

December 30, 2010

The price of procrastination and inaction

As one more year comes to an end, only for the diehard optimists would the mood be upbeat. For many, while 2011 will again be welcomed hoping that it would bring many positive changes, the track record of our political leadership in 2010, both at the Centre and in most of the major states barring Bihar and Gujarat, does not inspire much confidence. The scourge of inflation has hurt hundreds of millions of low- and middle-income India almost throughout the year and will continue to do so since the government has not addressed any of the basic structural inadequacies, especially relating to agriculture and post-harvest storage and distribution. Job creation continues to lag behind the numbers that are getting added to the workforce every year.

The young of the nation are one year older while Parliament has continued to remain paralysed and, in the process, has kept several major education sector-related Bills pending for discussion and passage. The young and not-so-young continue to remain deprived of accessible, affordable and accountable health care even as India has added another 18 million to its already burgeoning population (requiring another 40,000 doctors and an equal number of hospital beds just to take care of this addition to the population in the last 12 months, while the current deficit of more than 10,00,000 doctors and an equal number of beds remains as it is).

China and many other countries, including the US, have already acknowledged the imperative and the benefit of investing in very high-speed, highly reliable railway networks and are committing tens of billions of dollars every year to do so, while Indian politicians have made virtue of keeping railway fares and other means of augmenting revenues nearly static for more than seven years in a row. With very limited clarity on land-acquisition process — and an antediluvian land-use policy, especially in urban India — affordable housing remains merely a mirage for all but the top 25-30 million households out of the 225 million in the country. It also erodes the profitability of manufacturing and services organisations on account of very high cost of factory and office space. And finally, the cancer of corruption is now in a highly advanced stage and yet, party chiefs can think of nothing more than merely giving speeches on the need to fight corruption, and conduct well-publicised raids by investigating agencies long after the proverbial horse would have bolted the stable door.

The price of this deliberate inaction or habitual procrastination from one session of Parliament to another, or one “Budget” to another, is being paid by the aam admi for whose interests all the political parties are purportedly working! As per a Technopak estimate, there was an incrementally higher inflation of about 7 per cent in food and groceries alone compared with historical rate of inflation, putting an additional burden of over Rs 90,000 crore on the lower- and middle-income households. Inadequacy in health-care infrastructure cost the nation a similar amount in 2010 (about Rs 90,000 crore) in lost man-days (and not even counting human suffering and the very high price being paid by the middle-income and lower-income households in getting health care). With merely good intent but no serious action on the ground, vocational education in India remains grossly neglected, causing India an estimated loss of more than Rs 115,000 crore in productivity alone in 2010. And finally, it is anyone’s guess as to what the loss to the nation has been this year alone on account of corruption and shielding of the corrupt merely to stay in power.

The decisions that the government has to take are also very clear relating to reforms in the agriculture sector, in procurement, movement and distribution of food grain, reforms in internal trade, including the retail sector, reforms in the education sector, including making the sector open to “for-profit” investments, reforms in the health-care sector, especially relating to MBBS/MD seats capacity expansion to at least 125,000 MBBS and 75,000 MD seats per year, and finally, having a determination to enforce the stated zero-tolerance for corruption.

In this backdrop, whether things will change much in 2011 is anyone's guess since the ground realities are not likely to be very different at least till the next general election, which could still take place only as scheduled in 2014 and not much earlier.

arvind.singhal@technopak.com