

Making Development a Mass Movement

Rajeev Ahuja



PRADHAN MANTRI
FASAL BIMA YOJANA

The present government has reportedly announced that it has a 3-pronged agenda: development, fast paced development, all round development. In another context, the government has also reported to have informed that the need of the hour is to make development a mass movement.

Few would disagree that the present government has brought development at the centre-stage of Indian politics like never before. With the aim of promoting growth and development, the government has launched a slew of programmes: Jan Dhan Yojana, Digital India, Make in India, Skill India, MUDRA Bank Yojana, Swachh Bharat Abhiyan, Ayushman Bharat, and the list goes on and on. What sense does a common man make of the several programmes rolled out by the government in recent years?

One simplistic view is to consider various reforms/programmes as instruments of economic growth and transformation. Though limited in scope, this view provides a useful perspective. Applying this perspective, one can readily classify the reforms/programmes into 3 broad categories: (i) those that are “quick wins” or “low hanging fruits” (ii) those that promise benefits only over medium to longer term, and (iii) those

that thrust short term costs in return for significant gains later.

Examples of “quick wins” include increasing superannuation age of all doctors in Central Health Services to deal with the shortage of doctors in India and delisting bamboo from the Indian Forest Act to promote its cultivation in non-forest areas with the view to increasing farmers’ income. Examples of interventions that will start yielding benefits only over medium to longer term include establishing new AIIMS-like hospitals in different states/regions of the country, introducing high-tech bulletin train and so forth. Similarly, structural reforms such as Goods and Services Tax and demonetization of high value currency notes are examples of reforms that created short-term pain or disruption but promise significant economic benefits later.

Economist’s Perspective

Another useful perspective is to view various economic reforms/programmes of the government from an economist’s lens: reforms/programmes that address market failures and those that address government failures. Even the strongest proponents of markets believe that there are situations when market mechanism breaks down and therefore provide a rationale for government intervention. Whether

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The author is a development economist with over 15 years of work experience in the development sector. His most recent job was in the Bill & Melinda Gates Foundation (BMGF). He has also been a consultant to UNDP, ILO, DFID, and Harvard School of Public Health.



in provision of public goods or in limiting/promoting activities that have negative/positive spill over effects or checking against companies exploiting their dominant market positions or guarding macro-economic stability or stepping in to fill for “missing” markets on account of low or thin demand and a few other situations.

Addressing Market Failures

The present government’s strong push to infrastructure projects—not only to new projects but also to kickstart the stalled projects of the earlier governments – is well-meaning in so far as it addresses market failure in the provision of public goods. Further, by being a founding member of the International Solar Alliance, the government has demonstrated a proactive role in the creation of global public goods too.

Whether in giving a strong push to digital transactions or placing a renewed emphasis on National Nutrition Mission or launching Swachh Bharat Abhiyan, it is all about capturing the positive spill-overs that each of these interventions has on the development



processes. Similarly, whether advancing the implementation of Bharat Stage emission norms from IV to VI with a view to curb the harmful effects of vehicular pollution or banning the sale and import of oxytocin to prevent its possible misuse, it is all about reducing the negative spill-overs.

The government is also filling in for the “missing” markets, by rolling out programmes such as Jan Dhan Yojana aimed at financial inclusion, Housing for All programme aimed at subsidizing the cost of home loans for the lower-income class, Skill India Mission aimed at providing



vocational and technical training and many more.

Economic growth is important for maintaining macro-economic stability. In order to boost sustainable

economic growth. The government has launched various programmes for promoting agricultural production and productivity (Pradhan Mantri Krishi Sinchai Yojana, Soil Health Cards, Fasal Bima Yojana etc.), for encouraging small entrepreneurs/innovators through easy bank finance (Mudra Yojana, Start Up India, and Stand Up India) and so forth. Further, the government has set for itself ambitious targets: doubling of farmers’ income by 2022, doubling of foreign tourist arrivals within next 3 years, generating 100 gigawatts of electricity from solar by 2022 and so forth. Looking at the thrust areas of economic growth, it seems that the government is not only seeking to diversify sources of growth but also to democratize growth by unlocking the potential of people from all sections of society.

