

To make the UPA's 'inclusive growth' agenda a reality, mindsets have to be changed

All aboard!

BY TARUN DAS

THE MEDIA have made the 365-day milestone of the UPA government a major publicity event. Ratings, views, opinion polls — all the trappings of a mega event to fill space in the papers and attract readership. But, one key issue has not come out loud and clear: that the reforms agenda has been altered during 2004-05; that the reforms agenda has been broadened. From 1991 to 2004, the principal focus of reforms was on trade, investment, tariffs, privatisation or disinvestment, industry and, to some extent, infrastructure. The shock of the 2004 general election resulted in a new agenda being framed, even if it is not fully understood.

Two words encompass this agenda: 'Inclusive Growth'. Not just growth; not selective growth; not urban growth; not industry growth; not exclusive growth. But inclusive growth — growth which *includes* everyone in the country and excludes none. This is the new terminology of reforms which came out of the woodwork and it has stayed on the radar screen dominating the entire reforms debate.

's value addition to the debate an... discussion on reforms has different components. With 600 million people dependent on agriculture — a sector which has not been really touched by reforms — the 2004-05 reforms agenda continued past work, and expanded the agenda for agricultural reform. Deregulation of laws, prices, production, distribution, marketing, exports, imports — every aspect — began to get the attention it deserved. The issues are complex and the vested interests are strong, but the reform of agriculture is inevitable and now ongoing to bring about inclusive growth. Agriculture growth, through a variety of much-needed changes, will bring hundreds of millions of people into the mainstream of India's economic life. It will happen over a period of time, but it *will* happen.

Necessarily connected with agriculture is the rural economy, rural infrastructure, rural livelihoods, rural health, rural education, etc. Unless the rural areas are connected through technology using IT and telecom, and physically, through roads,

railways, waterways and airports — yes, even small, daylight operational airports — inclusive growth cannot happen. The enormous focus on rural infrastructure, the allocation of massive resources (and anxiety about implementation), the continuous debate on development of the rural sector is all about this.

Again, this effort needs to be sustained. And here it is essentially about organisation and management in terms of putting the infrastructure in place — physical and technological. This will provide the environment for development and growth because the human resource is talented.

Which takes the reform agenda now in an age-old issue, but one which is now in the headlines every single day — governance, procedures, red tape, implementation, delivery systems. Unless all of this changes, there can be no inclusive growth because the existing systems are inefficient, irrelevant and totally inadequate to translate ideas and schemes into reality. Not to mention the corruption aspect.

Clearly, this is a most critical part of the reform agenda: how to change governance systems to serve development, growth and empowerment of the poor from a system which excludes them from a fair deal — a system under which NGOs and social workers are required to

assist the common person to fill up forms and liaise on their behalf, so that they get their due.

The institution of Panchayati Raj (or local governance) is a critical component of the delivery system reform. Strengthening it at the grassroots level is the key. It will enable decentralised implementation and administration in a compact, manageable manner. And because it is at a micro-level, it can be easily monitored. But the framework of governance goes beyond Panchayati Raj.

Reform of governance, bottom up and top down are both required. The iron frame has to be reshaped as a managerial network dedicated to give space, opportunity and trust to people rather than control, regulation, licence and approval. This reform is the deepest challenge of all — to change mindsets of administrators. This is not about money or technology. This is about people, the minds of people, calling for new standards for recruitment, new methods of training and orientation, new skills of communication and decision-making and a new sense of values. For inclusive growth to happen, the reform of governance has to be at the centrestage of the development agenda. And, public-private partnership will provide additional value since a large part of civil society has the idealism and the competence to contribute with its skills.



The next major reforms challenge is the infrastructure. For almost 50 years, the infrastructure was owned, controlled and managed by the government. A culture developed that infrastructure services came free. With the start of private sector investment, based on public equity and borrowings, this culture had to change because the private sector has to account for its funds and their use. India is now going through the pain of transition and five years from now, the infrastructure reform will be done — and telecom has shown the way. But the development of all parts of India, especially the North-east and the rural areas, can only happen if infrastructure of world-class quality is on the ground.

The final reforms agenda is the reform of the minds of the Indian people. From having low self-confidence and low self-esteem, from a culture of self-centredness and narrow interests, to a competitive and confident people driven by a service culture, national interest and generosity. Here, the saving grace is India's demographics: Forty per cent of the population is under-25; 70 per cent is under-40. Driven by new dreams and supported by technology and globally competitive entrepreneurial skills, the New India looks very different from the Old India. But this talented pool of human resource cannot be taken for granted. It needs to have a direction beyond material gain. It needs a 'values' input to enable them to think beyond themselves. It is all about building a new way of thinking and doing.

Many books have been written — and will be written — about reforms. But standing where India is today, just over a year after the UPA government assumed office, the first priority of reform is inclusive growth which focuses on agriculture, rural economy, governance, infrastructure and people.

And this is the real value addition of the last one year — that the middle-class is not about 200-300 million people, it is about a billion people. And 'Inclusive Growth' goes beyond the usual debate on reforms. This is the new agenda for India.