

N K SINGH

Sunday, January 02, 2005

from the ringside

How to make the New Year Happier

This is my first column of 2005. It is written under the deep shadows of the profound human tragedy we have witnessed just after Christmas — a painful reminder of our ephemeral presence. The Prime Minister must be complimented for having deployed all men and material at our command to mitigate the colossal human suffering. It is inexplicable though that knowing Sumatra is one of the most geologically violent region of the planet, where two plates that make up the earth's surface collide, it failed to prompt us earlier to build advanced warning systems or join the US-Pacific Tsunami Warning Centre in Hawaii.

We are still in the honeymoon period of this government — even though this is a coalition of many parties, who has forbidden honeymoons amongst polygamists? Honeymoons and New Years are a time for wishes and resolutions. So here are mine.

First, in the foreground, my first wish is to atleast become wise after the event. Clearly, we need not only to acquire membership of existing bodies but to further strengthen partnerships with other countries on arrangements designed to strengthen surveillance and warnings on natural disasters. ISRO's ability also needs upgradation and diversification. Furthermore, every time we have a calamity, there is intense discussion on the need for Integrated Disaster Management System. No sooner the tragedy recedes into memory this is also forgotten. I hope this time we will resolve to create, based on best international practice, a truly Integrated National Disaster Management System.

Second, I would like to see a fuller integration of rural India in our economic mainstream. This wish has three parts: I would like to see the kinds of dynamic processes that has been witnessed in the industrial sector set in motion in the agricultural sector to energise rural development and link it to other parts of the economy. Moving to new crop patterns, building up agro-processing capabilities, and other advances in economic activity would substantially raise rural incomes as well as the productivity of this large sector. The potential for value-added activities in this sector remains unrealized.

I would also like to see more integration in consumer markets so that the kinds of services and goods that are available in urban India are also available to rural customers. Innovative schemes based on the power of the economy are beginning to bring market opportunities to rural areas; such efforts must be reinforced.

A credible effort to arrest the growing inter-regional (and even within-state) divide needs concerted efforts. We must ensure convergence, rather than divergence in living standards. Improving the quality of public spending, particularly on health and education, as discussed below, is one step, but we must also ensure that we

create a framework to direct market forces toward this end.

Increasing connectivity via roads, internet, telephones, and other infrastructure would be an essential first step to allow wider-spread of prosperity. It would allow industries to choose more diverse locations, bringing jobs to high-unemployment areas, and stem internal migration that is taxing our urban infrastructure (on this matter, I discuss other wishes below).

Which brings me to my third wish: A tangible move towards public-private partnership, particularly in improving infrastructure quality. Infrastructure binds the country together and is the underpinning for an efficient, common, market. We need to ensure that our ports and airports handle international traffic efficiently, and that our roads, railways, aviation, inland waterways do not strand people or freight at these gateways. We must pay particular attention to the interaction and complementarities between modes of transport.

We also need to accept the reality that high-quality infrastructure services cannot be provided for free. User charges are an important aspect of any credible reform strategy, both to ensure the availability of resources and to encourage responsible use of the service. User charges for electricity, for example, would encourage much-needed demand side management as well as more environmentally sound irrigation practices that do not decimate the water table in rural areas.

My fourth wish is to see perceptible differences in India's urban and satellite towns. India's cities have grown over the past decade — which in itself is not undesirable, but this expansion without any kind of urban planning or attention to infrastructure has led to increasing pollution, traffic, and other negative consequences. Greater, and more holistic, attention to urban transport would be an important contribution to living standards.

A wishlist for the Indian economy could not leave out some mention of the underlying drivers of growth: the demographic profile. I wish for sensible handling of India's demographic profile.

Our working age population continues to swell even as other countries' populations grow grey. We must recognize both the opportunities as well as the challenges that the situation creates. We have the opportunity to be the center of much of the world's productive capacity — both skilled, and unskilled. We have the opportunity to build up savings and invest them productively to increase our growth rate. But we also have the challenge of providing a useful education to these young people as well as ensuring that our economy can provide sufficient employment opportunities in existing and emerging industries. Finally, we must ensure that “too much of a good thing” does not turn into a liability — the demographic bulge is a potential boon, but a sustained population explosion would not be.

And lastly, several areas of governance are crucial. First, I would like to see basic reappraisal and repeal of the laws, rules, and regulations that have lost their relevance. All of us have multiple examples in mind. Second is to improve the quality of public delivery system at all levels of government.

Improvement of the public delivery system, project implementation, health and

education networks in rural areas, and, generally, the interface between Government and public is a perennial item on many of our wish-lists. We need to better monitor the flows of funds, ensure that they reach targeted populations, and gain some sense of the returns from various programs so that we can prioritize them.

Steps in any of these directions would improve the credibility of ongoing reforms and create the basis of not only economic growth at 7% with rising productivity but also create adequate gainful employment, and for prosperity to be shared more widely across the country. These would be themes of some of my columns in 2005.

My Best Wishes for the New Year.

Write to nksingh@expressindia.com