

Shri BG Deshmukh Memorial Lecture

on

**‘Unlocking India’s Potential – The
Way Forward’**

by

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Unlocking India's Potential – The Way Forward ¹

- *Dr Jayaprakash Narayan**

I deem it as an honour to be invited to deliver the third BG Deshmukh Memorial Lecture. I had close association with Shri B G Deshmukh since 1997, when several of us founded Loksatta Movement. His encyclopedic knowledge of administration, vast experience in government, unimpeachable integrity, deep humility, and profound concern for public good – all these qualities make him an outstanding example of the traditional, impartial, meritocratic, incorruptible civil servant. I have benefited a great deal from his counsel and wisdom. At my request he guided the first Election Watch efforts in Maharashtra, in those days under the AGNI banner. Over the years I visited Mumbai often and have had the privilege of being associated with organisations like concern for Public and Governance Trust and being able to count many Mumbaikars as my personal friends. That is how I got to know Mr Ribeiro, another redoubtable, exceptional, legendary public servant whose work is a great example to all civil servants and citizens alike. When in 2011, I requested Mr Ribeiro by telephone to sign up the petition before Supreme Court for cancellation of 2G Spectrum and allocation by competitive bidding, he agreed instantly. It is that writ petition that led subsequent to allocation of spectrum and coal mines by public auction.

Pioneering Role of Western India

Western India, Maharashtra and Mumbai have always been in the forefront of India's quest for nation-building. The national movement began in this great city. Dadabhai Nauroji, the Grand Old Man of India, sowed the seeds of modern nationalism in Mumbai. Congress was founded here. Mahatma Gandhi made Mumbai the centre of his struggle. In more recent times eminent civil servants, professionals, judges, jurists, entrepreneurs, managers, social activists and political leaders from Mumbai and western India have provided thought leadership combining principle with pragmatism, ideas and action, and intentions and accomplishment.

¹ Parts of this lecture are drawn heavily from the Author's earlier papers/lectures: (1) Values vs Institutions – Strategies Against Corruption; (2) We Reap What We Sow; (3) Centralized bad governance Vs self-governance.

In my personal life, I have had three great Indian icons and mentors – Dr Rajanikant Arole, who nearly half-a-century ago pioneered an effective, replicable model of healthcare delivery system in rural Jamkhed with stunning outcomes; Dr Varghese Kurien, who fought all his life for liberating the cooperatives from the clutches of government, transformed the lives of millions and small dairy farmers, and making India the world’s largest milk producer; and Sharad Joshi, who had organized the inspired farmers on liberal principles, deregulation and free market, and was in many ways a pioneering thinker and practitioner of liberal politics and economics. It is no coincidence that all three are from western India, which has for centuries been in the forefront of innovation, cultural assimilation, entrepreneurship, management, and economic and political thought.

I have chosen for this lecture the theme – “Unlocking India’s Potential – The Way Forward” with some deliberation. Mr BG Deshmukh, Mr Julio Ribeiro, many stalwarts assembled here, many movements, organizations and great citizens across the country have been fighting for over three decades to build India of our dreams. After Independence, until 1977, the political quest in India was to find a viable alternative to the dominant political party associated with freedom struggle, Congress. My generation truly believed that change of guard in 1977 heralded a great Gandhian revolution; but the rise and fall of Janata signified only a change of players, not a change in the rules of the game. This angst about India’s unfulfilled potential and governance failure was compounded by economic crisis and paved way for economic reform in 1991. Once again the high hopes that 1991 heralded a new dawn were not fully realized. While we, as a nation, did enough to ward off crisis, we have not done enough to rise as a great nation of liberty and prosperity.

Time for Stock-taking

The efforts of many great citizens, movements and some leaders and civil servants with foresight have resulted in significant changes. In many ways India today is much better off economically, and much more evolved politically compared to yester years.

But relative to our potential as a nation, and in comparison with nations like China which started from a lower base than us in 1940's, let alone with Japan, South Korea and Singapore, India has underperformed. Now is the time of stock-taking. We all have cumulative experience and understanding of what transpired over the past 70 years. This gives us an opportunity to reflect on our own collective experience, internalize the lessons, and chart the future course to help transform our republic and unlock our potential as a nation.

Any objective analysis of our political and governance process establishes the increasing gulf between rhetoric and reality. Out of the 60 relatively large economies of more than \$100 Billion GDP, India ranks among the last three in most indicators – per capita power consumption, levels of education, healthcare, per capita income, sanitation, drinking water etc. As expectations are mounting, our capacity to generate outcomes is either stagnant or declining. We need to create more than a million jobs every month to engage our growing young population in productive employment; our job creation is at 10% of our needs. We are increasingly addicted to grand gestures, quick fixes, symbolism and panaceas, instead of focusing on real institution building, people's participation and democratic rejuvenation. Our continued low productivity, poor access to quality education and healthcare, endemic corruption, a climate inhospitable to wealth creation, and high degree of centralization of power, combined with mass unemployment make our situation volatile and potentially destabilizing.

