

January 10. I went to Court at 4 in the evening to the Durbar, which is the Place wher the Mogull sits out daylie, to entertayne strangers, to receiue petitions and presents, to giue Commandes, to see, and to bee seene.

— From the journal of Sir Thomas Roe

The role of the ruler has not changed a bit since the winter evening in 1616 when Sir Thomas Roe, King James I's ambassador to the Mughal court, made an entry in his journal about his impressions of Emperor Jahangir's Durbar. According to the wise and wily diplomat, the supreme ruler in India has a few key roles to perform: to be in close contact with the masses, listen to their complaints, to keep them in good humour, lead from the front and stay connected.

Had today's rulers read Sir Thomas Roe's journal carefully, many of the problems buffeting them could have been averted. Essentially, the mood and melange of the court have remained the same since the time of the great Mughals. The emperors who presided over a territory much larger than today's India— actually about 90 per cent of South Asia — certainly knew the basics of governance well. *To see and to bee seene...* that seems to have been the trick of the *Mogull's* trade.

If there has been one major failure on the part of the ruling United Progressive Alliance (UPA) in its second term, it's to see its role in the prism of history, to appreciate the deep linkages between the social, economic and political forces. With greater understanding of the burden of expectations, the government's response to situations would have been different.

King James I had sent his favourite diplomat to the Agra court to secure a major concession from the Emperor: exemption of custom duties for the East India Company for trading in Bengal. That was a turning point in the journey of India. For the country that was the hour of glory. The grandeur and exuberance of a civilization played out before the travellers and traders and emissaries from across the ocean. The largest economy of the world, India was controlling between one third and one fourth of the world's

wealth. The gross domestic product (GDP) of India was estimated at over 25 per cent of the world's economy. Politically the country was experiencing a long period of stability. Burgeoning trade along the sea routes brought fabulous wealth and lent an aura of opulence around the major cities. The economy boomed. The annual revenue of Emperor Akbar's treasury in 1600 was estimated at £17.5 million. In comparison, the entire treasury of Great Britain in 1800 was just about £16 million. The trade routes had flared up. Boatloads of handicrafts, silk and spices from the Indian ports reached distant shores only to bring back gold.

The British ambassador, a well-read scholarly aristocrat, charmed his way into the inner circles of the Agra court. He graduated to be Jahangir's drinking buddy. The *firman* Sir Thomas Roe obtained from the Emperor was the first step towards the foundation of colonial rule in India. It gave the British the trading right in Bengal without any inland toll. Hidden in the royal charter were seeds of India's decline as an economic power. The long process of ruthless colonial exploitation over the next two centuries pauperised India to such an extent that by the time it earned its freedom the once buoyant economy was on the verge of collapse. British economic-historian Angus Maddison points out that India's share of the world income went down from 27 per cent in 1700 – compared to Europe's 23 per cent – to 3 per cent in 1950.

Cynical Western experts derisively called the slow pace of the Indian economy the “Hindu rate of growth” which never crossed 4 per cent. A robust economy in the beginning of the 18th century, India was sapped of its vitals by the two particularly debilitating British measures – destruction of its indigenous industry and alteration of the land revenue system. The country's GDP growth rate between 1900 and 1950 was 0.8 per cent. The pervading cynicism in the outside world about India's capacity to bottom out of the morass found its gloomiest expression in Swedish social scientist Gunnar Myrdal's three-volume tome, *Asian Drama*. By now almost forgotten, the book, published in 1968, was a staple on the menu for the students of development economics in the seventies. Myrdal, in fact, questioned the compatibility of democracy with the task of economic resurgence in India.

The sweeping reforms of 1991 silenced the doubters and naysayers and guided the economy along the high growth path. Outside the communist bloc India had the most controlled economy with the government owning about 75 per cent of the industry. The liberalisation programme freed the economy ending the stifling license Raj. Exports picked up, manufacturing industry got a new lease of life with the purchasing powers of the average

Indian going up. The services sector saw an upsurge and more people came up the poverty line. Suddenly the pundits shed their cynicism and predicted that the resurgent India was on its way to become an economic superpower. In no time it became the third letter in BRIC, forming an exclusive club of tomorrow's economic superpowers along with Brazil, Russia and China.

Dr Manmohan Singh, then finance minister, was the architect of India's economic emancipation. But as Prime Minister since 2004 he has overlooked the need for reforming the moth-eaten administrative structure – a crucial step required to accommodate aspirations unleashed by liberalization. The chaos resulting from the mismatch between the strong reform impulses and the bureaucratic machinery unchanged since the time of the East India Company is now threatening growth, practically the country's future. It is not difficult to see the correlations between the success of the economic reforms and restructuring of the administrative machinery.

