

## **'FINANCIAL EXPRESS' AUGUST 14 2014**

### **"Govt's achievements fall short of expectations" by S L Rao**

**It may seem premature to judge the Modi government now. But we can look at the straws in the wind. But Mr Modi had the awesome reputation from his rhetoric, repartee, achievements in Gujarat, ability to reach the masses with his words, and his catch phrases, of being fully prepared for being Prime Minister. He had a circle of domestic and NRI intellectuals as advisors and former civil servants. He seemed well briefed, with a reputation for being a good listener, a quick study, a voracious reader, and who implemented policies forcefully.**

**From his first day in office the Prime Minister laid down rules for his Ministers. They are not to talk freely and at will to the media. Their personal staff must not be related or very close to them. Appointment of their senior officers would be approved by the Prime Minister's office. After early missteps, Ministers now are rarely heard, even seen.**

**But he has not yet filled key Ministries. Defence and Corporate Affairs are a combined charge of an overloaded and apparently not too well Finance Minister. The government's first budget presented 45 days after taking office, did not signal any major reform. It was pedestrian in presentation and no overarching vision.**

**The Budget did not drop the retrospective taxation that has harmed India's image for investors. The Minister did in later interviews did express his distaste for it. The Entrepreneur Fund with Rs 10000 crores was a good move. It could have indicated that this would not be another government bonanza for a favored few by saying it would be run independently, not by bureaucrats and politicians. For a government that had employment growth as a major promise, it did not have measures to stimulate cottage industries, the quickest and most potential of employment generators. FDI caps were raised on Defense and Insurance but did not allow the foreign investor management control over the joint enterprises. High technology defense manufacture to base in India needs it. Indians working in such enterprises, will absorb the technology. With manufacturing on Indian soil, it is Indian.**

**It was expected that Mr Modi would induct many experts into government. Manmohan Singh in 1991 as Finance Minister inducted many at the outset. This helped his measures to move fast. Mr Modi has not done so, except for appointing Secretaries in his Prime Minister's Office and other Secretaries. Jaitley does not even have Economic Advisors, only bureaucrats. No wonder that the Budget and the Budget speech are so dense and unexciting.**

**Mr Modi could have ignored political affiliations and for instance, re-inducted the creator of Aadhar to move it forward and also asked him to implement its applications. Of these, the Direct Cash Benefit Transfer, is a vital ingredient of any attempt to control expenditures and make them meaningful. Mr Modi was rumored to have had Sridharan (Mr Konkan Railway and Delhi Metro) for the Railway Ministry. But instead, he appointed a machine politician with little high level administrative experience.**

**From his speeches and interviews we expected immediate and major administrative reforms. These are urgently needed to ensure individual accountability of officers. We must have severe penalties on government servants for misbehavior, and incentives for performers, laying down target outcomes for each officer and measuring officers on their achievements. Many reports of Administrative Reforms Commissions over the years, must be implemented. There are similar reports by more than one Police Commission on restructuring and compensating the police forces. The Intelligence agencies need better coordination and leadership. All that has been done so far are Mr Modi's initial moves to encourage the bureaucracy to be free and frank and to be at work in time. Full-fledged administrative reforms do not require legislative change to introduce them. Nor need they have taken months to be introduced.**

**A key concern about this government is something it has inherited from the Congress which had an active extra constitutional authority in Sonia Gandhi, appointing all senior bureaucrats and every Minister and controlling and passing on all major decisions. The Modi government has one in the RSS. Thus all major Ministerial appointments and decisions are approved by the RSS.**

**The RSS stopped progress on the testing and introduction of genetically modified seeds for food crops. The RSS apparently has a "swadeshi"**

**objecton to it. The new Gujarat government has issued directions to revise school text books and incorporate antediluvian stories about India's ancient achievements in science and technology. A few RSS functionaries are to be inducted into Ministries. Presumably they can keep RSS informed and bring the RSS view into important decisions. This contradicts expectation that Modi like Vajpayee, would be too independent to allow himself to be ruled by an external agency, the RSS. One can only hope that he is biding his time and will be his own man and act according to his own intellect and convictions.**

**Mr Modi's vacillation and a bad compromise with agitating "students" against the UPSC's examination system, not only devalues the tests. The agitation really targets tests in English and of basic analytical skills. It opens the door to a revival of the anti-Hindi agitation that almost broke the country apart a few decades ago. This government has Ministers who are mostly Hindi-speaking. They strike no chords especially in South India. The government quickly withdrew a foolish Rajnath Singh led Home Ministry directive that all officers must use Hindi in social media. But dominated by Hindi speaking states, government has succumbed to pressure from North India and devalued the UPSC tests. We can expect them to go further in the pro-Hindi stance and for reactions to follow in non-Hindi states.**

**The early indicators do not suggest that in discarding the UPA so decisively, India is getting anything different.**

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