Two Major Global Trends

There are two major global trends that set the context for our quest to find answers to Indian dilemmas. First, the global economic climate, which was very hospitable to liberal values, free trade and shared prosperity is now marked by rising trade barriers, insecurity and xenophobia. Hitherto strong and stable nations that championed globalization are now in the grip of sweeping and disruptive changes. The certainties of the post-second world war era have given way to volatility, uncertainty and potential instability in economy, polity and society. The mass migration to Europe from Syria and the rest of West Asia and the resulting cultural, social and political convulsions, the

British exit from European Union, the political earthquake of Donald Trump's election as the US President, increasing nationalism, isolationism and aversion to global trade and migration are all some of the more visible, dramatic manifestations of the changes sweeping across the world.

Second, breath-taking technological innovation is transforming the world as we have known since the dawn of the twentieth century. For over a century, automobiles and housing have been the two key engines and indicators of economic growth. With the rise of aggregators like Uber, Airbnb etc, these two sectors are in peril globally, even as humanity is going to benefit with less pollution, better quality of life, greater comfort and elimination of waste. Mass manufacturing, economies of scale, arbitrage of cheap labour and global trade have been the distinguishing features of global economy for over a century. Global trade grew dramatically based on Ricardo's theory of comparative advantage, specialization, low trade barriers and free exchange of goods and services. But now the rise of 3-D printing is on the verge of making mass manufacturing and global trade redundant; small is again becoming beautiful, and every locality or region can produce its own manufactured goods with minimal waste and low cost, multiplying advantages of economies of scale and cheap labour. Success of solar and wind power, emergence of new renewable energy sources, spectacular advances in nano-technologies, material sciences and genetics, and fusion of physical, digital and biological technologies are creating a new, unrecognizable world for our children.

China has been the greatest beneficiary of a benevolent global mood, mass manufacturing, free trade and stable institutions. Embarking on the modernization of agriculture, industry, science and technology, and defence in December, 1978, China built impressive infrastructure, improved education and healthcare, enhanced productivity, transferred technology to rural areas, and decentralized power. The resultant mass production at low cost transformed China into a global economic giant. Having achieved three decades of unprecedented export-led economic growth, China is now the world's largest manufacturer, exporter, employer and reservoir of foreign

exchange, and is now second only to the US in term of economic strength, military power, and global prestige and influence.

Shrinking Global Opportunity

Given the surplus capacity built in China, the dramatic cost reductions achieved in China, falling global demand, the rise of new technologies making local production of goods economical, and rising trade barriers and isolationist policies across the world, there may not be space for another manufacturing giant to emerge and prosper through export-led growth. As India has been late and slow to partake in this global feast, we are not able to substantially benefit from global trade or engineer export-oriented growth. In this backdrop, creating jobs for the largest young population in any nation in human history, and maintaining political stability and social harmony in times of momentous global change and rise of disruptive technologies are humongous challenges facing India.

In these tumultuous times, we should remind ourselves of the remarkable, unlikely success that the Indian republic has been. That the world's most diverse, disparate, complex group of people had come together peacefully and built a republic was nothing short of a miracle. We endured as one nation against all odds; we set a great example as a harmonious multi-lingual nation with twenty two languages, a feat most people in the world will find astonishing; we preserved our liberties and democracy; we built the only successful federal state in the post-colonial era; and we achieved modest economic and political progress. It is this last element – modest economic and political progress – that is galling and haunting us, and is threatening our future.

Clearly we need to change the way we run our politics and government; we need to accelerate economic growth; and we need to enable all sections to enjoy our liberty and prosperity. Changes in technology happen swiftly, and often conquer all barriers and change lives instantly. But changes in laws and institutions are more uneven and halting, particularly in the absence of an elite imbued with common vision and a clear sense of purpose beyond lust for power. Change in attitudes is hardest of all; it often

takes generations, and therefore a reformer's task is infinitely hard. Technological change happens across the world, and is independent of national institutions and public attitudes. Therefore our task is to focus on changes in laws and institutions in a manner that new processes are initiated, incentives for all people are altered, and behavior and attitudes are changed relatively quickly. Let me summarise some of the lessons drawn from governance reform efforts in recent decades in India.

