

India's report card fails to make the grade

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"Now there's a doctor to look after us. And medicines too! See how our confidence has grown."

That is how India's ruling coalition, the United Progressive Alliance, kicked off its Report to the People, the official score sheet marking the government's four years in power released last month. The quote refers to how the government, led by the Congress party's Manmohan Singh, prime minister, has improved healthcare, particularly for India's hundreds of millions of poor farmers.

For all the praise the government has heaped on itself, there is little evidence that this sentiment is shared by the wider Indian community, particularly those seeking more aggressive economic reforms. The centre-left UPA gained office in a surprise election victory in 2004, when it beat the triumphalist Hindu nationalist Bharatiya Janata party, whose "India Shining" campaign had celebrated the rise of India's urban elites but had left the impoverished rural masses feeling ignored. Now, with one year to go before they must call the next election, Mr Singh and Sonia Gandhi, who chairs the UPA, want to show they have not forgotten those who brought them to power, hence the Report to the People.

The front cover of the 63-page report shows a blue sky, symbolic of the UPA's oft-stated belief that the possibilities for India are limitless. Under optimistic headings such as "Fulfilling Life's Promise", it notes the government has more than doubled spending on healthcare since it came to power; education spending will have risen nearly fivefold in the five years to March 2009; its Bharat Nirman rural development programme has connected 17,000 isolated homes with good roads and its National Rural Employment Guarantee Programme, which it claims is the largest social safety net in the world, is providing 30m people with work each year.

There are other sections detailing improvements in rights for women and minorities, in infrastructure spending and in the economy. Among its main boasts, the government claims credit for taking India from growth of about 7 per cent a year to around 9 per cent. "Inclusive growth" is the mantra. "Today, it is possible to abolish poverty in the life of a single generation," the report claims.

The problem is that such elaborate promises are not enough. The UPA's losses in a number of recent state elections show voters expect more. Moreover, many analysts believe the benign global and domestic economic conditions of the past four years have lured the government into complacency, undermining its willingness to undertake the structural reforms needed to sustain high growth through the next cycle.

In a separate report, Ten Things for India to Achieve its 2050 Potential, Goldman Sachs provides a stark reminder of the work ahead for India to achieve its dream of becoming one of the largest economies in the world by the middle of this century. "Having the potential and actually achieving it are two separate things," the report says bluntly. The authors, Jim O'Neill, Goldman Sachs' head of global research, and Mumbai-based economist Tushar Poddar, say India is ranked 110 out of 181 in Goldman's "growth environment scores", a system that ranks the development climate in various countries. That puts it behind other emerging markets such as China, Brazil and Russia.

Goldman highlights India's literacy rate, which is as low as 61 per cent. India is projected to add 310m people – about the population of the US – to its population of 1.1bn by 2020. This implies a massive increase in public education spending, beyond the 3 per cent of gross domestic product it currently spends to upgrade its already faltering school and higher education systems.

The report also cites governance as one of India's biggest issues. The problem is not too much democracy but too little. India's public services suffer from a lack of accountability. In health, water and education the state is the regulator and provider of services, yet politicians are nowhere to be seen once they are elected.

On the economy, the government needs fixed targets for inflation and the fiscal deficit. India's deficit, if it is combined with various off-budget subsidies, is one of the highest in the world and is projected to reach more than 7 per cent of GDP this financial year. The enormous amounts of additional public debt needed to service this mean little money is left for development. The list goes on. India's stunted financial sector needs to be liberalised to enable savings to be channelled away from gold into areas in need of investment, such as infrastructure. Reforms to encourage greater private sector involvement are required in infrastructure, agriculture and the environment.

But it is easy to criticise from the sidelines. In a country as diverse as India, which is prone to terrorist attacks and communal strife, the UPA so far has presided over a period of relative peace and prosperity. The government deserves some credit just for keeping the show on the road.

Perhaps the UPA's greatest weakness is the one thing it likes to boast of most: India's huge young population. The young may be energetic but they also expect more. As India's Business Standard newspaper said in an editorial: "The stark reality of contemporary Indian politics is that however significant the government's achievements may be, they seem to be perpetually several steps behind people's aspirations."

That gap in perception is one that no number of glossy Reports to the People is likely to change.

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