India has witnessed important economic reforms in both of the Modi government’s terms. However, the pace of these reforms has been erratic. As he approaches the end of his second term, Prime Minister Modi has a chance at surpassing the number of major reforms made during his first, but this will require real effort in these coming two years. Additionally, the government has not been very articulate in terms of the types of reforms it plans to undertake to further stimulate growth.

When the Bharatiya Janata Party (BJP) swept to power in 2014, expectations were high that Prime Minister Modi would remake the Indian economy. The CSIS Wadhwani Chair team decided to create a “measuring stick” to see how many big reforms his government could undertake. The team created an “India Reforms Scorecard” using a meticulous multistep process to select 30 significant reforms and track their implementation. These are not reforms the BJP promised to introduce, necessarily. Instead, they are economic reforms that experts believe could trigger job growth—even if some of these reforms appear politically impossible.

Broadly, the Indian government has approached reforms along three separate tracks:

1. **Goods Trade:** Driven by India’s massive trade deficit with the world, the Modi government has largely been protectionist. There have been increases in customs duties and local content mandates. However, of late, India has started to embrace trade deals with key partners.

2. **Foreign Investment:** The government has worked fast to remove restrictions on foreign investment and to directly engage potential investors. Too often, though, changes in foreign investment caps are accompanied by additional regulations that create an uneven playing field for foreign firms.

3. **Domestic Reform:** Over the past nine years, the Indian government has initiated some over-arching reforms like the Goods and Services Tax, reducing India’s corporate tax rate, and passing a stronger Insolvency and Bankruptcy Code. There have also been key sectoral reforms such as liberalization of regulations in coal, hydrocarbons, railways, ports, and more. But some key domestic reforms such as simplifying land acquisition and relaxing onerous labor regulations have been too politically challenging to get through.

Looking at our own India Reforms Scorecard, we see that the Modi government’s reform record in its second term (six reforms) trails that of its first term (eight reforms) at the three-year mark. However, in its first term, the government initiated only a single significant economic reform during its last two in office. Thus, the government has a real opportunity to end on a strong note.
This only looks at the level of “completed” reforms. If we dig in a bit more deeply and also look at “partially-completed” reforms, we see a real pattern of under-performance in the Modi government’s second term. A partial reform means that a reform was undertaken but did not meet all of our criteria for a full reform.

In its first term in office, beyond the 9 reforms we marked as “Complete,” another 15 reforms were “In Progress,” or partially-done. In its second term, apart from the 6 reforms we have marked as “Complete,” only four reforms are “In Progress,” or partially-done.

Today, twenty of the reforms on our India Reforms Scorecard await action. Some of these are very politically challenging, such as ending banks “Priority Sector Lending,” and “Place Pricing Control of Electric Power in the Central Government.” But others are relatively simple and straightforward, like better reporting on “Origins and Destinations” of FDI or enforcing “Cost-Benefit Analysis” for proposed regulations.

In less than two years, our team will begin preparing a new “India Reforms Scorecard” for the 2024-2029 period, whoever is in charge. With effort from the current government, few of the reforms on the current Scorecard will make a reappearance. From the chart above, it is apparent that the Modi government has broken out of the reform lull we saw at the end of its first term and start of its second term. The chance to improve on its reform total is apparent. And the impact on business growth and job-creation could be profound.

**KEY DATA**

+49%  
U.S.-INDIA GOODS TRADE, 12-MONTH COMPARISON, PER U.S. CENSUS BUREAU

-6.9%  
FOREIGN DIRECT INVESTMENT, 12-MONTH COMPARISON, PER RBI

+$22 billion  
FII ASSETS NET FLOWS, LAST 12 MONTHS, PER NSDL
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Ray Vickery, India-US Relations and the 'Jaishankar Doctrine,' The Diplomat

Richard M. Rossow, U.S.-India 2+2 Ministerial Dialogue, CSIS Critical Question

Ray Vickery, At 2+2, US needs to treat India as a great power, and India needs to act like one, The Print

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INDIA REFORMS SCORECARD

Our Reforms Scorecard covers 30 significant reforms that will trigger business growth and job creation in India. As of January 2022, five reforms stand completed, and four reforms remain “partially done”. Our entire reforms scorecard can be found at indiareforms.csis.org

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