

The new 'Consensus Mantra'

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Posted online: Sunday, April 23, 2006 at 0000 hrs IST

The Confederation of Indian Industry (CII) has just concluded its National Conference 2006. New office-bearers have taken charge and will inevitably set their own priorities within the framework of continuity which this organisation has come to represent. Yogi Deveshwar's credible record in improving governance within the CII and increased decentralisation represents an important contribution.

Over the years, the CII has evolved. It has moved away from being a mere 'industry spokesman' to engage on broader issues of economic and social policies. Its overseas network has begun to leverage the advantages of a growing Indian market for promoting our strategic and foreign policy interests. The negotiating dexterity and fabled global networking of its chief mentor, Tarun Das, have lent credence to these initiatives. The CII's new agenda mirrors the concerns of new India.

Prime ministers have in the past used the annual conference to unveil a new package to enthuse the corporate world. This year was somewhat different. Prime Minister Manmohan Singh did stress the need to increase the share of the manufacturing sector in national income and to implement the worthwhile recommendations of the National Competitive Council through a high-level committee under his chairmanship, apart from stressing the virtues of a "cluster approach" to secure economies of scale, particularly through the Special Economic Zones, and further strengthening our capabilities in Information Technology.

What has attracted attention is his suggestion for "industry to seriously consider enhancing educational and employment opportunities for weaker sections, investing in their skill enhancement and promoting their employment in an affirmative manner as well as to invest more in vocational training and technical education, particularly for youth from less privileged background". He went on to suggest assessment "at a firm level the diversity in your employee profile and commit yourself voluntarily to making it more broadbased and representative. Such affirmative action can be a crucial component of an inclusive society we hope to build".

The Prime Minister's suggestions to industry have evoked a mixed response. Many view this as a move away from a merit-based system which enhances quality and retains our competitiveness. Others view voluntary action being preferable to a formal legislation. While Manmohan Singh has certainly triggered a fresh debate, he has also tried to fend off pressures from within his Cabinet for more draconian measures like a new law, if need be through a constitutional amendment.

The economic virtues of meritocracy are obvious enough. India's comparative factor advantage lies in availability of skilled manpower at competitive cost and sustenance of productivity and efficiency gains. While supply-side elasticity gives room for manoeuvre, a socially mandated quota could seriously undercut the newly discovered opportunities which IT and knowledge-based activity confer on us. On the other hand, mainstreaming the disadvantaged is critical for social cohesiveness and political stability, which are preconditions for long-term growth. Combining the virtues of meritocracy with social empowerment is never easy and alternative options must be evaluated more carefully.

On a different note, at an award ceremony of The Indian Express for 16 leading journalists recently, the Prime Minister had drawn a distinction between a debate and a discussion, the former bringing to the fore opposite points of view while the latter attempting to reconcile and forge a consensus. While advising the industry to take voluntary affirmative action and leaving space for greater consultations on quota reservations in educational institutions, Manmohan Singh is seeking a new consensus. However, any consensus strategy must distinguish between issues which are innately divisive as compared to issues which are contentious. Socially divisive issues

need attitudinal reconciliation inherited from history and will remain controversial for long. On the other hand, contentious issues have a greater prospect of achieving convergence of divergent points of view.

Since it would be more optimum to seek consensus on contentious issues we must focus on those where long-term multiplier benefits are obvious and easier to explain. These would inevitably include a more flexible labour market to give impetus to new employment; rationalising subsidies so that these can genuinely benefit the poor; rationalising user charges of public utilities, including municipal entities, for incentivising fresh investment; enacting critical legislation in infrastructure like coal and ports; or improving the efficiency of financial intermediation through greater competition, which makes it easier for the ordinary man to borrow at more affordable cost; redesigning the agricultural strategy in consonance with changing consumer needs and sustainable cultivation patterns; and reforming the education system to harness the advantages of a young demographic profile. Socially divisive issues require much wider debate over a longer period and taking hurried action for perceived short-term electoral gains would exasperate the social divide and deflect attention from our growth challenges.

The 'Consensus Mantra' must be applied differentially. It should not be a device for leadership to postpone decisions. The strategy must begin to harvest some early gains. Resolving contentious issues cannot be postponed if the lofty aims of a 10 per cent growth rate are to be realised. Differentiated action and approach is what enlightened leadership is all about.

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