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A reminder of the promises to keep

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N.K. Singh

Prime Minister Manmohan Singh... inability to discipline multiple coalition partners represents failed templates of governance. – PHOTO: PTI

The Prime Minister in his Independence Day address struck a realistic chord by saying that he had no new promises to make but only promises to keep. Similarly, in his reply to the Confidence Motion in Parliament, he had outlined the key priorities of this government. In all fairness, these priorities are contained in the Common Minimum Programme (CMP) which was crafted in concert with the erstwhile Left allies. Few will question the rationale and appropriateness of these priorities. Priorities are the uniquely human way of ordering the future, making it practicable and reliable, to use an idea of political philosopher Hannah Arendt. However how effective has the government been in implementing these priorities? Have the promises been kept? Senior policy makers have repeatedly blamed the Left for their multiple failures. It would be naïve to believe that some pending legislation in the area of insurance, pension and banking hold the key to India's growth strategy. There are other important areas like Education where legislations with strong bipartisan support have failed to see the light of the day.

Let us consider some of these subsisting concerns.

First, consider the claim about the sound macro-economic management of the economy. It is now well accepted that the incipient signs of an inflationary build-up was misread by the policy makers. Food intelligence remained weak resulting in imports of food-grains when international prices had begun to peak. The fact of low global inventory, successive droughts in Australia, diversion of land to bio-fuels and significantly lower domestic inventories were enough reasons for advance action. It is also difficult to accept that global factors are entirely responsible for our inflationary woes. Timely imports, early actions to curb excess liquidity, improving short-term supply responses would have improved demand-supply management.

Beyond inflation the combination of high fiscal deficit inclusive of large contingent liabilities, a high current account deficit, with faltering growth momentum do create a sense of unease. External perceptions on our growth story in just five months have suddenly become cautious. The downgrading by recognised external rating agencies is its inevitable consequence. Large committed public outlays may need substantial revision of project estimates given the sharp rise in the price of major inputs. The absence of any coherent strategy to mitigate the impact of distortionary subsidies a theme repeatedly mentioned by the Prime Minister, coupled with rising expenditure trends, uncertainties in the taming of inflation and postponed investment decisions arising from high debt costs do not augur well for an early return to fiscal rectitude.

Second, the strategy for revitalising agriculture has yet to show visible outcomes. The record food production this year needs to be balanced with a modest projected 2 per cent growth in agriculture by the Prime Minister's Economic Advisory Council. Agricultural productivity needs to substantially rise since the average yield of rice in India between 2003 and 2005 according to the Food and Agricultural Organisation (FAO) was 3,034 kg a hectare compared to 6,233 kg a hectare in China, while for wheat the figures were 2,688 kg a hectare for India compared to 4,155 kg a hectare for China, while for rapeseed and mustard India averaged 909 kg/hectare compared to China's 1,778 kg/hectare. Similarly the divergence between India and China in horticulture has also increased sharply in recent years with China producing 450 million tonnes of fruits and vegetables compared to our 135 million tonnes. The EAC report also believes "that old tired excuses of substandard agricultural performance are not valid because Indian agriculture is placed favourably when compared to China in terms of quantity of arable land (161 million hectares vs. 130 million hectares), irrigated land (55.8 million hectares vs. 54.5 million hectares), average farm size (1.4 hectares vs. 0.4 hectares)."

Improving productivity involves a quantum change in application of improved technology with water economical cropping pattern, innovating drought-resistant seed strains, improving marketing outlets, reducing wastage arising from absence of cold chains, deeper penetration of formal credit to farmers and improved coordination between the Centre and the States particularly in harnessing the comparative strengths of various regional and climatic zones. No action has been taken on the recommendations of the Swaminathan Committee on revamping of agricultural research. The rural roads programme is running behind target. Cold Storage and Cold Chains remain inadmissible for priority sector lending. Our approach remains excessively anchored to multiple subsidies instead of altering the context enabling infrastructure.

Third, the effectiveness of the flagship pro-poor programmes by way of NREG (National Rural Employment Guarantee) programme, Sarva Shiksha Abhiyan suffers from tardy implementation. For instance against a target of creating additional irrigation capacity of 10 million hectares only 2.2 million hectares have been achieved in the first two years.

The promise of constructing additional six millions houses for the rural poor in four years under Bharat Nirman is bit of a misnomer since under the Indira Awas Yojana, a similar target of 1.5 lakh houses was being achieved even before this government took office. Anyway, the programme to build 60 lakh houses in two years has remained way off the target set as only 28.6 lakh houses have been constructed.

Fourth, a major thrust of the government has been in expanding higher education. This is just as well. The ambitious programme to expand gross enrolment ratio in higher education to 15 per cent in the XI Plan and 21 per cent at the end of the XII Plan requires vastly enhanced resource commitment for higher education and improved modalities of facilitating Public Private Partnership (PPP). Regrettably the key recommendations of the National Knowledge Commission remain mired in the bureaucratic politics of the HRD Ministry. The absence of an independent regulator for accreditation system, revamping the University Grants Commission and the AICTE, as well as rationalising the regulatory framework remains unaddressed. Even after repeated attempts the Right to Education Bill remains stalled. The uncertainty in respect of the Foreign Universities Bill only gives competitive advantage to other countries like Singapore which are aggressively enhancing the footprints from recognised centres of excellence. The reform of higher education system enabling improved faculty training, attraction and retention, or according autonomy to IIMs and IITs in determining emoluments, and fees is not in sight.

Fifth, in respect of improving the cost and quality of infrastructure, the National Highway Development Programme faces severe time and cost over-runs. Award of contracts have been repeatedly delayed and incumbents of the Highway Authority and the Roads Department shortchanged frequently for inexplicable reasons. Power reforms have yet to make a decisive progress in reducing transmission and distribution losses, unbundling of electricity boards, providing actual electricity under the Rajiv Gandhi Vidyutkaran programme and improving the overall environment for private investment through lasting improvements in the financial health of public utilities.

Achievements

All this is not to suggest that nothing has been achieved during the present term of the UPA government. The cumulative impact of the policies initiated by successive governments has given us unprecedented GDP growth rates of near nine per cent over the past few years with substantial increase in per capita income. Public outlays on infrastructure, social sector have increased significantly. Inclusive growth has moved from being a mere slogan to tangible measures to mainstream rural India and ameliorate the hardships of the disadvantaged. In some areas like rural teledensity and Civil Aviation progress is more visible while in others it is an unhappy story of hesitant implementation. We have yet to learn that mere outlays do not result in desired outcomes. Over burdening the existing government system only exasperates the inefficiencies inherent in public delivery systems. Inadequate coordination between the Centre and the States in designing flexible programmes to suit specific needs must receive priority. The inability to discipline multiple coalition partners represents failed templates of governance.

As Aeschylus, the Greek dramatist has rightly said, "it is not the oath that makes us believe the man, but the man the oath". Enable us to believe the Prime Minister.

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