be politically neutral institutions disquieting. There appears to have been a systematic use of investigative and tax-investigating agencies, such as the Enforcement Directorate and the Central Bureau of Investigation, against opposition figures, as well as charges of sedition—bringing hatred and contempt against the government. The country has also seen use of the 2019 Unlawful Activities Prevention Act (which *inter alia* allows the government to designate any person a terrorist without trial) against what would appear to be legitimate dissent, most notably the anti-CAA protesters. There have also been what are seen as attempts to dilute the Right to Information Act by leaving nearly half the posts of commissioners in the Central Information Commission unfilled for months, on top of the changing the terms of salary and tenure of the commissioners in a way that makes them more vulnerable to the executive. This has reduced its effectiveness in responding to Right to Information Act petitions and thus reduced government transparency.

Also in evidence are restrictive changes in the Foreign Contribution Regulation Act, which regulates foreign donations to nonprofit organizations, some of which are engaged in human rights, environmental and labor activism. The prominent international human rights organization Amnesty International decided to shut down its operations in India after the government froze its bank accounts. Some observers have even raised doubts about the neutrality of the Election Commission. One of its three commissioners resigned and was sent (with the necessary government approval) to a high position in the Asian Development Bank in Manila. He had been the only one of the three to raise objections to Prime Minister Modi's campaigning in the 2019 election with respect to the Model Code of Conduct, an interparty consensual code of campaign conduct monitored by the Election Commission, and his resignation led to suspicions of a deal easing him out.

However, the most serious worries that have been expressed are about the independence of the Supreme Court from the executive. The court has not yet held full hearings on the petitions challenging the constitutionality of the

abolition, in August 2019, of Article 370, which gave special status to the state of Jammu and Kashmir. In Jammu and Kashmir, most of the restrictions on normal political activity that were imposed in August 2019 remain in place, and there has been no action on the promised eventual restoration of statehood. Nor has the court pronounced on the constitutionality of the CAA—although this is a matter that concerns secularism, which is part of the basic structure of the constitution—or on the opaque system of electoral bonds that was introduced in 2018 and under which the ruling BJP received over 90% of the funds donated by anonymous private donors, both companies and individuals. A retired chief justice of a state High Court has publicly said that the Supreme Court’s independence is in jeopardy and that the government does not need to pack the court to get favorable judgments on matters politically important to it. All it needs is to have influence over the Chief Justice of India and a few other judges, because under the prevailing system, where the Chief Justice is the master of the roster and has the sole prerogative to assign cases to judges or benches of judges, favorable judgments can be obtained by manipulating those assignments.³

What is counterintuitive and surprising about 2020 is the strong public confidence in the government’s handling of the pandemic and trust in the government and Modi. In a survey by the Centre for the Study of Developing Societies in rural India, where two-thirds of Indians live, in late May, two months into the lockdown, although 68% of respondents had experienced serious monetary difficulties, 74% had confidence in the government’s handling of the pandemic. And in an India Today-Karvy biannual Mood of the Nation poll in August 2020, 78% rated Modi’s performance as good or outstanding, up from 71% a year earlier, despite India’s being hit by the triple crises of the pandemic, economic contraction, and the border clash with China. The same poll showed that if an election were to be held then, 36% would vote for the BJP, essentially the same share as the 37% it got in the 2019 election. It seems that people do not blame the government for the pandemic and the attendant slowdown, or for China’s aggression, but give it credit for handling the situation.⁴

3. Justice A. P. Shah, “The Supreme Court: Then and Now,” *Economic and Political Weekly* 55(40), October 3, 2020.

4. Rahul Verma and Ankita Barthwal, “The Singular Appeal of Narendra Modi, Explained in Six Charts,” *Mint*, November 9, 2020 (<https://www.livemint.com/news/india/the-singular-appeal-of-narendra-modi-explained-in-six-charts-11604678665561.html>).

YEAREND UPDATE

The last two months of the year saw the following developments. The December session of parliament was not held, ostensibly because of the risks posed by the pandemic, but was alleged to be done to bypass parliamentary scrutiny, according to a protesting opposition. While there was no restoration of statehood or assembly elections in Jammu and Kashmir and most restrictions remained in place, local elections called District Development Council elections were held in which an autonomist alliance called the People's Alliance for the Gupkar Declaration, whose leadership included three former Chief Ministers and which called for the restoration of Art. 370, won the largest number of seats, overwhelmingly from the Muslim-majority Kashmir Valley while the BJP won the most seats in the Hindu-majority Jammu region. Normalcy is still a far cry. A massive farmers' protest movement broke out from late November in north India, principally from the states of Punjab, Haryana, western Uttar Pradesh, and Rajasthan, with hundreds of thousands of farmers marching to and camping for over a month outside Delhi, demanding the scrapping of the new farm laws which they said are anti-farmer and pro-corporate in content and consequences. Some BJP-ruled states pressed on with the party's Hindu nationalist agenda with laws that sought to control inter-religious marriages involving conversion, which legislation has been challenged in the courts. On the foreign policy front, the border situation with China remained unresolved and the status quo ante not restored, with both sides digging in for the long run. The foreign policy establishment is looking to the incoming US Biden Administration for a boost to the Quad as a counter-China coalition although this will not help India on the land border. Good news on vaccines and a pick-up in business activity in the last quarter with an estimated lower contraction than in the two earlier quarters and anticipation of recovery in 2021 led to a rise in the stock market and a large inflow of foreign investment towards the year-end.

As of the year's end, the BJP is in power on its own in seven states, and as the senior partner in a coalition in another five states (of which it has a state assembly majority of its own in three), and as a junior partner in yet another three states. All in all, it is in power in 15 out of 28 states, while other parties are in power in 13 states, although of these the regional parties ruling Tamil Nadu, Sikkim, and Mizoram were allied to the BJP in the 2019 election, though the BJP is not a participant in their state governments. In India's first

post-pandemic election, in November, it retained Bihar, along with a regional party ally, going counter to the exit polls in a close race. It has made a net gain of one state, the major state of Madhya Pradesh. The BJP has an absolute majority in the Lower House of parliament (302 of 543 at year's end) and with its current allies can drum up 334 votes. It lost its National Democratic Alliance ally, the ideologically like-minded Shiv Sena, at the end of 2019 and the Punjab-based Sikh community party, Akali Dal, in October, over the farm laws.

In the Upper House of parliament the BJP has inched up to 93 seats, with another 25 members belonging to current allies, taking it to 118, or close to the effective halfway mark of 121 seats in a 245-seat house with four vacancies. However, there are four regional/minor parties that have voted with the BJP on bills in the Upper House, and with the support of some of these it can muster a majority there. It is still prevented from amending the constitution, as that would take a two-thirds majority in both houses, something it does not have in either house, even with allies; for such amendments it will have to strike deals with the opposition. As of the end of the year there is only one non-BJP minister in the 51-member Council of Ministers. Compared to the start of 2020 the power configuration in parliament has shifted somewhat in the BJP's favor, despite the loss of two major allies, due to its getting more seats in the Upper House, and it is in power in one more state compared to the start of 2020.