

'COMMENTARAO' in "the Telegraph of January 20 2014

"Aap lessons on governance" by S L Rao

Kejriwal and Prasant Bhushan and many of the others climbing the Aap bandwagon, are typical of the breed of do-gooders without experience of governance and management. They are steeped in their own version of democratic governance. They believe that the "common man" must be consulted on all government decisions, including ones that concern the national security. They prefer state ownership and control over private enterprise. It might be inefficient but they believe it is honest, unlike the private sector. They believe that it is the duty of the state to give essential services like water, power, transport, roads, etc, free or well below cost to the millions of poor. They are blind to the misuse, abuse and outright theft, demonstrated in the many thousands of crores spent by UPA governments on cheap kerosene to the poor, the rural employment guarantee scheme, and many other social schemes. Their touching faith that honesty in politics is matched by the honest citizen demonstrates a simplistic view of governance and human nature.

The Aam Aadmi Party brought the national parties to earth. Corruption, lavish spending, and hubris of politicians in national and regional parties, persistent inflation of the last two years, almost zero employment growth, declining infrastructure, and declining investment growth have added to the disgust with the UPA government and with politicians generally. Life has become difficult especially for the urban poor and the middle class. They want this waste to stop. The Aam Aadmi party seemed an answer to their prayers.

The Aam Aadmi party emerged out of "India Against Corruption" (IAC) the body that brought out huge crowds in support of the anti-corruption movement organized by Kejriwal and led by Anna Hazare. IAC is now disassociated from Aap though the ideology remains common. Aap's leaders just now are apparently ordinary people. Their electoral successes in Delhi and saturation television coverage have attracted millions in the cities and towns. Aap (like Narendra Modi) follows the example set by the Obama election campaigns by using the social media, young volunteers, and personal contacts, along with small financial contributions from millions. BJP,

Congress and to a much lesser extent the regional parties, are rushing to imitate Aap's methods.

Kejriwal's 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 this is done promptly. Retail employs millions of small traders and must be protected from the rich foreign companies. So, earlier approval to foreign direct investment in retail is quickly withdrawn. All problems faced by the common man can be solved by an honest government and its representatives. Consulting millions on every policy is the way forward.

The disaster for the economy is not so much the half-baked and hurried announcements by Aap. Aap has suddenly become the pied piper leading the other established political parties to India's doom. The Congress and the BJP are discarding years of experience in governance to imitate Aap.

Thus, Haryana is considering reduction in power tariffs by 30%. Sanjay Nirupam, a Congress national spokesman, is agitating in Maharashtra, that his party should follow Aap's example in reducing electricity tariffs.

Aap has also made a fetish of simplicity among government functionaries. The Gwalior Princess after winning an overwhelming majority in Rajasthan is now as Chief Minister showing that she can also be a "common" person. Mohan Parikar of Goa has lived the "common" life without the Kejriwal fanfare. But a more modest and humble demeanor among political leaders is welcome.

It is the imitation of Aap's simplistic economics that is dangerous. Pricing of capital intensive services like electricity, water or public transport, (and other services), require complex calculations, especially when richer users have to be asked to pay more to support the poorer ones. Thoughtless reductions must be condemned. Kejriwal is doing to infrastructure services, what Captain Gopinath did by ruining his own airline and its buyer and bringing others to the verge of ruin, by pricing below cost. Indigo is now the largest airline in India by attending to details of management, not by emotional price reductions. Aap is doing to Delhi's infrastructure services (and soon

for the country) what Captain Gopinath did to the airline industry. Neither had understanding of complex issues and no plans to improve efficiencies, reduce cost, or improve services delivery.

The law authorizes only the statutory state electricity regulators to determine electricity tariffs. Governments that want to reduce power tariffs for any consumer, can do so only if they pay the difference to service providers. These subsidies by state governments come out of their budgets. Already funds-starved state governments then have to reduce their funding of physical and social infrastructure and security. The Delhi Electricity Regulatory Commission determines electricity tariffs in Delhi. They scrutinize expenses of power companies carefully before determining tariffs. With rising coal and gas costs, of plant and equipment and wages, and largely depending on power purchases from other state governments or central government owned undertakings, there is little scope for cheating. And certainly no scope to reduce tariffs by 50%! An earlier electricity regulators had Aap ideas. He kept aside approved expenses as "regulatory assets" to avoid tariff increases. Kejriwal had wanted to use these "regulatory assets" to reduce Delhi electricity tariffs. This would be official theft of money that belongs to the companies and was held back from tariffs. The Appellate Tribunal on Electricity has ruled that there shall be no more such "regulatory assets" and that legitimate expenses must find their place in tariff increases. Kejriwal has no plans for reducing electricity costs by more efficient working methods, or a disciplined work force.

He might be learning reality. His promise of water for all is now a guarantee only to the 50% or so of better-off users who have water meters. He had not bothered to find this out before making the promise. He has no plans to increase the supply of water for Delhi by improving quantity and quality of underground water, introducing compulsory rain water harvesting, stopping leaks and waste, or cleaning the Jumna so that it could be a water source.

Aap's founder, IAC, has other such ideas which will no doubt be announced by Aap as well. Hostility to rural migration to urban areas because it reduces employment in agriculture, to adding more private banks and especially foreign banks under strict regulation, or AADHAR, are a sample of half-baked leftist ideas, copied from fringe movements in the West.

Kejriwal is a former bureaucrat brought up in a socialist mindset, viscerally against the private sector, and the making of profits. He has no condemnation of state ownership in key sectors like coal, oil and gas, telecom, railways, roads, etc, which have been a disaster in delivery, costs and finances. They are holding back the growth of the Indian economy.

Aap must be welcomed for waking politicians to the widespread disgust with corruption and the culture of entitlement. It might change our politics and politicians, as mainstream parties are compelled to imitate Aap's integrity.

But Aap's simplistic policies will bankrupt government coffers, prevent growth and therefore the welfare of many. That it has been in government only for a few days is no excuse. When Aap became a political party, it should have had a portfolio of ideas on the economy and security.

It's ability to use political power for the good of India is very suspect.

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