

N K SINGH*Sunday, February 05, 2006*

from the RINGSIDE

Some prime ministerial initiatives

There is a raging controversy on how “weak” is the Prime Minister. Fresh from Davos, this is a bit bizarre because India was being felicitated by the global community as the emerging economic power and the relative strength of India vis-a-vis China and their implications for global stability were being hotly contested. India was not only ‘Everywhere’ but India was seen as being ‘Strong’.

Of [course](#), hypothetically speaking you can have a Strong India but a weak Prime Minister. However, the timing of this debate somewhat intrigues me. In the recent weeks, the Government has taken some onerous decisions—on further opening of Foreign Direct Investment, permitting 51 per cent [foreign investment](#) in [single](#) brand on retail activity and awarding contracts to private sector for modernisation of Delhi and Mumbai airports. It has balanced these well with launching the National Employment Guarantee Scheme and announcing its intention to set up a Pay Commission. It has also undertaken a [major](#) reshuffle in the Cabinet, which has inducted some fresh talent even though it hardly contributed to a more purposive regrouping of ministries and departments. All in all, the recent weeks have not seen a government in retreat but in motion to fulfill some past promises.

Given the current momentum, the Prime Minister in the coming weeks must press on to concentrate in few other areas. On top of my list is Energy Security. It is no accident that former US president Bill Clinton in the Closing Plenary of the World Economic Forum reflected on three global concerns—climate change, growing income disparities and religious intolerance. Three days later, President Bush in his State of the Union address for the first time acknowledged the excessive energy consumption by the US and the need to actively seek alternatives to fossil fuel energy even while sharply reducing dependence on supplies from the Middle East. Europe fears that reduced US dependence on supplies from Middle East could lower investment and exasperate a growing disequilibrium between demand and supply. In all fairness, Bush is only focusing on the stark realities of depleting oil reserves, an America which is an extensive energy guzzler and seeking alternatives.

Where does India stand? The Prime Minister’s favourite theme is Energy Security. The Kirit Parekh Report on Integrated Energy Policy has made many sensible recommendations but prevaricated on the key issue of energy pricing. It is understandable that Murli Deora, with less than a week in office, can hardly propose hikes in prices of kerosene and diesel, seen as unpopular with the Left and the middle class. Nonetheless, no serious investment in R&D and alternative fuels will take off till conventional energy is efficiently priced, at the very least at current market conditions, even if allowance is not made for its depleting availability. The excessive subsidy which alternative fuels seek will deter investments and more so their increasing use as alternative fuels.

It is no secret that both India and China are increasingly becoming the new fuel guzzlers and keeping in view long-term trends, apart from environmental consequences, would be well advised to diminish intensity of energy consumption, price appropriately and seek alternatives. An unequivocal commitment on energy

pricing which depoliticises pricing policy is central to any integrated energy policy.

Second, the US is also worried about losing its leadership position in science, technology and the cutting edge of innovation. President Bush admits this in saying “we need to prepare our children to read and succeed in school with improved head start and early childhood development programmes. We must upgrade our teacher colleges and teacher training and launch a major recruitment drive with a great goal for America: a quality teacher in every classroom.”

In this context, looking over his shoulder at China-India, he committed the Federal Government “to a quest for 70,000 teachers and 30,000 scientists to prepare American students for a new era of competition”.

Alas, India continues to prevaricate and make incremental changes in our education policy. The HRD Minister has been applauded for permitting IIM-Bangalore to set up institutes abroad. There is also much hype that provision is being made for 10 to 15 per cent more students to pursue technical courses. These are not enough. The endemic issue of creating more IIMs, IITs and other educational institutions remains unattended. For greater autonomy to centres of educational excellence, faculty retention and improving the quality of teaching require fresh approaches. In short we do not have a coherent forward-looking policy on education, particularly for higher technical education which addresses our contemporary needs. The issue deserves the Prime Minister’s personal attention.

The Budget is round the corner. Utilising the budget to make policy pronouncements may have outlived its course. Indeed, with the substantial completion of tax reforms, budget-making must become increasingly transparent. Overloading the budget with non-financial decisions whose implementation runs into fresh controversies is counter-productive. By the way, the opening of the financial sector remains mired in opaqueness and has proved elusive.

The Prime Minister however would be well served if he concentrated on some key issues like completing power reforms; energy pricing along with an integrated energy policy; a more serious start to Urban Renewal Mission; a coherent plan on agricultural reforms; and above all a forward-looking HRD policy. Given his success in foreign policy areas and recent initiatives, history will hardly judge Manmohan Singh to be weak if there is meaningful progress on these complex challenges. In the end, action is always more lasting than rhetoric.

write to nksingh@expressindia.com

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