

Opinion

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this is the ideal life.

Mark Twain

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One Nation, One Election: A commerce-centric view of India's economic landscape



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India's economic performance since 2020 has been marked by strong resilience and steady recovery, even as the world struggled with supply chain disruptions, inflation and geopolitical tensions. According to the IMF World Economic Outlook (2023), India remained one of the fastest-growing major economies, consistently projected to grow above 6 percent while several G20 countries witnessed growth below 2 percent. At the same time, the RBI Monthly Bulletin (2023) reported that India's bank credit grew by more than 15 percent—one of the highest rates in the last decade—supported by rising consumption, improving business confidence and stronger financial indicators.

In such a fast-moving economic environment, India increasingly requires policy stability, predictable administrative cycles and uninterrupted project execution. This is why the proposal of One Nation, One Election (ONOE)—where Lok Sabha and State Assembly elections are held together—has gained renewed attention among economists and business leaders. While it is commonly viewed as a governance reform, ONOE has

significant implications for India's commercial ecosystem, investment climate, public spending, MSME activity, infrastructure delivery and the digital economy. To understand ONOE from a commerce perspective, it is essential to examine how frequent elections influence economic activity. India conducts elections almost every year—and sometimes multiple elections within the same year. Each time an election is declared, the Model Code of Conduct (MCC) comes into effect. As stated in the Election Commission of India (2022), the MCC restricts governments from announcing new schemes, issuing tenders or sanctioning large funds. These restrictions ensure fairness but also slow administrative processes. When different states hold elections at different times, these slowdowns occur repeatedly, resulting in fragmented policy implementation.

These repeated pauses matter greatly because public spending drives much of India's growth. During 2020–2024, India's capital expenditure nearly doubled—from ₹4.12 lakh crore in 2020–21 to over Rs. 10 lakh crore in 2023–24 (Ministry of Finance, 2023). This surge in public investment boosted sectors like cement, steel, highways, affordable housing and railways. Yet MCC-related pauses delayed project clearances, land approvals and fund releases. Infrastructure projects—such as highway expansion or metro rail extensions—often lose weeks or months because tenders cannot be floated during MCC. When this happens multiple times a year, the cumulative impact becomes substantial. Under ONOE, these disturbances could be limited to one election cycle, enabling smoother project execution across the remaining years.

Financial markets show a similar pattern. The RBI Financial Stability

Report (2023) notes that political uncertainty causes short-term volatility, affecting bond yields and reducing investors' risk appetite. In previous major state elections, stock markets temporarily declined as investors waited for clearer signals. Foreign investors—who have significantly contributed to India's capital inflows—are especially sensitive to political uncertainty. ONOE could reduce these uncertainty windows to just one every five years, providing greater predictability for domestic and global investors. The MSME sector, consisting of around 6.3 crore businesses and contributing nearly 30 percent to

India's GDP, is particularly vulnerable to election-related disruptions. The MSME Ministry (2022) highlights issues such as transport delays, slower licensing processes and reduced customer footfall during election weeks. For instance, a textile unit in Surat or a local retail shop in Patna might face delays in receiving goods due to road restrictions or intensified security checks. A food-processing unit may experience halted raw material supply. When these disruptions recur frequently, MSMEs struggle with liquidity and planning. ONOE could reduce these interruptions, helping small businesses maintain steady production and sales cycles.

India's digital economy is another fast-growing pillar. The MeitY Digital Economy Report (2022) valued it at over USD 435 billion, and UPI transactions crossed 100 billion in 2023 (NPCI, 2023). However, digital infrastructure development—such as telecom towers, fibre-optic expansion, and data centres—requires timely administrative approvals. Elections slow down these approvals in several states, delaying digital growth. With ONOE, digital infrastructure development could continue uninterrupted for longer

periods, supporting India's goal of becoming a USD 1 trillion digital economy.

Banking and credit cycles also respond to election-related uncertainty. The RBI notes that lenders adopt a cautious stance during election periods, often delaying long-term credit approvals. These pauses, when repeated frequently, disrupt credit flow for sectors like real estate, MSMEs and infrastructure. ONOE could create more consistent lending conditions and reduce uncertainty-driven hesitation among financial institutions.

Logistics and transportation—critical for national commerce—also face disruptions during elections. Frequent roadblocks, diversions and intensified security checks delay the movement of goods. According to logistics assessments from the Ministry of Commerce (2021–2023), supply-chain efficiency is crucial for reducing India's logistics costs, which currently hover around 14 percent of GDP—higher than global averages. Under ONOE, logistics systems would face fewer disruptions, supporting faster, more reliable goods movement.

Tourism and retail sectors also experience declines during election periods. The Ministry of Tourism (2023) documented dips in hotel bookings, travel plans and local tourism activity during election weeks. Retailers, too, experience reduced customer footfall due to election rallies and mobility restrictions. Synchronized elections would reduce the frequency of these disruptions, helping these sectors maintain steady revenue cycles.

From a fiscal perspective, ONOE aligns with the Ministry of Finance (2023) emphasis on multi-year fiscal planning. Staggered elections encourage states to shift towards short-

term, populist expenditure patterns. A unified election cycle could strengthen long-term fiscal discipline and improve coordination between the Centre and states. However, ONOE does come with transition challenges. The Election Commission of India (2022) notes that synchronized elections would require additional EVMs, larger storage facilities and expanded manpower. These are logistical challenges, but not necessarily economic drawbacks. Economists argue that long-term gains—such as improved policy continuity and fewer administrative disruptions—can outweigh transitional costs if executed carefully.

Taken together, ONOE is less about political reform and more about improving India's economic rhythm. Since 2020, India's growth—reflected in data from the IMF, RBI, MSME Ministry and Ministry of Finance—has been driven by stability, investment and administrative continuity. Synchronized elections could reduce repeated interruptions and create a more predictable environment for business, investment and governance.

Whether ONOE becomes a reality or remains a proposal, its economic relevance is undeniable. It offers an opportunity to strengthen India's growth pathway, reduce administrative friction, support MSMEs, accelerate digital transformation and build investor confidence. As India advances toward becoming a global economic leader, reforms that enhance efficiency—both in governance and commerce—will be essential for sustaining long-term competitiveness.

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