Lessons of Recent Decades

Loksatta movement, among other things, successfully advocated and worked hard for creation of local courts, protection of cooperatives under fundamental rights chapter, and creation of a credible, independent mechanism for judicial appointments. While the results are impressive, outcomes are unsatisfactory. Gram Nyayalayas Act was enacted in 2009, but very few local courts were constituted; 97th amendment gave cooperatives the protection of Article 19 (1) (c), but the establishment continues to control and stifle cooperatives at will; and 99th amendment created NJAC, but Supreme Court quashed it and the practice of judiciary appointing its own successors – unheard of in any democracy - continues with no public outcry. The lesson is clear. A mere change in law without creating space and processes for people to participate, learn, improve and defend will not generate outcomes. Resistance of entrenched institutions, establishment and vested interests, lack of public awareness, and paucity of enlightened political leadership will guarantee that the fruits of change in law will be at best very slow in impacting people's lives. But where a significant section of the people or powerful entrepreneurs have direct economic stakes in reforms, such change is quickly translated into living reality. Loksatta's recourse to Supreme Court resulted in cancellation of 2G spectrum licenses, and eventually coal mining licenses. In both cases new licenses were awarded through competitive bidding, and a major avenue of collusive corruption is now closed. Similarly Loksatta's easiest grassroots initiative in 1998 – fight for eliminating short delivery of diesel and petrol – achieved quick, significant and silent success across the country. Consumer interest, direct economic impact, real through limited competition among oil companies – all ensured its quick adoption across the country and short delivery which was about 10% then is now

reduced to about 1.5%. The benefit to consumer is of the order of hundreds of billions of rupees every year! Delicensing initiated in 1991 through economic reforms quickly transformed India, though not to the full extent as the reform was incomplete.

The lessons are unambiguous. Real, lasting change happens and attitudes change quickly when there is a direct, clear economic incentive, and consumer awareness, public pressure and competition are allowed to assert. In areas where there are no direct and immediate economic incentives, public awareness is low, or market has no role, we have to generate processes to involve people directly to value the benefits from it and alter the traditional attitudes.

Authoritarian Myth

Many affluent societies – the US, Canada, UK, France, Germany, other countries of Western Europe, Australia, New Zealand, and Japan – achieved great economic success and prosperity while embracing democracy and freedom. India's economic progress is limited, and our democracy is flawed. But it would be wrong to conclude that democracy does not suit us. In fact the Chinese example shows us that whenever its leadership took arbitrary, dictatorial steps, the nation suffered grievously. Mao's reckless plunge into Great Leap Forward in the late 1950's led to mass starvation and death of about 20 million people between 1958 and 1961. Similarly the misadventure of cultural revolution of 1968 led to the murder of thousands of innocent citizens, wanton destruction about 90% of Chinese cultural artefacts and severe setback to higher education and science and technology. Draconian action, authoritative solutions and a mode of permanent revolution and instability to keep people in a state of feverish excitement and frenzy are dangerous prescriptions for freedom, stability, harmony and prosperity. China succeeded in areas where it embraced liberal and democratic values – strong local governments, easy access to electricity and transport to its poorest citizens, quality school education and healthcare, transfer of technology to rural areas, and restoration of property rights and profit motive. It is a dangerous myth to believe that authoritarianism will deliver, and democracy does not. It is all about structuring our institutions, priorities and incentives.

We as a people are no different from other societies which successfully embraced democracy and republicanism, and achieved prosperity and harmony. Successful democracies had long history of political evolution. It took over 800 years from Magna Carta in 1215 for Britain to evolve into modern democracy. The US similarly took over 400 years from the days of the first pilgrims who arrived to establish Colonies. These pilgrims themselves took centuries of European experience, institutions and practices to the US. Japan went through remarkable social transformation after Meiji restoration in mid-19th century, and decades of prior exposure to education, western culture, technology and mass production allowed democratic political institutions to take root quickly after the disastrous second world war. German social, political and economic evolution was on par with the rest of Europe before the two great wars, and its technology was ahead of much of the world. This paved way for a stable democracy and remarkable prosperity after the destruction of the second world war.

India embraced universal franchise in a daring and unusual way. Until then, no other poor nation with little real experience of democratic institutions opted for universal franchise from its inception. It is a tribute to our national leadership that they successfully built functional democratic institutions. As a result, despite seemingly insurmountable obstacles, freedom has been preserved, peaceful transfer of power through the ballot has been institutionalized, a very successful and mature federalism has evolved, unity has been strengthened in a complex, unimaginably diverse, multi-ethnic, caste-ridden, multi-lingual society, and moderate economic progress has been witnessed.

