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## Stick to reforms at all cost

The GDP rate had started to drop even before demonetisation

**I**s there a limit to how much reform an economy can take? The June quarter GDP figures have surprised many by registering 5.7%, the lowest growth rate since Prime Minister Narendra Modi was elected. The continuing fall in industrial production, down to just over 1% growth, was largely to blame. Critics have been quick to blame demonetisation and the introduction of the goods and service tax (GST). The new bankruptcy code and the cleaning up of the real estate sector are also darkening the horizon. There can be no doubt that

all of these have had a role to play, but it is also true India's GDP growth rate had started to droop even before demonetisation. As is normally the case, there are multiple reasons for what afflicts the economy. But slowing down on reforms is not the solution.

It should not be forgotten that one of the key drivers of growth before 2008-09, exports is now a shadow of what it once was. The banking sector crisis and corporate debt problem were legacies of the past government. The NDA's decision to go ahead with structural reforms despite these conditions was commendable. Demonetisation, GST and real estate reforms will reduce the cash-based informal sector of the economy — as much as half the country's GDP. The end result of this will be a greater formalisation of the economy which will mean better productivity, better quality jobs and higher tax revenue — all of which in time will serve the Indian economy for decades to come. But the disruption of the informal sector as well as the teething problems regarding GST will inevitably bring about short-term pain to the economy in the form of job losses, fall in demand and contraction of industrial activity.

The real danger for India is that the government with a number of elections looming may decide to slide back into populism. As it is, the NDA's political narrative of being untainted by corruption has made it reluctant to use State funding to resolve the bad loan problem among the banks. There is, however, some silver lining in the latest round of statistics. There is some evidence of corporations improving their financial conditions and signs of a real estate revival. The Centre's real plan should be pushing forward its digital and financial inclusion plans, and sorting out the regulatory problems that continue to make India such a difficult place to do business.

# comment

## Competition and choice must drive privatisation of Indian Railways

We need a policy that covers the entire rail sector: Infrastructure, tariffs and subsidies



BIBEK DEBROY

**E**very indicator, not just safety-related ones, underlines the travails of Indian Railways (IR). An instant solution is also offered. Every monopoly is inefficient, especially a public sector one. Liberalise, privatisate, corporatise. Isn't that how railways were developed in India, through private sector initiatives in the 19th century? Let's leave aside history, where, the private sector didn't exactly smell of roses. What do we mean by privatisation and what do we mean by IR? There is an IR that owns infrastructure (tracks, signalling, rolling stock, stations) and there is an IR that runs trains. There is also an IR that runs schools and hospitals, but since this is a non-core function, let's just assume, eventually, IR sheds that. By privatisation, we may either mean private entry, or selling IR's equity.

Most services on trains and stations (cleaning, catering and maintenance) are already privatised. Wagons are produced by the private sector. So, increasingly, are coaches and locomotives. What most people mean by private entry is the private sector running trains.

Or this, will we contemplate locomotive drivers from the private sector and safety (not to be confused with security) handled by the private sector? That's worth thinking about. On privately run trains, most people don't know policy already allows that. Why don't we see them? There have been private luxury trains. On mainstream trains, there are two reasons. First, there has to be minor tweaking of legislation to permit the private sector to charge fares and those fares, after the regulator has been set up, have to be re-

asonable. Second, any train, public or private, requires a path, from point A to point B. Today, capacity constraints are such that it is impossible to provide that path, for both passenger and goods trains. Sure, after freight corridors, capacity constraints will ease a bit. But fundamentally, easing requires huge investments, which Indian Railways' present financial woes don't allow. If you want to run a private train from Jodhpur to Jaisalmer, I am sure IR will find you a path. However, that's not a remunerative segment. The private sector will be interested in high density corridors, where there are capacity issues. Eventually, when private trains take off, they will run in those high density corridors. Who runs trains elsewhere? Will there be something like a universal service obligation? As a final element in private entry, what about stations?

Private management of stations is one thing, private development is another. Private development requires a revenue model. Without land for commercial real estate development (like Delhi and Mumbai airports), it won't work. At best, given distribution of Indian Railways' land, this might happen for around 15 stations and no more.

Let's turn to privatisation through selling IR's equity. Everything isn't like IRCTC, IRCON or IRFC. A major problem is lack of proper commercial accounting in IR. Before buying something, you need to know its worth. Today, this isn't possible. With successful pilots in zones/divisions already undertaken, there is no reason why the entire IR system shouldn't have proper commercial accounting in the next two years. After that, production units (for manufacturing rolling stock) can certainly be hived off.

