

N K SINGH*Sunday , August 07, 2005*

from the ringside

The second prime ministerial embrace for August 15

Time passes quickly. It was exactly one year ago that I wrote my first column, “A prime ministerial embrace for August 15”. That dwelt on the possible contents of his first address from the historic ramparts of the Red Fort. His second address is round the corner; advisors would be busy drafting the speech content and fresh promises. This is a good time to assess what has happened in the last 12 months. A balance sheet of success and failures, an analysis which goes beyond the official publication entitled “A caring government: One year of UPA government”.

- **FIRST** and foremost, the country has witnessed a period of continued economic stability, free from communal passions and financial malfeasance spilling over into public life. This is no mean achievement.

- **SECOND**, Prime Minister's forte is economic statesmanship. Instead, the Prime Minister's achievements have been singular, in his area of limited familiarity, viz., foreign policy, strategic relationship and defence agreements. The recent agreement with the US enabling full access to fuel, spares and technology for civilian use of nuclear energy is far-reaching. Apart from its implications for energy security, it has broken the jinx and the historical baggage of a mindset inherited for four decades in both countries. The conclusion of the Comprehensive Agreement with Singapore, work on regional co-operation with other Asian countries is credible. Relations with China have substantially improved. Confidence Building Measures and the ceasefire with Pakistan are still holding despite the recent disquiet on terrorist escalation. It is in the nature of things that irrespective of who sowed and nurtured the sprout, the usufruct must be enjoyed by he who harvests.

- **THIRD**, it is somewhat ironic that in contrast to what has been achieved in the area of foreign policy and defence, success in the economic sphere is more modest. The economy is doing remarkably well, but it is debatable if it can be attributed to government policies. Decisive measures on electricity reforms, labour reforms, privatisation, judicial reforms, coal, to name a random few, have eluded success. In their absence, it is difficult to assert with confidence that there is a vastly improved investment climate to spur the animal spirit of investors, both domestic and foreign. Elaborate mechanisms like an Investment Commission, Infrastructure Committee, Special Purpose Vehicle not to mention a host of many other commissions, task forces, high- level committees have been constituted but tangible outcomes are yet to be felt. Understandably, these take time. Civil Aviation has however made decisive strides.

- **FOURTH**, energy security is the new global buzz word in an era of high fuel prices. Harnessing both conventional and non-conventional sources more aggressively is an integral part of the strategy. The new agreement with the US will help in mainstreaming nuclear energy in our overall policy. While it may be glamorous to seek petroleum alliances beyond the shores of India, making

petroleum strategy an extension of foreign policy has limitations. It is certainly more fashionable to seek external agreements with Iran, Myanmar, Bangladesh, create an Asian buyers consortium than to raise fuel prices. It helps in deflecting focus from difficult domestic decisions. However, no energy security can be guaranteed till energy is appropriately priced. The centrality of energy pricing by de-politicising price decisions, creating institutional firewalls to minimise political interference through regulatory mechanism is inescapable. So is the need to undertake coal reforms. The obstinate bureaucracy of the Coal Ministry, compounded by the incompetence of successive Coal Ministers increase the challenge.

- **FIFTH**, the record on improved governance is a mixed one. The Right to Information Act is a positive move. Equally, initiatives on Civil Service Reforms must be encouraged. However, merit-based selection of civil servants for key assignments, or post-retirement rewards still lack credibility. De-politicisation of the civil service establishment, a problem worsened by successive governments, is not easy. Newspaper accounts of arbitrary transfers in Bihar, Uttar Pradesh and other States do not instill confidence, and given the all-India character of these services, the Central Government cannot wash off its obligations. Weeding out non-efficient Ministers whose names and numbers do not require IB sleuths would enhance credence.

Beyond Civil Service lies the need to reform the government itself. Multiplicity of ministries with overlapping, if not redundant, functions and jealous guarding of turfs impedes progress. For instance, creating an Energy Co-ordination Committee is no substitute to putting Coal and Non-Conventional Energy in the Ministry of Power. Leaving Textiles separate from Commerce or Petrochemicals separate from Petroleum, or Food Processing separate from Agriculture, are legacies that need no perpetuation. While the Planning Commission is being mainstreamed for broader economic policies its basic restructuring is on the backburner. In a coalition government, many hopefuls need accommodation. But at least a modest beginning can be made.

- **SIXTH**, the provision of additional resources for health and education, particularly the education cess, augurs well. Nonetheless, educational reforms go far beyond adequacy of resources. Thousands of unfilled teachers' jobs in several States, exercise of patronage based on caste or political leanings on their appointments, high dropout ratios, inadequate attention to quality particularly Science and Maths, small percentage of people pursuing higher education, faculty retention and the need for imparting greater autonomy to institutes of excellence constitute complex challenges. A Knowledge Commission is desirable. However, in many of these areas the truth is well known and implementation in concert with States need not be postponed.

- **SEVENTH**, the Prime Minister has rightly stressed the centrality of agriculture reforms and rejuvenating research to meet our new needs. A coherent strategy on agriculture covering Centre-State relations, earmarking responsibilities, legislative and administrative, could constitute a much needed "White Paper on Agricultural Reforms". The Agriculture Minister whose present responsibilities encompasses the multiplicity of the agricultural divide, and given his mindset, provides an opportunity not to be foregone.

One other area deserves attention. A number of important legislations have been

introduced but their passage remain mired in controversies. There are others on which promises were made but the laws are not in sight. The legislative record of this government needs improvement. In the end, successful deal-making is what outcomes are all about.

So what should the Prime Minister say this August 15? He can take legitimate pride in the many far-reaching achievements of his government, but he must admit that much more needs to be done on the economic front, on improving governance, strengthening institutions, mainstreaming the lagging States. Everyone knows coalition politics has limitations, but successive coalitions in the past have achieved notable reforms. We have one of the world's best economists at the helm of affairs but this has yielded the best outcomes in foreign policy, security and defence. No doubt, governments must survive before they can reform. Fortunately however, both the UPA chairperson and the Prime Minister are sensitive enough to realise that survival is not an end in itself.

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