However, our obvious failings – continued mass poverty, low level of education denying the bulk of the children the opportunity to fulfill their potential, poor healthcare resulting in untimely deaths, avoidable suffering and descent into poverty of millions of people, inaccessible justice, failure of rule of law, mass unemployment, ubiquitous corruption, rise of political fiefdoms, vote-buying, reckless competitive populism, frequent resort to divisive politics reinforcing primordial loyalties, unaccountable exercise of power – are

all too real to be ignored. Why has our system failed to deliver? Are the people unfit for democracy? Have we been singularly unfortunate in our leadership? We are inheritors of a rich legacy and a glorious civilization. Whenever optimal conditions are available, Indian people and our institutions achieved great successes. Our leadership during freedom struggle was unparalleled in human history; and the US had a similar galaxy of leaders in its formative years. The answer lies elsewhere.

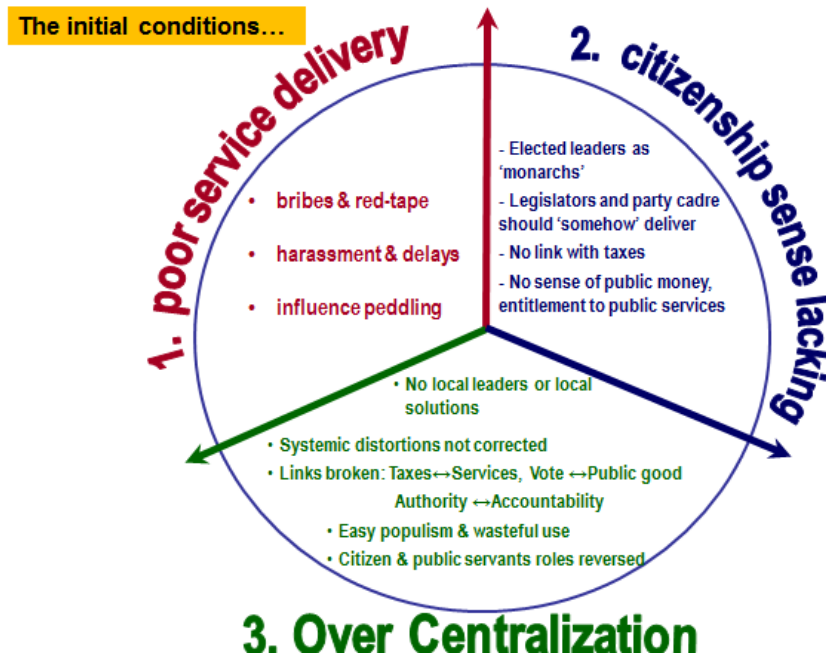
Purposes of Politics

Politics in any well-functioning society should serve four important functions: it should attract the finest citizens into political process; it should facilitate the rise of the most honest and competent leaders through rational and ethical means; it should offer clear choices in terms of programme and leadership to the people; and once elected, it should enable a government to deliver on the promises made. Mere adoption of an electoral system or constitutional model from other functioning democracies does not necessarily guarantee good outcomes unless care is taken to address the specific circumstances of a society, its culture, ethos and needs.

Initial Conditions Unaltered

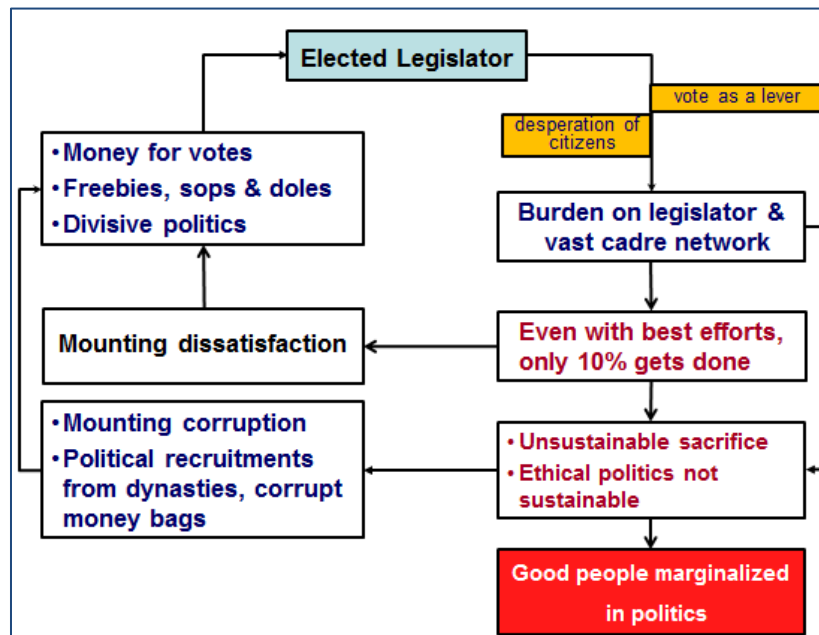
India daringly adopted universal franchise in the face of three major obstacles to democracy. First, our poverty and illiteracy made people insular, fearful and highly prone to seeking support in caste or religious groups. Second, there was no notion of citizenship or understanding of vote and self-governance. Given the colonial history, the government was seen as *mai-baap*, and people were helpless in the face of the might of state power. This notion of omnipotent government was reinforced by the license-permit-quota raj adopted for over four decades. This oppressive government control, make-believe socialism, and curbs on economic freedom at every stage made the citizens mendicants. Third, in a poor country with colonial baggage, service delivery by lower bureaucracy was always defective. Given abject poverty of the bulk of citizens, even a low level government functionary was far more economically secure, powerful and influential than most of the people whom he was supposed to serve. This

