

Calcutta Notebook

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DR MANMOHAN SINGH HAD successfully implemented economic reforms in 1991 despite the Congress being a weak party under the leadership of Narasimha Rao. The same Manmohan Singh appears to be paralyzed today. Economic reforms are at a standstill. Reason is that the reforms he is trying to implement are fundamentally anti-people in their character. Allies of the UPA are unwilling to support these reforms in the fear of losing people's support. Not that the character of reforms was pro-people earlier and has become anti-people now. The reforms were as anti-people in 1991 as they are now. Difference is that in 1991 the country was in economic crisis and the anti-people character of the reforms was not on the people's radar. There is no crisis of similar nature before the country at present hence the anti-people nature of the reforms has occupied the centre stage.

Trinamool opposition to opening multi-brand FDI in retail was based on Mamta Banerjee's assessment that this policy was anti-people. It is true that FDI would make available certain imported goods at cheaper price to the Indian consumers. However, most imported goods are bought by the middle and upper classes—the elites and people aspiring to join the elite club in a very short period. The poorer people working in the street corner shops stand to lose their jobs. Farmers may gain. But this gain too will be restricted to the larger farmers who can enter into a contract with the MNCs. The quantum of this gain is also not disclosed by the Government. It may be that loss to the street corner shops is more than gain to the farmers.

Second paralyzed policy is that of land acquisition. The proposed act is indeed better than the existing one. However, it continues to allow forcible acquisition of farmers' land for private developers and businessmen. Third policy is of Goods and Services Tax (GST). The Government wants that excise duty and sales tax should be imposed on all goods at one single rate so that dispute and litigation can be reduced. It is necessary to take the State Governments on board to implement this because they collect and use the revenues from Sales Tax. This is good from the standpoint of economic growth but not from that of the people. *Taxes will be imposed at the same rate on the poor man's bicycle and rich man's Mercedes car in the GST dispensation.* Small states that mostly import goods and large states that export goods will be forced to impose taxes at one agreed uniform rate. This will remove the flexibility and freedom of smaller states to adjust tax rates according to their circumstances.

Fourth paralyzed policy is that of subsidy on diesel. However, this should be combined with measures to neutralize the impact on the common man. This would be appropriate if simultaneously rate of tax on goods consumed by the common man is reduced. Problem is that the Government wants to impose burden on the common man from increase in the price of diesel but refuses to neutralize the impact by giving tax concessions elsewhere.

Fifth disputed policy is that of disinvestment. Basic principle of economic reforms is that the Government's role in business should be reduced. Public Sector Undertakings should be sold off to private businessmen in order to eliminate interference of Ministers and bureaucrats. This will remove the need for the Government to impose taxes on the people to provide subsidies to loss-making Undertakings. But the Government wants to do exactly the opposite.

Sixth policy is that of generating more electricity at any cost. The Kudankulam nuclear plant in Tamil Nadu, Lower Siang hydroelectric project in Arunachal and host of thermal plants will impose huge environmental and social costs on the local people. Electricity produced will be sent out to light up the shopping malls of Delhi and Mumbai.

Seventh policy is that of Jan Lokpal. The Congress should have brought such legislation on its own. Instead of supporting the legislation suggested by Anna Hazare, the Congress is trying to entangle it in procedural technicalities. The Government does not want to provide a window to the people to expose the corruption that is pervading all around.

All the above mentioned policies are beneficial for the Ministers, bureaucrats and the upper classes but harmful for the common man. For one thing legislations such as the Right to Education and Food Security Act have not faced opposition from the same Trinamool and other supporters of the UPA. This proves that the problem lies not with the coalition politics but with the anti-people agenda of the Congress. Pro-people legislations can sail smoothly but anti-people legislations get stuck in a policy paralysis. The global slowdown has made the problem worse. 'It was possible for the Congress to pass these anti-people legislations when the economy was booming, foreign investment was pouring in and exports were buoyant'. The harm to the people from these policies was, at least, partially compensated by the buoyant demand for labour and goods. Such compensation is not taking place now due to the global slowdown. This is exposing the anti-people nature of the proposed policies and making it difficult for the supporting parties to go along as was seen in the FDI episode. □□□