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“Aap’S ECONOMIC POLCIES PORTEND ECONOMIC RUIN” by S L Rao

The Aam Aadmi Party was a refreshing change after the corruption, lavish spending, and hubris of both the national political parties. The persistent inflation of the last two years, almost zero employment growth, declining infrastructure, and declining investment growth, have added discomfort to disgust. The Aam Aadmi party came out of the anti-corruption movement organized by Kejriwal and led by the almost saintly figure of the aged Anna Hazare, offered squeaky clean leaders, apparently ordinary people who were tired of the political and economic quagmire that India had become. They appealed to many who swept them to power in Delhi polls. Millions are flocking to join the party over the country. Small financial contributions from thousands are pouring in. They now appear to pose a serious challenge to both national parties and the regional ones.

Kejriwal is R K Laxman’s iconic cartoon . His approach is that of the man on the street. So are his solutions. Power and water are too expensive and rates must be cut. Report all corruption cases to a government help line and that will solve the problem. The metro is the common man’s transport and for short distances it must be free. All problems faced by the common man can be solved by an honest government and its representatives.

What is a disaster for the economic future growth of India is that the Aap’s appeal has influenced other parties. The Congress in Haryana is already considering reduction in power tariffs by 30%. Sanjay Nirupam, a Congress spokesman, is agitating in his state of Maharashtra, that his party should do the same. The new Rajasthan Chief Minister is now bending to be "common" from being a Princess. No one remembers that

long before Kejriwal, Parikar in Goa was living the simple life even as Chief Minister. A more modest and humble demeanor among political leaders is welcome. But imitating the Aap's simplistic approach to pricing of expensive services like electricity, water or transport, (with others to come), must be condemned.

Captain Gopinath, now in Aap, almost destroyed the Indian airlines industry with his ostensibly "low cost" Deccan Airlines-, by actually setting tariffs below costs. High aviation fuel cost, no cheap air terminals or airports, inefficient airports with low turnaround times for planes, make major cost reduction not feasible. Gopinath had no plan to reduce costs. He and his lenders lost money. Kingfisher Airlines, is practically dead. Other airlines that cut tariffs to stay competitive, also were in trouble because of Gopinath's mistakes.

Aap economic policies are like Gopinath's. There is no understanding of complex issues and no plan. But Kejriwal is playing with Delhi government funds. Tariff determination authority is exclusively with regulatory commissions. The government can reduce power tariffs only if it pays the difference to the service provider. The Delhi Electricity Regulatory Commission had determined tariffs after scrutiny of expenses. Power for Delhi is mostly bought from other state governments or central government owned undertakings. Where is the scope for corruption? An earlier chairman of the DERC, also an I.R.S. officer, had approved expenses submitted by the electricity companies. He kept aside over Rs 20000 crores as 'regulatory assets'. This enabled him not to increase tariffs. Legitimate expenses of the companies could not be collected by them. Kejriwal had said that he would use these 'regulatory assets' to reduce Delhi electricity tariffs. This is tantamount to theft. The money belongs to the electricity companies. Kejriwal's solution is simplistic. He does not talk about ways to reduce electricity thefts,

more efficient working methods, or a disciplined work force. Fortunately the Electricity Appellate Tribunal had earlier ruled forbidding such government action to reduce tariffs at the cost of the providing company.

Kejriwal's guarantee of water for all is now a guarantee only to the 50% or so of users who have water meters. He has no plan to increase water for Delhi by improving the quantity and quality of underground water in Delhi, or of cleaning the stinking sewer that the Jumna river has become and that could be a water source as it was years earlier. Aap has no plans for real governance; only for implementing simplistic promises at the cost of the Exchequer. Acting on peoples' wishes without planning is mis-governance.

Another Aap leader suggested determining the will of Kashmiris and Maoists whether the Army should remain in Kashmir. The Aap is replete with these woolly headed ideas from do-good ears and intellectuals with no idea of implementation issues.

The Aap has no knowledge or experience of governance and the many issues that must be considered and decided upon. Kejriwal is a bureaucrat brought up in a socialist mindset, viscerally against the private sector, and the making of profits. He prefers government ownership (however incompetent, inefficient and thieving); to give as many free services as possible, without considering the consequences on the state finances and the state's duty to build physical and social infrastructure while maintaining security.

What other giveaways will Aap lead other parties to follow (as airlines copied Captain Gopinath? Free trips up to three stations on the Delhi metro could become free bus, rail and even air transport.

All demand immense capital investments and loans from nationalized banks. debts. On present form, Aap will be against toll roads. That will end the public private partnership model. Consequently infrastructure investments will slow, as will the economy.

Aap's parent "India Against Corruption" shares ideology though they are now separated. They are against new private banks because they will make it difficult for nationalised banks who cannot compete. IAC (and so will its runaway child, Aap), is against AADHAR, for privacy reasons. AADHAR would enable social schemes with direct cash transfer to beneficiaries, without having to deliver goods and services physically. Physical delivery has entailed massive theft and corruption. AADHAR is essential for direct benefits transfer to be practicable.

The IAC (we will hear its child Aap saying so too), is concerned about the declining employment in agriculture. We know this decline and trend to urbanization are essential to provide better livelihoods to more people. Urban migration from rural areas must be facilitated by better infrastructure, housing, etc, in cities and towns. Aap's mindset seems to assure turning this clock back. Nostalgia about rural life is no substitute for better livelihoods for millions. If Aap succeeds in winning, we will see the decline of India. This is because competitive politics will compel other parties also to take Aap's "popular" and "aam aadmi" actions.

The emergence of Aap is welcome for bringing out the disgust with corruption and the culture of entitlement among politicians. It might change our politics and politicians, as mainstream parties are compelled to imitate Aap's integrity.

But Aap will put the country back in its growth and development because of its illiteracy on economic matters. We cannot expect Aap functionaries to change their mental mindsets of a lifetime. Aap is a

bad augury for India's growth and development.

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