The dichotomy of the situation is clearly visible to observers of the Indian scene. New opportunities and rising income levels in the years after the reforms have triggered a new wave of entrepreneurial exuberance. Despite easing of rules much of the normal business activity is still dependent on the whims of the bureaucracy. Things as basic as a driving license or passport are impossible to get without a bribe. Sales tax is practically a tool of extortion. The initiatives of the ordinary Indian are being bludgeoned by the callous and corrupt administrative machinery. The resultant frustrations have largely fuelled the current political turmoil. In the 1970s an educated middle-class man had no choice but to accept the highhandedness and sloppy ways of an officer in a government establishment. The collector's office was still the most obvious symbol of power and authority in a district. Not any longer. Such *sarkari* structures are viewed as totems of a colonial past. And yet the *babus* to a great extent control the life of the ordinary people and put a spike in their plans unless palms are greased. Strangely no one in the establishment has seen the linkages between the success of the reform process and an overhaul of the system.

The executive arm of the government, the stratified officialdom, has essentially remained unchanged since the days of the East India Company; it's a colonial construct. The difference between the Indian Civil Service, an invention of the Raj, and the post-Independence Indian Administrative Service is very little. As an idea it is both abhorrent and repugnant that someone who clears the examination conducted by the Union Public Service Commission (UPSC) in his twenties has a secure job for the next 35 years! The decision making process at every level of the government is both opaque and arbitrary. The complete alienation of the administrative struc-

ture from the people and its declining standards are a bigger source of danger than perhaps the Maoist insurgency in the jungles.

The televised sit-ins by anti-corruption activists are an attempt to exploit the groundswell of resentment against a fossilised system. The frustrations of a resurgent India with an anachronistic administrative arrangement are being channelized by Anna Hazare and his supporters. In simple terms the problem is this: the dismantling of the license Raj unleashed talents, entrepreneurial skills of a young India and whetted the country's hunger for excellence. And when the desire to achieve and excel turns into a rising tide that is repulsed by an insensitive system which recognizes clout and connections more than talent.

Surprisingly this topic is absent on the debating table. Neither the government, nor the media, nor civil society has seriously taken up the problem of our system's inadequacy in sustaining the reforms by harnessing talent. A few years ago Congress leader Rahul Gandhi spoke at a party session about the new India's biggest hurdle: accessing opportunities without contacts and recommendations. Quite expectedly, his exploration of the country's biggest bottleneck neither inspired a debate among his party colleagues nor evoked any interest in the media. The corrupt deals and scams of the headlines are just the symptom of a deep malaise that the system is.

Despite the systemic disorder, slow democratic process and political chaos India is on the verge of regaining its 16th century economic prowess. An early prediction about the country emerging as an economic superpower came surprisingly from the CIA, the American intelligence agency. In a report titled, *Mapping the Global Future*, the CIA predicted in 2005 that India would overtake major European countries in terms of GDP by 2020. The National Intelligence Council, a CIA division, made a startling forecast. It said that the combined impact of the rise of India and China on the world scene would be similar to that of Germany after its unification in the 19th century and the United States in the 20th century. But it attached a grave and grim rider to the prospects of robust growth: "Barring an abrupt reversal of the process of globalization or any major upheavals in these countries, the rise of these new powers is a virtual certainty."

The warning of turmoil and anarchy disrupting the growth story is proving prophetic in the context of India. Charges of corruption in the auction of spectrums, preparations for the 2010 Commonwealth Games and allocation of coal blocks had practically paralysed the process of governance for the most part of 2011 and 2012. The main opposition BJP, itself buffeted by corruption allegations against its chief ministers and leaders, could not

lead the attack. In its place came forward activists who set up a rainbow front on an anti-corruption plank under the leadership of Hazare. And unnerved by the highly televised street protests, the government had stalled the reform process for most part of its second term. In fact, it had proposed to tax start-ups by new entrepreneurs. As a result the growth rate faltered setting off fears of an economic slump.

This is a critical moment in the Indian journey. The rise and fall of a civilization come in cycles. After a wait of more than 300 years the country is close to regaining its past glory. It is now the tenth largest economy of the world by nominal GDP, and the third largest by purchasing power parity. India has certain advantages to drive its growth engine. Unlike Japan and Europe, 50 per cent of India's population is below 25 years of age. The English language, which was once seen as an instrument of colonisation, today puts India ahead of China in deriving benefits from globalization and outsourcing. The large English speaking population, according to Time magazine columnist Fareed Zakaria, makes the country an obvious choice for investment by the West. India's other big advantage is its durable democratic system and time-tested institutions. Investors from the West are on a familiar ground in an ambience imprinted by strong, assertive media, an independent judiciary and a long culture of English. And of course, the biggest of all its strengths is the genius of the Indian entrepreneur to strike gold in the most impossible places, his never-say-die spirit. If the country can boost high growth in agriculture, manufacturing and services, by 2025 it will surpass most of the European economies.

