

**LOK SATTA**  
*People Power*

**Democracy, Governance and Growth**

Promise of India

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401 Nirmal Towers, Dwarakapuri Colony, Punjagutta, Hyderabad – 500 082; Tel: 91 40 23352487;  
Fax: 91 40 23350783; email: [loksatta@satyam.net.in](mailto:loksatta@satyam.net.in); url: [www.loksatta.org](http://www.loksatta.org)

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The purpose of a government is to make it easy  
for people to do good and difficult to do evil.

**William Gladstone**

# Democracy – Myron Weiner’s Four Conditions

- Competitive elections
- Political freedoms for all
- Peaceful transfer of power and no retribution
- Real power with elected governments

# Elements of Democracy

- Liberty
  - Self governance
  - Rule of law
  - Empowerment
  - Self-correcting mechanisms
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# Nature of Our Democracy

## Genuine

- Elections
- Liberty
- Change of governments
- Political contention
- Independent judiciary

Contd..

## Nature of Our Democracy

Deep rooted

- 1977 verdict
- Peaceful transfer of power
- Dalit and OBC empowerment
- Balanced federalism
- Local governments taking root

Contd..

## Nature of Our Democracy

### Stable

- Constitutional authorities
  - Strong bureaucracy
  - Tradition of neutrality of civil services
  - Impressive administrative infrastructure
  - Bipolarity in most states
  - Stable conditions at the Union level
  - Broad consensus on most policies
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## Free and Fair Elections

- Disaggregate volatility
  - Broadly reflective of public opinion
  - Ruling parties and powerful candidates do lose
  - Rejection vote common
  - Strength of Election Commission
  - No state-sponsored rigging
  - Neutrality of civil servants
  - Compensatory errors even when there are defects
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# Big Political Questions

## Communal divide

- Transient
- System has resilience
- Bombay 1993 and 2003 are symbols of India  
– not Gujarat 2002
- Judiciary is strong
- Civil society is vigorous
- Political process is safeguard

Contd..

# Big Political Questions

## Economic Reform

- Political consensus available
- Process irreversible
- Continuity of policy
- Stridency not to be confused with substance
- Young Indians (71% below 34 yrs of age) in favour of markets
- Rule of Law and sanctity of contracts - record is mixed
- Political games do cause delays  
(eg. disinvestment)

Contd..

## Big Political Questions

### Regional divide

- North and East lagging behind South and West
- But problems not intractable
- Effective rule of law, population control and infrastructure will alter the scenario

# Corruption

- Rooted in electoral funding problems
- Centralization
- Slow and tortuous judicial process
- Poor accountability systems

## But Things are Improving

- Telecom sector
  - Railway freight
  - Improved highways – rapid execution
  - 5-6% growth still sustained
  - 20% of all judges removed in Maharashtra
  - Population control in Tamil Nadu, AP etc
  - Governance and control of corruption are on the agenda
  - States competing for investment and growth
  - Young people are ambitious, educated and hungry for success
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# Recent Political Reform Initiatives

- Disclosure of candidate details
- Political Funding Reform Law
- Changes in Rajya Sabha election
- Strong anti-defection provisions
- Limiting the size of the council of ministers
- Women's representation in legislatures
- Empowered local governments
- Balanced Federalism
- Improvements in voter registration etc.
- National Judicial Commission

Contd..

## **Recent Political Reform Initiatives**

- Removal of corrupt judges
  - Right to Information Law
  - Citizen's charters with compensation for delays
  - E-governance and convergence of services
  - Reigning in bureaucracy
  - Fast track courts
  - Local courts for speedy justice
  - Procedural reform in Law
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# Crisis of Governance

- Increasing lawlessness
  - Inefficient state apparatus
  - Unresponsive bureaucracy
  - Ineffective judicial system
  - All pervasive corruption
  - Criminalization of politics
  - Money and muscle power in elections
  - Political instability
  - Erosion of legitimacy of authority
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# Irreducible Role of State

- Rule of law
  - Public order
  - Justice
  - Education
  - Health care
  - Infrastructure
  - Natural resources development
  - Social security
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## Public Expenditure as % of GDP

