

Hence, the need of the hour is to look into the basic needs of the sewer workers, who are the bearers of a city's mission for an efficient and effective sanitation.

Shudh Desi Recipe to Lose Massive Votes

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III Year

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NaMo (our famous neta, Narendra Modi) calls our very own naturally taciturn PM as a 'Rupaiya' doctor for putting the Rupee on a ventilator, while the Congress party is on drumrolls after passing two new, economically unsound bills. The two main ingredients of the government's shudh desi recipe to rope in votes include the Food Security Bill and the Land Acquisition Bill. The UPA hopes that these bills will prove to be vote winners in the upcoming general elections of 2014. In fact, these are delusions of grandeur. Ironically, the bills seem more likely to lose than win votes for the Congress.

Firstly, let me ask you a question: Can you think of any new bills that have delivered reasonably well? What?? Still thinking? Despite the Right to Education Act that was passed in 2009 after shifting of tectonic plates in Indian politics, talking about decent education for all even today seems to be a silly joke. Ouch, that may hurt the sentiments of our *netas*! Politicians think that the people cannot understand the strategies employed to gain brownie points during elections, but they forget one thing *"Yeh public sab janti hai!"*

Secondly, there is a trade off between microeconomic (personal) gain and macroeconomic gain (welfare of country). Elections are fought on local issues and not on so called national issues. This is also evident in the rising significance of regional parties in the political sphere of the country.

So let me ask, can the new bills lose votes?? Yes, although indirectly. The Food Security bill will cost around Rs 10, 000 crores extra this year (2013-14) and Rs 25,000-35,000 crores next year (2014-15). Whether this amount is 'affordable' or not is a matter of great debate. However, the recent financial crisis has certainly made it more alarming. A crashing rupee threatens high inflation, investment funk and lots of pain. Our finance minister, Mr P Chidambaram, has pledged to shrink fiscal deficit to 4.8% of the GDP. Now think, an extra Rs 10, 000 crores on food security means an equivalent amount less in productive plan investment to control the deficit within this red line.

Even worse is the Land Acquisition bill that mandates a social impact assessment for every project requiring land acquisition, delaying such projects by at least one to two years. Nowadays, there is a sudden rush in the cabinet to show quick dispatching in clearing projects worth lakhs of crores. But reality check!! Many of them require land acquisition clearance.

To foreign investors and rating agencies, India appears to be an epitome of deep structural flaws. In the quest for votes, the government is driving the economy downward. The result may be a downgrade in India's credit rating to junk status. The rupee will fall further, inflation will rise, unemployment will be more severe and income growth will further suffer.

So, the recipe of the party in power presently thrives on keeping people poor,

and the best way to do that is to give away more freebies at the cost of pilfering the nation's treasury. But, sorry! This time sympathy votes won't work as they had after the assassination of Rajiv Gandhi and Indira Gandhi. So it would be better for the party to discard its VOTE! VOTE! VOTE! agenda, as whatever the long-term benefits may be, the new bill threatens to be a major reason for fewer votes for the Congress in the upcoming general elections.

India's Growth Story

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III Year

With stories of doom and gloom replacing the hype about India's growth story, and rightly so, it would be pertinent to examine whether India still has a chance to make it big, at least economically.

Economic growth is a necessary, if not a sufficient condition, for being economically powerful. No one will take a country that has more than one-third of its population living in absolute poverty and the remaining facing acute pressure of rising inequality, inflation and huge budget deficits, seriously.

A small detour into economic history is a useful way to get some perspective on these important issues.

The Indian economy continued to stagnate during the last five decades of colonial rule. Economic output barely kept pace with population growth. There were good times too, but the overall story is one of prolonged economic stagnation.

The first structural break came after 1950. It is no coincidence that this was after India gained political independence, and the

colonial state was replaced with a developmental state. Economic growth was at least four percentage points higher than it was in the preceding period, no small deal. The Nehruvian economic model of state-led industrialization ran into trouble after initial success. The next period was one among the most difficult phases for the Indian economy. Growth trended downwards, while inflation was high. Many other Asian economies began to reform themselves by the end of the 1960s, while Indira Gandhi preferred to go down the path of radical politics. Many other regional economies began to move ahead during this period.

The second big structural break in the Indian growth story came in 1980, as several econometric studies have shown. In the 34 years since then, Indian economy has expanded at an average rate of 6.89%. Few countries have managed to have such sustained growth over three decades. The growth was sustained over several business cycles, so it is safe to say that it is the sort of growth rate that India can sustain.

The habitual optimists think India can grow substantially faster than it has done since 1980, while the dire pessimists think India is now headed for a far lower growth rate. It is also worth remembering that India right now has a higher savings rate than before, is headed into a demographic sweet spot and is an open economy. The challenges are also well known: the lack of economic reforms since 2004, inadequate infrastructure, a meddlesome state, mediocre job creation, abysmal levels of human development etc.

To the extent that our recent economic history is any guide, it seems that the growth rate that India can sustain is somewhere around 6.5-7% a year. That will help double average income every 14 years, in constant prices. Two extra percentage