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## N K SINGH

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from the RINGSIDE

### Going beyond good intentions

Manmohan Singh respects authority, he is its repository, but is certainly not authoritarian. Reforms in governance has been his recurring theme. This includes administrative reforms at the Centre and the States including field administration. Only time will tell whether action matches intentions and words of wisdom are followed by more lasting deeds. However, not everyone in the government feels the same way. Take the following four cases:

First, the proposed amendment to the Indian Medical Council Act, 1956. The Bill is designed to be modified by the Indian Medical Council Amendment Bill, 2005 which confers draconian powers on government. It is nobody's case that the medical council is a paragon of virtue. The rectitude of some of its members may be suspect but there are provisions in the existing Act itself and other enabling laws to deal with individual aberrations.

Consider some proposed changes:

- (i) In case a nominated member fails to withdraw from the council, "the Central Government may give such direction and if the member refuses to comply with the direction so given, it may by order, remove such a member from the council." So much for independence of members.
- (ii) In discharge of functions, the council should be guided by such directions as may be given in the public interest, by the Central Government and furthermore, "where a question relates to public interest or not, the decision of the Central Government thereon shall be final". So, wherever inconvenient, government issues a directive with impunity, and it does not matter if council autonomy is the casualty.
- (iii) "The Central Government can dissolve the executive committee or remove from office the president or the vice president as the case may be." So a sword of Damocles constantly hangs on the key members.
- (iv) Upon the enactment of these amendments, the existing council shall stand dissolved and the Central Government can appoint a board of administrators to run the affairs till elections to the council are held.

These changes undercut the autonomy of the council. They confer excessive powers on the administrative ministry, creating opportunities for political patronage.

Second, telecom is one area where reforms have succeeded. The deregulation has increased tele-density, lowered costs and made India a competitive destination. Consumers have benefited; voice and data connectivity is more reliable at significantly lower cost. The Telecom Regulatory Act defines the orbit of influence

of Government, the regulator and its appellate authority. The revised Section 25 of the Act enables policy directives to be issued but was designed to be used sparingly.

In several areas, the role of the TRAI is advisory, although the government is obligated to seek its advice. In others, its advice is mandatory and also binding on the government. The ministry is now in conflict with the TRAI on the issues of tariff, access deficit charge and advice pertaining to spectrum policy. Some of these are in the regulators domain; policy directives to dilute regulatory functions do not auger well.

Third, power sector reforms have clearly slowed down. The culture of free power is back with a vengeance looking at Amarinder Singh's free power gesture in Punjab. This has complicated lives for other States, creating uncertainties on the future of user charges. The Central Electricity Act, 2003 came under pressure from the Left parties on issues relating to unbundling of State Electricity Board (SEBs), rural electrification, review of elimination of cross-subsidies and extending the date for the re-organisation of the SEBs. These need to be resolved in dialogue with the UPA partners and through enabling administrative action obviating the need to amend the Act itself. Using this opportunity to erode the regulators' power by stipulating that the Electricity Regulatory Commission "shall act in conformity" instead of the present "shall be guided" by the National Electricity Policy is a significant dilution of regulatory functions.

It is reported that the PMO has turned down the Power Ministry's suggestions; the Ministry of Finance and Planning Commission also have conflicting points of view. All this comes at a time when the design of the tariff policy and methodology governing its architecture, as well as assigning responsibility between the regulator and the Ministry, remain unresolved. They add to investor uncertainty.

Finally, the proposal to induct political appointees on Boards of PSUs is retrograde. It cuts at the root of greater autonomy to public sector undertakings. The Petroleum Ministry may have partially resiled in its decision to foist additional government and political appointees on Boards but reports about the Department of Public Enterprises looking up old circulars to achieve these ends is hardly endearing.

It is true that a coalition government dilutes prime ministerial control on ministers representing coalition parties but the principle of collective responsibility is indivisible. The zest for improved governance cannot co-exist with erosion of regulatory bodies, established institutions and public undertakings. No one knows better than the Prime Minister that good governance must go beyond good intentions.

*Write to nksingh@expressindia.com*