In addition to market failures, there could be government failures too. A government may fail in correcting for market failures as well as in discharge of its core functions such as reducing poverty and promoting equity.

Addressing Challenges

In a market economy, one of the important functions of any government is to set standards and develop regulations so that markets can function well. The government has made provisions for setting up of new regulatory bodies as well as for the strengthening of the existing regulatory bodies. For example, the government has passed the Real Estate Act to bring greater transparency in the



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real estate transactions and to safeguard the interest of home buyers. Similarly, the government has been strengthening the food safety regulations in India, tightening the banking regulations and so forth. To ensure professional ethics, the government is also keeping a watch on the conduct of professional bodies of medical doctors, accountants, auditors and so forth. In the social sector too, the government is addressing regulatory issues. For example, in the absence of a health sector regulator, there had been large-scale market failure in drugs and medical device industry, rife with commissions and kick-backs. This issue has now been on the government's radar and is beginning to get addressed.

In order to improve the performance of public sector enterprises, the government has set for itself ambitious disinvestment targets. It is also encouraging public sector enterprises/undertakings to reorient themselves so as to remain relevant in the changing economic context. An example of this

is the India Post Payments Bank that will leverage the postal department's 1.5 lakh post offices. Further, the government is also seeking to minimize political interference in the management of these enterprises.

Under its initiative – Minimum Government, Maximum Governance – the government is increasing the use of digital technology to substitute for human interface in enabling citizens to avail basic public services with the view to improving ease of living, on the one hand, and creating a conducive environment for businesses and entrepreneurs to thrive, on the other.

Promoting Equity

In order to promote equity, the government has pursued several initiatives that are specific to certain geographies as well as to certain population groups. For example, the government has placed special emphasis on the development of the North-East (NE) region – the region that has been neglected for long. The government

has initiated several development projects in the NE region in order to bring about equitable development of the region. Similarly, the government has identified over 100 "aspirational" districts that are lagging on certain key development indicators. Under its "transformation of aspirational districts programme" government is giving special emphasis to accelerate the pace of development in these districts. Likewise, equitable development is the driving force behind the government initiative of achieving 100 per cent village electrification within the 1000 days of his government. This initiative is also being complemented by another scheme that aims to bring electricity to every household.

To safeguard the health of women and children, the government started Ujjwala yojana under which free LPG (clean cooking fuel) connection is provided to women from BPL families. Similarly, National Health Protection Scheme seeks to insulate the poor and the vulnerable families from the hospitalization expenses during illness. These are examples of schemes that promote equity among specific population sub-groups.

To improve governance and minimize leakages in cash incentives/cash transfers being done under various schemes, such transfers are being done directly in to the bank accounts of beneficiaries under Direct Benefit Transfer scheme.

Another Rationale

In addition to addressing market failures and achieving equity objective, a newer rationale for government intervention comes from behavioural economics that justifies the role of government in influencing peoples' behaviour and choices. Indeed, the government is seeking to influence peoples' thought processes, behaviour and choices through social messaging in several areas: whether in promotion of the girl child or making villages open defecation free.

Indeed, the Prime Minister has not shied away from lending his own voice which is also his strong asset in achieving this. For example, urging

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people to practise yoga to stay healthy, to also use Khadi clothes that can help generate incomes for the khadi workers, to give-up LPG subsidy in favour of those who cannot afford it, to switch over to using LED blubs for conserving electricity and so forth.

Turning Development Into Good Politics!

The examples cited above are only illustrative. The list of reforms/programmes actually runs much longer. Reviewing the portfolio of reforms/programmes, one realizes that the government has largely stayed away from being populist. That is, it has not chased populism to the neglect of development. There are reforms/programmes for almost all sections of society, people of all age groups, and other constituencies howsoever defined. In doing so it has been able to maximize the overlap between development and politics.

In a country with huge development deficit relative to the rising aspiration of its people, there are several areas vying for the government's attention. The government is moving on many fronts – all at the same time. Directionally the government is doing fine. However, the pace of reforms or programme implementation is a function of many factors including bandwidth of the government, challenges posed by the vested interests to thwart reforms and so forth. □

(E-mail: ahujaahuja@yahoo.com)

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