Country	Public Expenditure as % of GDP
United Kingdom	37.7
Germany	44.5
United States	32.7
India	26.0

## Priorities in Public Spending

Country	PE on Education as % of GDP	PE on Health as % of GDP
United Kingdom	4.5	5.9
Germany	4.6	8.0
United States	4.8	5.8
OECD	5.2	8.1
India	3.2	0.9

## Governance at a Glance

- Governments spend Rs. 1800 crores every day
  - Out of 27 million organised workers, government employs 70%
  - Fiscal deficit (Union and States) remains at 10 % GDP
  - 50% Union tax revenues go towards interest payment
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# In a Sane Democracy

- Political process should resolve the crisis
- Parties, elections and public office are the route to reform
- In India a vicious cycle operates

# Micro Perspective of Indian Polity

- Money power dominant
  - Criminalization rampant
  - Voting irregularities frequent
  - People take money to vote
  - Caste and divisive impulses are prominent
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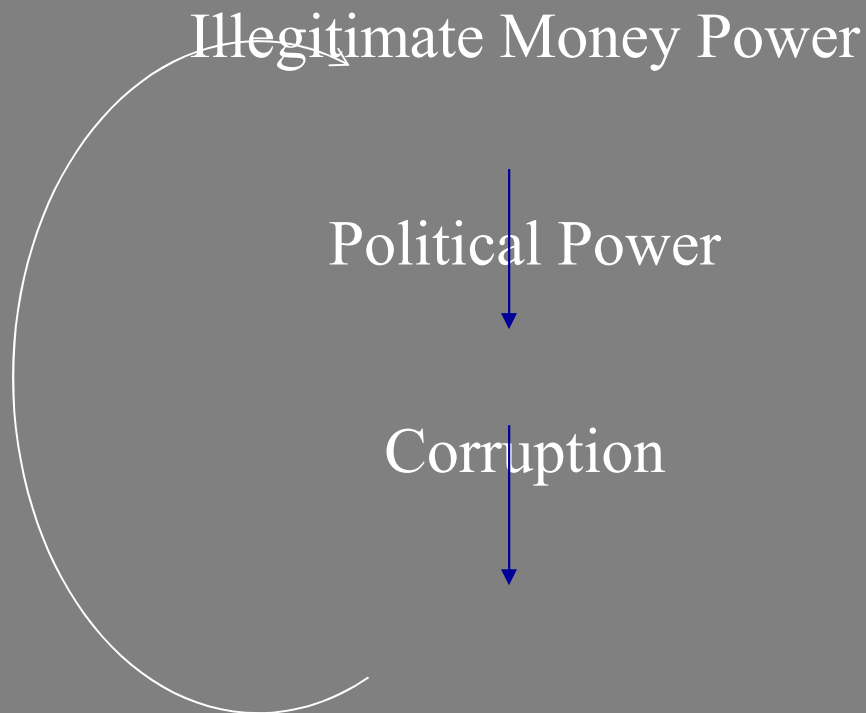
# How is Democracy Surviving?

- A system of compensatory errors (competing distortions neutralize each other)
  - Strength of Election Commission
  - Tradition of neutrality of officials
  - Pre-polling process scrupulously fair ( nominations, ballot papers, appointment of polling officials etc.)
  - Post-polling process - completely non-partisan (transport, storage and counting of ballots and declaration of results)
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# Failure of Political Process

Interlocking vicious cycles

Inexhaustible demand for illegitimate funds





# Interlocking Vicious Cycles

Most expenditure is to buy votes

Voter seeks money & liquor

More expenditure

Large spending may or may not lead to success, but failure to spend almost certainly leads to defeat

Greater corruption

Greater cynicism

Voter seeks more money

Contd..

## Rise of Political Fiefdoms

Need for money, caste and local clout



Parties are helpless in choice of candidates



Rise of political fiefdoms



Absence of internal party democracy



Competition among a few families in most constituencies



Oligopoly at constituency level

Vote delinked from public good

Centralized polity



No matter who wins, people lose



Vote does not promote public good



Voter maximizes short term gain



Money, liquor, caste, emotion and anger become dominant



Vicious cycle is perpetuated

# Interlocking Vicious Cycles Taxes delinked from services

Only 16 % of GDP collected as taxes (union & states)

Fiscal deficits and crisis

Higher Taxes

Unacceptable because  
of corruption and poor  
services

Desubsidization

The poor do not see  
alternative benefits for  
the subsidies given up

Wage Reduction

Centralization and Art  
311 preclude it

Deeper fiscal crisis

Poorer services and public goods

Perpetuation of poverty and backwardness

Contd..