asymmetry of power made public servant all-powerful and allowed ruthless exploitation of the citizens' helplessness, and created a vicious cycle of corruption.



In the face of these three initial conditions – mass poverty and illiteracy, absence of notion of citizenship, and oppressive bureaucratic power and poor service delivery – we instituted elected governments at the Union and state levels. The people suddenly realized that, for reasons not entirely clear to them, their vote determined who would be the next *rajah* in Delhi or the state capital. Notions of probity, governance, role of state, functions of various levels of government or its agencies are alien to most voters. All they know is that they have, at last, one weapon called vote which is their only lever for getting things done. Given the abysmal service delivery – water supply, street lighting, local road, land record, ration card, electrical connection, house building permission, patient-care in a hospital, registration of a complaint in a police station – voters approached the elected legislator, who depended on their vote to get elected. The elected legislators and governments should have focused on improving service delivery and accountability of bureaucracy, and strengthening and empowering local governments to meet most of the local needs of people. Such a course would have allowed local leadership to develop, and improved service delivery under the watchful

eye of the voters who would clearly understand the link between their vote, the quality of leaders elected, and the delivery of services at local level. This would have enabled people to understand the value of the vote, unleashed people's energies, created training opportunities for leaders, promoted quality leadership and firmly established in public mind the link between their vote and public good. It would also have made people aware that government is not an omnipotent god with all answers to their problems and unlimited resources, but it is an institution they created to fulfil their common needs with the taxes they paid.



By centralising powers at national and state levels, and by not allowing effective local governments to strike deep roots, India lost on all these counts. There is no link between vote and public good in citizens' mind, people have no understanding of the taxes they pay and the services that can be legitimately expected in return, and there is no accountability at any level. As a result, we have created an electoral democracy sans accountability and delivery. An opaque, centralised system of alibis has come into existence in which every functionary can evade responsibility and pass the buck. In such centralisation, only a few – the Prime Minister, Chief Minister, and district magistrate – are seen to be powerful. But even they could not deliver in a system of diffused accountability.

Disguised Executive

In this climate, the elected legislator and voter responded to the emerging democratic and governance crises in the best way they could. The legislators, instead of insisting on creation of empowered local governments and holding them to account, preferred to directly address public grievances without any legitimate executive power. In order to satisfy the voters, they needed to create a vast, parallel, informal political machine to receive people's complaints, approach local bureaucracy, mediate between people and government, peddle influence, and get at least some things done. But this approach had three drawbacks: one, instead of holding the bureaucracy accountable, it became subservient to it; two, even with the best efforts of a vast, informal political machine, the delivery was sporadic and insufficient, leading to general inefficiency and growing public discontent; and three, the vast, informal political machine needed money to sustain it, and therefore corruption became necessary to sustain electoral politics.

The growing dissatisfaction of the people meant that come next election, people need to be enticed to vote for them. Popular enthusiasm for democratic process was progressively replaced by clientalism and cynicism. Therefore, given the abject poverty of most voters, vote became a purchasable commodity, and vote buying has become rampant. As all major candidates for elective office competed for vote buying in a winner-takes-all first-past-the-post system, cost of elections went up dramatically. The public spirited, honourable leaders who fought for freedom and built democratic institutions were progressively eased out, and politics became a commercial business in most cases, with all the attendant evils of abuse of state power and ubiquitous corruption. As all parties spent lavishly to buy votes, more was needed to gain the vote. A culture of offering short term freebies – free electricity, loan waiver, television sets, bicycles, grinders, free rice – have now become endemic. The basic functions of government have been largely neglected, and only individual inducements have become the staple of politics. As all parties have joined this race for competitive populism, other techniques of vote mobilization were needed. In a poor, diverse, tradition bound society with primordial loyalties it is easy to play one group against the

other, polarize votes and reap political dividends. All these three unseemly features - vote buying, competitive populism and sectarian polarization – have now become integral to our electoral politics.