The pre-colonial India was likened to a *sone ki chidiya*. After the long spell of ruthless exploitation by the British, that golden bird was hobbling, unable to fly soon after Independence. The reforms revived the memory of the golden bird. If the nation takes the corrective steps and accelerate the reform process, maybe, proving the expert predictions correct, the gold lark will sing hovering over the vista of prosperity. The recent government decision to allow FDI in civil aviation, multi-brand retail and broadcasting is a welcome move signalling revival of the reform process.

The 2014 general election – unless it is advanced – will be fought around this issue. Three things are certain to dominate the poll landscape:

- * A decisive generational switchover bringing the younger leadership to the fore;
- * Corruption overshadowing all other issues;
- * The government response to the charges.

The elections, in all probability will throw up a new leader the way the 1984 elections propelled Rajiv Gandhi. At the moment there is a leadership vacuum around the power centre. At 80, the Prime Minister, Dr Manmohan Singh, is all set to walk into the sunset. The most experienced BJP leader, L. K. Advani, is perhaps reluctant to take up the challenge of leading his party one more time. He is 85. Gujarat chief minister Narendra Modi, the toast of India Inc. for his dynamism pro-business policies, has won successive state elections on the plank of development. But there is a question-mark on his acceptability as a prime ministerial candidate. Bihar chief minister Nitish Kumar, too, has been re-elected on the basis of his impressive development work in the state. Having played a long innings in national politics, he seems to be eyeing the top job at Delhi Durbar. However, being the leader of a regional party, the electoral arithmetic does not seem to be in his favour.

As one surveys the political landscape the leadership vacuum looms large. Gone are the days of the stalwarts. There was a time when a major leader would wait for an opportune moment to hit the big time. Atal Bihari Vajpayee, Chandra Shekhar, Morarji Desai – they all played long innings and waited out unfavourable phases for the right time. Today's politics and its impulses are being impacted by the economic reality and more surprisingly, technological penetration of society. A village community with deep mobile-phone penetration will be different in its political responses from another without the benefit of connectivity. Now the situations find out the leader and not the other way round.

Congress, the leader of the ruling coalition, has made it amply clear that party general secretary Rahul Gandhi will lead it at the elections. Beyond any doubt, if elected, he will be the party's choice for the Prime Minister's job. Expectedly, with him the leadership mantle will pass on to the new generation. Rahul Gandhi's political philosophy, judged from his utterances, appears to be a mix of moderation and radicalism. He is a strong backer of economic liberalisation, and at the same time supports government spending on the social sector. A higher GDP growth can enable the government to earn more revenue which will be ploughed into welfare programmes like the rural job scheme and midday meals for primary school children, he once remarked. A staunchly secular man, he abhors religious fundamentalism of every hue. In his first major speech at the Congress session in Hyderabad, soon after the party's return to power in 2004, he told the delegates that every inch of the Opposition gain had been made possible by their failings. "Let's correct ourselves before blaming others," he said asking them to look inward.

His success as a campaigner for his party in elections is mixed. Despite his gruelling barnstorming Congress lost Bihar badly in the 2010 assembly election. His impact on the Gujarat poll scene, too, was negligible in 2007. But he magically revived the Congress fortunes in Uttar Pradesh by picking up 21 parliamentary seats in 2009. That was the first good harvest for the party in the land of its past stalwarts in more than two decades. A quiet, modest man, the young Gandhi's handicap is he is not given to flamboyance, and he is averse to political rhetoric. In the 24x7 television era politicians thrive on blusters and smart one-liners. Rahul Gandhi loathes dishing out sound bytes. His preference for the very English understatement is often construed as lack of aggression in a political culture where rough, raw phrases come down like hammer strokes. For him defending a government he has not been part of, will be difficult. More so when it has been in power for two successive terms.

The Opposition line-up is not yet clear. One possibility is the civil-society activists railing against the government on corruption issues will occupy the centre stage compelling the political parties to support the man of their choice. Historically, such activists have tended to veer round to the political right. Another option is for the opposition parties to go into the battle as a divided lot.

The next general election, as it is becoming increasingly clear, is not so much about a win or loss for a political combine; it is critically about the future of the Indian reforms. The poll outcome will decide whether the *some ki chidiya* will languish in the dust of missed opportunities or warble melodiously in an open sky.



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