## Political survival and honesty not compatible

Parliamentary executive

Government survival depends on legislative majority

Legislators spend a lot of money to get elected

They need multiple returns to sustain the system

Corruption and misgovernance endemic

Government has to yield to legislators' demands

Corruption is perpetuated even if government has the will

Honesty not compatible with survival

# Interlocking Vicious Cycles

## Social Divisions Exacerbated

FPTP

↓  
Scattered minorities unrepresented

↓  
Marginalization and Ghettoization

↓  
Strategic voting and vote bank politics

↓  
Obscurantists become interlocutors drowning voices of  
reason and modernity

↓  
Politicians pander fundamentalists

↓  
Counter mobilization of other groups based on primordial  
loyalties

↓  
Communal polarization and strife



## Competence and integrity excluded

FPTP



Need for money power and caste clout



Honest and decent elements have little chance



Bad public policy and incompetent governance



Deepening crisis

## Interlocking Vicious Cycles

### Oligopoly of parties

FPTP

Only a high threshold of voting ensures victory

Parties with 35 - 50% vote, or social groups with local dominance get elected

Significant but scattered support pays no electoral dividends

Voters prefer other “winnable” parties

Marginalization of reformers, and national parties

Regionalization of polity & perpetuation of status quo

Contd..



## Representational Distortions

FPTP



Women & deprived sections not represented



Reservation with rotation is arbitrary and leads to proxies



Perpetuation of dominance of traditional groups



Representational illegitimacy

# What Ails Bureaucracy

- Life time security of bureaucracy
- Penchant for centralization and secrecy
- Lack of professionalism and specialized skills
- Absence of incentives for excellence
- No accountability
- Corruption and mal-administration

# Distortions of State Power

- Positive Power restricted  
Negative power unchecked
  - All organs are dysfunctional
  - A system of alibis  
Victims of vicious cycle
  - Change of players  
No change in the rules of the game
  - Political process ought to be the solution  
But has become the problem itself
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# Keys to Resolution

- Crisis is systemic
  - Most players are victims of a vicious cycle
  - Change of players not enough
  - Change of rules of the game needed
  - Institutions are the key
  - Resources are not a problem
  - The way they are deployed is the key
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# Key Reforms

<b>Electoral reforms</b>	<b>Funding</b>
	<b>Criminalization</b>
	<b>Voting irregularities</b>
<b>Electoral system</b>	<b>Proportional Representation</b>
	<b>Separation of Powers</b>
<b>Decentralization</b>	<b>Local Governments</b>
<b>Rule of Law</b>	<b>Judicial reforms</b>
<b>Accountability</b>	<b>Right to information</b>
	<b>Citizens' charters</b>
	<b>Independent crime investigation</b>

# Judicial Reforms

- Increase number of courts
- Local courts in local language (Gram Nyayalaya)
- All India Judicial Service
- Independent mechanism for judicial appointments and removals
- Independent crime investigation

# The Track Which Impedes



**Players (drivers)**

**Democratic  
Institutions (Engine)**

**Railings / Track  
(political system)**

# Window of Opportunity

- Demand for reform
  - Relatively sound private economy
  - Demographic changes
  - Large, skilled, young, low-cost manpower
  - Communications revolution
  - Improved transport
  - Power sector reforms in progress
  - Road blocks to growth being removed
  - Stable polity
  - Mature financial system
  - National mood upbeat
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## Two Paths - Choice is Ours

German example vs USSR example

- Freedom enhancing
- Democratic
- Orderly
- Integrating
- Growth-oriented
- Tyrannical
- Chaotic
- Disintegrating
- Debilitating

“Politics encircles us today like the coil of a snake from which one cannot get out, no matter how much one tries”

- *Mahatma Gandhi*