Vicious Cycle

This distortion of political process, poor service delivery, high degree of centralization, disconnect between vote and tangible consequences at the local level, and between taxes and services, ubiquitous vote buying and rise of primordial loyalties and short-term freebies created a vicious cycle of corruption, underdevelopment, poverty, social divisions, perpetual anger in voters' hearts and delegitimization of the political process. At the end of the day, politics should provide answers to challenges of misgovernance and corruption; but in India, the nature of politics itself has become the central problem of our democracy, deepening the crisis instead of providing solutions. In a cycle of five years, candidates and parties for elective office to Parliament, State Legislatures and Local Governments spend about Rs. 100,000 crore – most of it is both illegal and illegitimate, spent largely for vote buying. The situation varies from state to state, but most states are following this trajectory of rising cost of elections and vote buying. Large expenditure for vote buying does not guarantee electoral success, but in most cases refusing to buy votes guarantees defeat. As a result, huge entry barrier is created for honest and public-spirited citizens. A few competent and well-meaning leaders who do enter the electoral process are quickly marginalized in the system, or are forced to compromise for survival, and become a part of the problem over time. Therefore political and electoral reform must be at the heart of any durable solution to our governance crisis.

In this complex vicious cycle, political parties and most politicians are more victims than villains. The popular prejudice against politicians and vilification of political activity only make the situation worse. Politics in India, unlike in any other major functioning democracy, is a high-energy, high-cost, low-impact operation. Even maintenance of party apparatus available at the beck and call of voters routinely in an Assembly constituency in a major state between elections costs Rs 1-2 crore per year. This,

along with the abnormal cost of vote buying makes corruption inevitable and integral in our polity and governance. There are occasions when parties had yielded to public pressure and took honourable path; but in the absence of a system that allows political survival with honesty, parties paid a heavy political price for distancing tainted people. For instance BJP's removal of Mr. Yeddyurappa as Chief Minister in Karnataka led to its loss of power in that state, and Congress party's refusal to anoint Mr. Jaganmohan Reddy as Chief Minister on similar grounds led to decimation of that party in the Telugu-speaking region. What is required is systemic reform to make honesty compatible with electoral success, not merely vilification and blame-throwing.

The foregoing analysis clearly brings out that universal franchise and liberty are necessary ingredients of democracy, but do not guarantee its success. A liberal, humane constitution, independent judiciary, election authority and other constitutional functionaries likewise are necessary, but do not guarantee better outcomes. Central diktats, big majorities and strong leaders at the apex level only create the illusion of stability and improvement, but do not alter the ground realities. Only processes that involve people directly and make them understand the value of the vote and enable them to understand the consequences of their electoral choices will help people transcend poverty, populism and primordial loyalties, and make vote an instrument of change in their collective lives.

Citizen Empowerment and Local Governments

Look at a residents' welfare association (RWA) in an urban colony or a gated community or apartment complex. All households pay the maintenance costs (taxes), they all expect commensurate services (security at the gate, proper parking, functioning elevator, regular water supply, decent internal roads, efficient drainages and sewerage and in general good value for the money spent), bring pressure to improve common amenities, elect competent people who can deliver, and hold to account the managing committee. In other words, clear links are established between vote and common benefits, maintenance costs (taxes) and services, and authority and accountability. Democracy works optimally and produces sensible outcomes.

It is said that the US has the largest number of final decision makers; the sphere of authority may be limited, but it is final subject to constitutional liberties. In India, for our size and diversity, we probably have the smallest number of final decision makers – the Prime Minister, Chief Minister and occasionally the DM or Supreme Court. Such a centralized system in a democratic milieu is bound to be dysfunctional.

Every great accomplishment in India was a result of local or sectoral initiative and leadership, delegation of power and devolution of resources with accountability. Take the success of ISRO, the milk revolution engineered by Kurien, the green revolution, the remarkably efficient conduct of elections, disaster relief, management of VIP visits or the many isolated successes of great innovators and public servants that serve as best practices for replication – all are products of horizontal or vertical delegation, local leadership, fusion of authority and accountability, and active and sustained participation of stake-holders.

Our lip sympathy for democratic decentralization has never reached full fruition. While states today are stronger and more autonomous in a federal polity than ever before, the governance structure of states is fully controlled by the constitution with no local flexibility. In no other democracy does the federal constitution dictate the manner of election of the executive or legislature and the structure of bureaucracy at state level, or the constitution of local governments. While perfunctory efforts have been made to establish local governments, they only resulted in over-structured, underpowered, feeble and ineffective local governments. The state legislator and senior bureaucrat have become the arch enemies of local governments, feeling threatened by their rise. Even the otherwise impressive Finance Commission is only allocating paltry grants to local governments, and despite their constitutional status there is no assured share of union and state tax revenues to them.

