

When report cards are ready reckoners

N K Singh

Posted online: Sunday, May 28, 2006 at 0000 hrs IST

This has been a week full of report cards and agitations. The completion of the UPA Government's two years triggered independent surveys rating its performance even while the Government put out a laundry list of its laudable achievements. Many of these are on-going activities which do not deserve any special mention. The quota agitation, to say the least, is distracting and has reopened old wounds in bringing out the inherent divisiveness of the polity. Hopefully, a middle consensus ground would find acceptance before investors enhance their risk perceptions. Add to this the growing Naxalite violence covering 165 districts out of a total of 602.

Risk perceptions are always difficult to quantify, and even while brave economists impute numbers, they have an intangible quality which shapes our decisions. So how has the Government performed in the last two years? The Prime Minister has hesitated in writing any scorecard. A perceived decline in his standing in the survey conducted by The Hindustan Times was contrary to the outcome of the NDTV survey. India Today assigned marks to individual ministers, benchmarking them against last year's rating, "based on popular perceptions".

First and foremost, since we do not have a Foreign Minister, success in the area of foreign policy does not figure in these surveys and yet improving relations with countries in Asia, profiting from a closer integration with these economies, improved relations with China and persevering with peace initiatives with Pakistan are no mean achievements. Above all, the Congressional approval on civil nuclear arrangements with the US, enabling access to civil nuclear energy and dual technology with strategic partnership, invests the future with multiplier benefits. This would be the UPA Government's single biggest achievement. It augurs well for enhanced FDI flows from the US and Japan, provided there is no deterioration in the domestic environment and infrastructure improves rapidly.

Second, on the economic front, there are no comparable gains. P Chidambaram can draw comfort from withstanding pressures of fiscal profligacy or reversing tax reform and securing universal acceptance of VAT. But reforms of financial sector, pension and insurance, as well as liberalisation of FDI flows, remain mired in coalition politics. While he still remains the most acceptable reform face of the Government, it is not surprising that in the India Today rating, he has slightly gone down. In fact, his decline would have been faster except that expectations from his liberal pronouncements continue to remain high.

Third, the opening of Indian skies has dramatically improved air connectivity. Cut-throat competition on air fares, commencement of privatisation of Delhi and Mumbai airports, with promise to replicate this for other airports, rightly makes Praful Patel a high performer. The agenda of civil aviation reforms is however far from over. A policy has been on the anvil for over a year which will rationalise the burden sharing on non-commercial routes and a credible regulatory structure for level-playing field awaits legislative approval. Training and skill inculcation, particularly for regulators and traffic controllers in managing congested skies with high safety, remains a challenge.

Fourth, navigating an energy policy which combines long-term energy security with affordability remains elusive. Inability of states to reform their electricity sector stalls progress in reaping the benefits of the Electricity Act, 2003. The endemic problems of the coal sector dent any effort for a coherent energy policy. The flip-flop on petroleum pricing leads to confusion. The current high oil prices are not transient aberrations. While revenues from this sector have traditionally been disproportionate, in the end, its inflationary impact notwithstanding, there is no escape from passing on the burden to consumers. In the long

run, this will conserve energy and incentivise investment in alternative energy forms. Murli Deora can improve his overall score in the survey if, coupled with oil diplomacy, practised with great aplomb by his predecessor, he can tackle the politics and economics of oil pricing.

Fifth, the performance of Lalu Prasad Yadav in Railways has been universally rated high. Improving finances while protecting consumers, through productivity improvements in wagon-loading and turnaround time, shows the scope of similar improvements elsewhere. No doubt, in the long run, wear and tear of tracks, transiting to lighter aluminium-based wagons and improving safety cannot be overlooked. While changing technology paradigms offer infinite scope, productivity-linked improvements may run out of steam and the need for tariff rebalancing, eliminating other subsidies and more aggressive public-private partnership cannot be obviated.

Sixth, the current quota controversy overlooks the more neglected and endemic problem of HRD. It's a pity that the Knowledge Commission is now divided and may be dysfunctional. Improving primary education, filling teacher vacancies, reducing dropout ratios, improving quality particularly in maths and science, encouraging greater numbers to seek secondary and higher education and grappling with challenges of faculty attraction and retention, coupled with autonomy in technical institutes, are areas of far-reaching importance. Regrettably, no roadmap is in sight. We are frittering away our greatest comparative advantage—a young demographic profile—instead of fostering a knowledge hub.

Seventh, there are other areas where action has scarcely begun, like reforms of the judiciary or labour laws, or where initiatives taken have not yielded outcomes, like an integrated food law. The roads programme has suffered from costly time overruns. Approvals pile up for environmental clearance. Maran is a bright spot, but it can't be said for many other allied partners. It is not surprising that in these areas the concerned ministers have not figured favourably in the survey markings.

Finally any government must encourage itself by propagating its achievements. The slogan of all-inclusive growth has resulted in tangible initiatives of Bharat Nirman, the Employment Guarantee Scheme, the Urban Renewal Mission, the Sarva Shiksha Abhiyan and the Mid-day Meal programme. If implemented with sincerity through vastly improved public delivery system, particularly in states where governance has been weak, these can make a dramatic difference to rural prosperity. It is however premature to comment on their success.

On the whole, the report presents a mixed picture. But like all reports cards, it is also a ready reckoner of achievements, failures and expectations. Will the Prime Minister hold a mirror to the faltering performers?

write to nk.singh@expressindia.com