

By Pradeep S Mehta

The Centre, States and local governments need to work in tandem for Make in India to be successful

Today, the Prime Minister, Narendra Modi, will confer with an eminent group of economists on the possible agenda for the brand new National Institution for Transforming India Aayog (Niti) Aayog. On January 16, at a recent global business summit the Prime Minister said that development has to become a people's movement.

Indeed, this will be an imperative because trust has to be gained of the people at large, which can be reached by good and dispassionate civil society groups.

Therefore, some social activists could also have been invited to bring in their valuable experiences from the trenches.

Be that as it may, over time the Aayog will surely consult a wider set of stakeholders. Added to this, the governing council comprising of all chief ministers, too, will have its own say.

Thus, the Aayog may have to do some tight rope walking between aspirations and possibilities.

The government has already set in motion a large transformational agenda comprising Digital India, Make in India, Swachh Bharat and so on.

It also introduced laws to usher in faster reforms. Each of them can be a game changer in transforming India, but many structural issues are yet to be addressed.

Structural issues

Some of these have been brilliantly argued by Yashwant Sinha in one of his recent articles with the key message that we need to 'make India' through various social and economic reforms before we can 'make in India'.

I too have been arguing about structural issues relating mainly to economic governance.

However, a vision too is needed. On January 8, in this column, I had argued that we can be a \$10 trillion economy by 2030 if we address structural impediments.

The PM has doubled the aspiration to \$20 trillion in his address at a global business summit. That is music to our ears.

The Make in India 'lion' is a good template to address the issues of inter-connectedness and policy coherence. We still work in silos and with a remarkable lack of accountability.

The PM has characterised it well that we hope to achieve salvation by visiting the four *dhams*, while a file has to traverse over 36 *dhams* and yet not achieve *moksha* and that *babus* ask what is in it for them to do something and if not, then why should s/he be bothered.

Unspent virtue

Let me take a few examples of how we have been working on the implementation front. The latest example is that over Rs. 80,000 crore has remained unutilised by union ministries in the current year's budget.

It may be a boon in disguise to the Finance Ministry, but has any diagnosis for the delay been done and anyone in these underperforming ministries been held accountable for it?

Turning to another example, which is simply mind-boggling. According to the Planning Commission, nearly 83 per cent of over 700 central sector projects have sustained cost overruns of Rs. 1.9 lakh crore and delays up to 12 years.

Railways lead the bunch with highways at the second place. Various reasons for the delay have been argued, which included land acquisition and environmental clearance problems.

Some of these are genuine but surely not everything can be blamed on them. What efforts have been made to overcome the problems? Questions need to be answered, otherwise it will be business as usual.

In his January 16 address, the PM spoke about nurturing an ecosystem, where the economy is primed for growth, all round development, skills and employment, and production benchmarked to quality, which meets global standards.

Our standards institution is so weak that we are unable to even generate globally compatible standards.

Following the example of the Quality Council of India getting a private sector honcho as its head, the Bureau of Indian Standards advertised for a leader from any sector, including private.

The advertisement was withdrawn and a senior civil accounts service officer was appointed. Back to business as usual; this, in a world which is becoming more demanding on standards due to newer free trade agreements. Can we hope to achieve higher exports, and make 'Make in India' successful?

Fixing it

For long the steel frame has been successfully thwarting competition from lateral entries and unless we get some fresh blood at senior levels, how can we achieve progress?

We need competition reforms in all sectors of our economy and particularly at the delivery level, when the file does not have to go through 36 stations.

I had argued how administrative reforms recommended in 2005 need to be implemented, so that we can create an efficient team of civil servants to deliver the goods.

The PM did refer to these in passing in his 16th January oration: '...efficiency in governance and institutional reforms are necessary'. Hopefully, the Niti Aayog will address these major structural changes and put some meat on the bones of the PM's statement.

Importantly, he also spoke about regulating market power so that monopolies can be controlled. In order to make 'Make in India' successful it is necessary to promote competitiveness and for that competition reforms are a *sine qua non*.

The Goods and Services Tax is a step in this direction but many other issues need to be taken up.

The challenge of reaching a benchmark of 50 in the World Bank's Ease of Doing Business in India is huge and it also needs structural changes, including changing mindsets.

If we are to ask Mungerilal, he would also want better Ease of Living in India.

Most of these issues are at the level of States and local governments and hence NITI Aayog will have to cajole the States, which are a part of its architecture.

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