There is no reason to have romantic notions about local politicians and bureaucrats. Rapacity, vote buying, corruption and incompetence are as pronounced at local level as

they are in larger tiers. The only answer is effective empowerment, devolution of adequate resources, and strong, independent local ombudsmen to enforce accountability. Only then will citizens value their vote, learn from their mistakes, pay the price for bad decisions and mature as real stakeholders in a democracy.

Decentralization is not merely for local governments; it extends to greater flexibility to states within the boundaries of Constitutional freedoms and unity and integrity of India, and empowerment of all kinds of stake-holders from cooperatives to schools, local housing colonies to self-help groups, and water users to healthcare institutions

We must summon the will to transfer power and resources to the local government as the third tier of our federalism. In the short term, it is unlikely that the constitution can be amended to give real power to local governments. What can be accomplished is transfer of funds; powers will inevitably follow. Union transfers to states have increased significantly with the Fourteenth Finance Commission report. A third of union transfers should go directly to local government at the level closest to people – village panchayat, municipal ward committee or a group of stake holders – as a per capita un-tied grant with the mandate to decide and execute public projects, and with a strong, independent local ombudsmen to check corruption and abuse in each district and city. This is relatively easily doable, and it will unleash the energy and talent of people, build leadership, establish a link in people's minds between the vote and direct consequences to their lives, connect resources with services, fuse authority with accountability, and allow democracy, republicanism and prosperity to flourish together.

Let us now look at our union-states relationship. We did build a mature and successful federalism, particularly since the 1990's. But there are two great flaws. We are increasingly imposing one-shoe-fit-all centralized models on states – the failed right to education law, land acquisition and rehabilitation law, employment guarantee law etc; and we are the only federal democracy in which all state governance is dictated by a uniform federal constitution – form of government, electoral system, local government structure and bureaucracy.

Federal Democracies and Flexible Systems

The US federal constitution leaves the states complete freedom to organize the government, judiciary and bureaucracy at state and local levels. For instance, the New York State constitution has its own provisions relating to the legislative branch (Article III), executive branch (Article IV), and judicial branch (Articles V and VI). Similarly every one of the fifty states in the US have their own structure of government. Some states like California have provisions for recall of governors; some states have an immediate special election in case of a vacancy in the US House of Representatives or Senate from their state; other states have provision for nomination by the Governor or state legislature to fill the vacancy until next election cycle; most states have a winner-take-all system in allocating electoral college in the US Presidential election; some states allocate the electoral college proportionately or congressional district-wise. Each state can adapt to changing requirements and amend its state constitution. While state constitutions constitute and empower local governments – counties, municipalities, special districts etc – in several states (eg:Texas) each city is allowed to write a charter which gives citizens of the city a local government subject to state constitution, and allows them to collect taxes, make local laws and provide services.

In Australia too the six states and two self-governing territories have their own constitutions. Each state decides its own governance structure and local government matters. The governors of states, who have somewhat similar position as Indian Governors, are appointed by the Queen on the advice of State Premiers, and not nominated by the federal government.

In Germany, every Land (State) has its own constitution, and Lands have the power and flexibility to design their own government structure – executive, legislative and judicial. They have their own constitutional courts. Article 30 of the Federal constitution gives the states the right to follow their own constitution, subject to the overriding provisions and the federal constitution. Similarly, article 28 guarantees State (Land) constitutions and autonomy of municipalities.

In Canada too the ten provinces have the right to decide on the electoral system, form of government and local governance structures subject to approval of federal parliament.

Even in unitary U.K, the parliament enacted laws creating de facto provinces, each with its own electoral system and governance structures different from the Westminster model and the first-past-the-post (FPTP) system of the British government. Local governments have different models too. Elections in Northern Ireland or by proportional representation by single transferable vote method. In Scotland, out of the 129 members of Scottish Parliament, 73 are elected by the FPTP vote, while the other 56 members are voted on the basis of 'Additional member' system. In Wales, the Assembly is elected for a four-year term (UK Parliament: five year term), 40 of the 60 members are elected by the FPTP system, and the other 20 are elected by proportional representation from party lists in five electoral regions. Local government structures and method of election too vary from region to region. In London the mayor is elected directly by the voters.

One-Shoe-Fits-All Model

Among federal democracies, India is alone in having a single federal constitution, a uniform model of governance in terms of electoral system, form of government and structure of bureaucracy in states, and even the detailed structure of local governments and their manner of election mandated by the federal constitution in the form of Parts IX and IX A of the Constitution. Even cooperatives, falling entirely under State list (list II of Seventh Schedule) are sought to be regulated under Part IX B of Constitution! Considering the vast continental size, enormous diversity, varying levels of political and social evolution in various regions, economic disparities between regions, a variety of local histories and political traditions, it is clear that our one-shoe-fits-all approach to governance at state and local level is archaic and dysfunctional.