There is no convincing market failure argument for these. But on infrastructure interpreted as tracks, signalling and related matters, all railways have a historical evolution and models imported from elsewhere can't be easily implanted. It is a vertically and horizontally integrated structure, not-



A file picture of the mangled coaches of the Puri-Haridwar Utkal Express train which derailed at Khatauli near Muzaffarnagar, Uttar Pradesh

PTI

**PRIVATISATION IS A MEANS TO THAT END. IT IS NOT AN END IN ITSELF. AND WE NEED TO SPEND OUR ENERGIES ON FASHIONING AND DEBATING THE PROCESS, NOT THE TERMINAL GOAL.**

withstanding initial independent and regional developments in 19th century. Therefore, unbundling and privatising this is an expensive and pointless proposition. Once you have taken away the infrastructure, in the form of something like an IR Infrastructure Corporation, and hived off production units and non-core functions, what is left in the IR bit that runs trains, especially after private entry? There is nothing left to privatisate there.

In sum, expressions like liberalise, privatisate and corporatise need to be thought

through.

There is a terminal goal and there is a process that leads to the goal. Talking about the goal in isolation serves no purpose. We need a Railway Ministry that articulates a policy neutral between public and private players. It is a ministry for the railway sector, not for IR.

We need an independent regulator to implement those principles of fair competition, with tariffs freed and subsidies better targeted. We need to carve out the Indian Railways Infrastructure Corporation. We need commercial accounting. Railway Board becomes a corporate board only for the IR that runs trains. The production units are sold. Non-core functions are shed. I'd call this terminal goal one of competition and choice. Privatisation is a means to that end. It is not an end in itself. And we need to spend our energies on fashioning and debating the process, not the terminal goal.

Bibek Debroy is Member, Niti Aayog

The views expressed are personal

### TRADE-OFF

## The Dera-politician nexus: History told from below

In social justice terms, the cults play the role abandoned by the State in providing succour to the marginalised

VINOD SHARMA

**B**abas grow like weeds in our country; the manure being illiteracy, societal prejudice, regimentation of religions and the State's failure to serve its needy citizenry.

The manipulators are an amorphous mix: politicos, civil servants and businessmen in cahoots with charlatans masquerading as God's men and women. Some self-styled yogis, bapus and sants get away pretending to be bhagwans.

There is an interdependent, mutually beneficial ecosystem. The politician feeds on the baba's captive constituency; the latter flaunts his disciple's clout to build a network of influence in business and bureaucracy.

That sets up a platform for society's flotsam and jetsam to get their space under the sun. In social justice terms, godmen play for them the role abandoned by the State. The deras are veritable governments, running hospitals,

schools, colleges and in some cases even cinema theatres, to which devotees have easy access without much cost.

The dynamics are a variant of the right to association and collective bargaining—with scope for aggression as was evident in Haryana. The egalitarian halo the dera seeks has two objectives: expand the mass of committed followers; besides securing a respectable veneer for the helmsman's caprice. That includes mind-gaming devotees into debauchery—like Gurmeet Singh's coercive dalliances packaged as "pitaji ki maaif" at his Sirsa hub. Or the manner in which Rampal Maharaj, a Kabir panthi in conflict with the Arya Samaj, used his devotees as human shields against the Haryana police.

This is not to suggest that all deras are bad. There are honourable exceptions such as the largely apolitical Radha Soami Satsang at Beas. Founded way back in the 19th century, the congregation has stayed the course of spiritual development, desisting political temptations unlike the excessively vagrant Sachcha Sauda.

Baba Gurmeet has flirted in recent years with political parties ranging from the Akali Dal to the Congress, BJP and OP Chautala's INLD in Punjab and Haryana. But his foremost political inamorato, so to speak, was



A file picture of a Dera Sacha Sauda supporter during a sit-in protest at its headquarters in Sirsa, Haryana HT PHOTO

Parkash Singh Badal.

There was an element of extreme irony about Badal's overtures to Gurmeet. For the Sachcha Sauda was created in 1948 in reaction to the Jat-Sikh domination of the Shiromani Gurdwara Parbandhak Committee that the Akalis have forever treated as their beachhead in the domain of faith. Put in place in 1925, the SGPC has a ₹1000 crore budget.

The Sirsa dera impresario's support base comprised subaltern groups alienated and angered by the combative Jats who constituted the core of INLD and the Akali Dal. He was the holder and deliverer of non-Jat votes for suitors from other parties, including the Congress and the BJP.

