

### **Governance and Growth**

As we come to the end of an eventful year, one is seeing an increasing dichotomy between the priorities of the voter on the one hand, and those of our political masters on the other. The municipal elections in Gujarat, the assembly election in Bihar, and the earlier re-elections of Chief Ministers like Sheila Dikshit and others, suggest that the voter is far more concerned with governance, with the provision of power, roads, and water; on the other hand, it seems that Delhi has taken 9% growth for granted, and prefers to focus on issues like reservations, Hindu terrorism, food distribution programs and the like, with little focus on the economy and governance.

Corruption seems to have become endemic in every pillar of the state machinery – the *netas*, the *babus*, the defense forces, even the judiciary. As for corrupt politicians, the tolerance of both the major parties seems to be more or less equal. While offering *mannat* to Gods to get what one wants is an accepted part of our value system, the political tolerance for corruption seems to be reaching levels which even this cultural trait may find difficult to accept. While the Karnataka Chief Minister has been brazen in claiming that he has done only what all his predecessors did, others seem to believe that, having joined politics, the minimum they should be doing is to take care of their kith and kin. Values like conscience, honesty, service to society, etc. seem totally, almost frivolously out of place for too many politicians.

It is strange that corruption has become such a major issue at a time when this Cabinet has perhaps the largest proportion of “clean” members in decades. Does the problem start with the structure of governance at the top? -- with a divorce between responsibility and power? The appointed members of the National Advisory Council can overrule Cabinet decisions and set policy agenda; the Prime Minister seems powerless to control or interfere in the functioning of ministers, even of his

own Party – let alone the nominees of the coalition partners. Too many ministers do not bother to attend cabinet meetings and stay away from Delhi. John Kenneth Galbraith had once described India as a “functioning anarchy”. One wonders how long the first word in the expression will continue to qualify the second!

Instead of focusing or discussing on issues of governance and growth, the last Congress Party conclave made headlines for our future Prime Minister’s statement about the threat of Hindu terrorism. A few days earlier, the Party’s general secretary claimed to have got a telephone call from Mr. Karkare, a couple of hours before he was killed on 26/11, expressing worries about the threat to his life from Hindu extremists. As of now, of course, it is ludicrous to compare Hindu terrorism with Islamic terrorism in terms of its scale, resources, organization or political patronage. But Mr. Gandhi could well be right, if not now but in the future – perhaps not so much because of the ideology of RSS but increasing disgust and anger many feel at the double standards of “secularists” in relation to the two communities. Or was the issue raised as part of an election strategy after the rout the Party suffered in Bihar? If so, the General Secretary does not seem to be doing his homework. In the Bihar elections, so many BJP candidates won even in constituencies with large Muslim populations. And, over a hundred Muslim and Christian candidates won in the Gujarat civic polls recently on BJP tickets: as India Today said on November 15, “Modi wins elections because he delivers for the underprivileged”. And this needs far better, more effective governance. The Commonwealth Games were plagued as much by corruption and inefficiencies as by the multiplicity of agencies involved in implementation of the project.

But to come back to the economy, as different analysts have argued and demonstrated on empirical evidence, the quickest route out of poverty is growth. The NAC wants to extend the ambit of food security at a cost of Rs 72,000 crores. The Deputy Chairman of the Planning Commission, the Finance Minister, the Agricultural Minister have all expressed reservations on the affordability of the scheme – and, given the corruption and inefficiencies, it is anybody’s guess how much of it will

reach the really needy. Meanwhile, industrial investments and, by implication, future taxation resources, continue to face the wall of land and environment issues. Mature observers of the Indian scene like Sharad Pawar and Deepak Parekh have cautioned that business is losing confidence in government and this could have serious implications in terms of investment and growth. But is that a priority for the ruling Party?

During the course of the recent Cancun meeting on climate change our environment minister was quoted as saying that India's position will be "dictated primarily by its economic interest" (Indian Express, December 5, 2010). One hopes that Mr. Ramesh would continue to have India's economic interests in mind in performing his duties now that he has come back to India.

*HAPPY NEW YEAR!*

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