A quick study of the nations of the world shows how incredibly large and complex the states of the Indian Union are. Uttar Pradesh, at 221 million population, is larger than 229 nations of the world, and would be the fifth largest country on earth if it were independent. Maharashtra, with 112 million population, is larger than 222 nations and only 11 nations of the world are larger than Maharashtra. Even India's smallest of large states, Assam, is larger than 190 nations of the World. Even a medium sized district of 4 million population is larger than 102 nations on earth, and a larger district of 5 million population is larger than 114 nations! We have to design flexible models of governance to suit the local conditions in each state and local government, given our size, diversity and the obvious failure of current model of stultifying and rigid uniformity.

Flexible Federalism Strengthens Unity

We need to allow states to choose their own models that suit them best within the broad framework of constitutional values and democratic norms, and we should give freedom to states to have their own laws even on concurrent subjects and refrain from central imposition. Let states choose their own model of local governments and bureaucracy, their own electoral system – may be direct election of government with no nominated governors, or proportional representation in legislature to eliminate the role of vote-buying and remove entry barriers. India is a continent; we cannot impose one uniform, inflexible model in all regions of this vast and complex nation. More innovation, experimentation and successful adoption of best practices will strengthen the union, not weaken it. Such reorganization of the form of government will allow flexibility and participation, and help unleash our energies and unlock our potential.

The unity and integrity of India are of paramount importance and are non-negotiable. It is this unity in an extraordinarily diverse, multi-lingual, multi-regional, nation that serves as an example to all free societies in the world. The obvious advantages of peace and harmony, national defense, freedom of movement, projecting national power, protecting our interests in relation to the rest of the world, a common citizenship for all India, an integrated common market, constitutional freedoms, universal franchise, independent constitutional authorities including judiciary and a common thread of national unity and

cultural cohesion are our extraordinary strengths. But forcing sterile uniformity at state and local level disregarding local conditions and popular preferences only undermines our strengths and exaggerates our weaknesses.

The obvious solution is giving the states the liberty to choose their own electoral models, forms of government, bureaucratic structures and local government models so that they can deliver on the mandate, while retaining all the powers and functions of the Union as they are, and ensuring that the constitutional and political instruments to build unity and cohesion are further strengthened where necessary. If the larger states are also reorganized with broad consensus, the resultant smaller states will facilitate this process and minimize risks of failure. Unity is not uniformity. In fact rigid, stultifying uniformity undermines unity, denies us the opportunity of innovation, experimentation and replication of best practices, and results in stagnation.

The government at national level engages the attention of English-speaking elites, entrepreneurs, media and middle classes. In reality most things that matter to people are decided at local and state level. People largely tend to vote in all elections – national, state or local – based on their levels of satisfaction or otherwise with the state government's performance. By denying the people at local level the right to decide on matters that impact their lives directly, and by denying states the flexibility to design and improve their own democratic institutions to serve people best, we are guaranteeing perpetual underperformance, dissatisfaction, and disaffection. This leads to low level of equilibrium and eventually destabilizes the nation. Exaggerated expectations from centralized governance structures, a belief in a superman who will miraculously solve all our problems, and imposing intolerable burden on the top leaders – PM or CM – however worthy and exalted they may be, are clear recipes for failure and will eventually undermine the unity and integrity of India.

From 'Vote-and-Shout' to Citizen-Engagement

The central issue is we should redesign our political and governance institutions to make democracy work to our advantage, improve lives, create jobs, generate wealth

and promote harmony and order. We cannot have a system of 'vote-and-shout' as the only tools for citizen-engagement; we have to involve citizens as problem-solvers and self-governing groups at local level; we need to make people realize that their vote has consequences, their actions determine their future, and they benefit or lose on account of their local management. We must give states the flexibility to design institutions and models that work for them, and constantly learn from their experience and successful best practices of others and improve governance. The system of alibis should give way to a system of empowerment and clear fusion of authority with accountability, voice with stakes, vote with public good and taxes with services.

In other words we need to respect and trust our citizens and states, and build enlightened citizenship, and empowered, accountable institutions at every level. Then we can embark on modernization of five key sectors: agriculture, education, healthcare, science and technology, and civil services. We as a nation have the capacity, social capital, national cohesion, cultural and historical legacy, civilizational strength, skills and talent to make our democracy work for all citizens, and to protect our liberties. But we need to redesign our institutions to accelerate the political evolution, improve governance, promote fast growth and generate massive employment at a pace we need. If we depend on forces of history, political accidents and serendipity, our progress will be painfully slow and the risks will be unacceptably high

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