In that sense, deaths in street violence after

Gurmeet's conviction for rape are a blow in Haryana to the BJP regime led by ML Khattar who isn't a Jat. On his watch, the non-Jat population also bore the brunt of violence last year when Jats went on the rampage demanding reservation.

Punjab and Haryana were one state till late after the country gained independence. The post-1947 rise of religious sects, or deras was a reaction, in fact, to exclusive religious hierarchies. The people among whom they found traction had been pushed to the fringes by social elites even as the Sikh clergy failed to strike a balance between the spiritual and the political.

In fact, the story of the deras is what historians term as 'history told from below.' What distinguishes the narrative from traditional working class history is the reliance on people's experiences and perspectives arising out of exclusion from Sikhism's established institutions.

Another manifestation of rebellion against the existing order is the Dalit-centric Dera Sachkhand Balan, near Jalandhar. Its followers, known as Raviddasis have their own places of worship in the name of Ravi Das, a 15th century mystic and social reformer who is revered in Sikh scriptures.

The Raviddasis are Punjab's Jatas. The scheduled castes, including the mazhabis (scavenger) Sikhs, constitute nearly one-third of the state's population. They originally had renounced Hinduism to convert to Sikhism for its all-embracing appeal that's now on the wane.

Their tactical distancing from the SGPC despite their belief in the Granth Sahib should worry the clergy. The antidote to such trends is reform in the administration of Sikhism—with the singular purpose of reverting it to its spiritual moorings in Guru Nanak's message of social accord—and equality.

vinodsharma@hindustantimes.com

ing to be seen writing a pro-India piece during the prevailing cross-border confrontation. Or maybe it was matter of semantics—could the person be from a University in Toronto? That's doubtful since the manner of writing of the piece itself didn't lend itself to the belief that he or she was particularly adept at playing around with the English language.

Given the places where this appeared and soon spread online, this could also have been counter-propaganda. If that is the case, it once again underscored India's inability to communicate its message effectively.

Doklam itself is an example of that. While sections of think-tankdom agree India may have succeeded in not conceding an inch, American media isn't giving column centimetres to that contention.

India really has no institutionalised mechanism to make its point. The Chinese are blunt, with the kind of brazen badgering that doesn't appear in global diplomacy outside the hilarious if fake Twitter handle of the Pyongyang regime. China flaunts fake facts on racist videos, but still gains greater traction than the statements from India's

ministry of external affairs.

Sure, the intent in New Delhi may have been to not raise temperatures with international outbursts, but the presentation of its case was so dullly bureaucratic, it went cold.

That's ironic. With a free and fiery media and a film industry that's getting edgier and more sophisticated, you would think there's a talent pool to trawl to outclass the opposing view. But all that talk of soft power is not yet being heard. Official minimalism can be supplemented with informal channelling of spin.

The Chinese make an effort to communicate, however amateurish that may be. From having the Global Times, the party propaganda publication, appear in my mailbox in New York and subsequently in Toronto; to news channels like the unfortunately named CCTV, spouting the closed circuit messages of the Communist regime, popping up on cable; and official statements that offer red meat. India's outreach is so staid and stoic, it gets lost in the static.

Anirudh Bhattacharya is a Toronto-based commentator on American affairs  
The views expressed are personal

## Appreciation is better displayed by gestures than announced in words



Abhay Rawal

Motivation acts like mobile oil in speeding up the actions, on the road to win in the game of life. Surprises such as gifts, prizes, cash or promotions are some methods of motivation.

A father's gift to his son or daughter will be a booster to score good marks. Cash prizes act as an incentive for salespersons to meet their targets. A promotion will help an employee in completing the task more efficiently. If a boss or a father or a teacher cannot motivate by

tangible things, then appreciation is the best tool. Appreciation from anyone can boost one's morale like nothing else.

One day, a friend of mine was busy in her work, so she asked me to write an email for her team. I wrote a simple email but the way she appreciated it made that moment special. She said such beautiful words for me that writing that two-liner email made me proud. This made me understand that mixing emotions and appreciation is an art, which everyone should adapt in their life. Here's a beautiful saying by philosopher Voltaire,

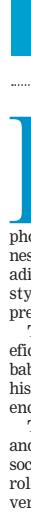
"Appreciation is a wonderful thing. It makes what is excellent in others belong to us as well."

(Inner Voice comprises contributions from our readers. The views expressed are personal)

Innervoice@hindustantimes.com

### bigdeal

SHREYAS NAVARE



navare.shreyas@gmail.com

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