

# The Road Not Taken

Gajendra Haldea narrates the challenges of governance that constrained India's infrastructure development

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WHEN I was asked to review Gajendra Haldea's book *Infrastructure at Crossroads: The Challenges of Governance*, I was at once honoured and intimidated.

I have had the pleasure of working with him and know his capacity for detail, his familiarity with the subject and his habit of incisive analysis, and thus was intimidated at the idea of reviewing a book by him.

If the 1970s and '80s were marked by sterile socialism, the '90s saw India seemingly turn in the right direction, even if it was on account of economic necessity overcoming political theorism.

We have come a long way from the days we had to pledge our gold to secure finances.

However, in order for India to take her rightful place in the sun, reforms that appear to be hopelessly stuck in the quagmire of political controversy, need to be dealt with on an urgent basis. In that sense, this book is as much a must-read for policymakers as it is for those who seem to oppose all reform — for one reason or the other.

As the book points out, building infrastructure primarily out of budgetary resources is no longer feasible — the 12th Plan projects an investment of over a trillion dollars.

At least, half of this has to come from the private sector. However, there is a disturbing trend that not only has FDI slowed down but significant Indian corporates have expressed lack of confidence in Indian investment.

The book analyses in four pithily written chapters the problems that have bedevilled the reform process. It attempts, what it correctly describes, as a narration of the principal challenges of governance that constrained the development of infrastructure in India.

It starts by defining the infrastructure challenge, be it in highways, ports, airports, railways, power, irrigation or telecom.

When we speak of highways in India, we must admit that we use the word "highway" generously. It takes a lot more than making a road to make a highway. Highways are meant to be high-speed corridors for movement of passengers and vehicles. We seem to have wasted national resources by widening existing roads which pass through villages, instead of creating new assets so that fast-moving traffic would not need to share the same space with other modes of transport that are used by the village folk. Little surprise then that political parties join local groups in attacking toll booths.

On the other hand, there are instances of creating new assets where there did not appear to be

any real need. The book flags the controversy relating to the Bangalore airport — the greatest testimony to the utility of the old airport was that it was closed because the project promoter of the new airport insisted that such closure was necessary to make the new airport viable!

The book argues in favour of an aggressive programme of infrastructure development with a greater role for private participation and emphasises that the reform process needs to be initiated all over again, but after identifying and remedying the errors of the past. What better area to look for the errors of policy than the power sector?

Haldea has had a very close association with the power sector and has not just inspired but also authored the new electricity law. The book analyses how, despite all the attempts at reform, investments have largely been confined to the public sector and industry remains virtually nationalised, and how private sector investment has been relegated to insignificance. It analyses the reasons why: Chapter

11 is appropriately captioned "Whither electricity reforms?"

Haldea is not a political analyst but an economist and his book stays away from political controversy while squarely addressing issues of poor governance that have prevented India from achieving the kind of growth that was entirely attainable had we had political maturity and, most of all, political will.

The first step towards a prosperous egalitarian society is to create wealth, albeit in a manner that is inclusive. Private initiative is as important as private capital. Differences in economic strata of society are inevitable in all societies, what is vital, specially in the Indian context, is to take measures to accelerate inclusive growth which results in creating more jobs and makes more money available for developmental programmes.

The last two decades have shown how economic realities can compel a change in methods, but mindsets and agendas do not change.

The licence-control-permit raj

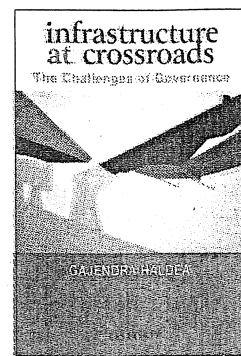
created a society where growth and success was based on backroom deals and the citizenry a victim of egregious corruption from the lowest to the highest level. As present controversies have revealed, not much has changed on this front!

The present-generation Indian is impatient, knows what his western and now even eastern counterparts have, and wants the same kind of prosperity. The young Indian is far less tolerant of corruption as is evident from the support which anticorruption movements have received across the country. There is today unmistakably a sense of gloom over a perceived paralysis in decision-making.

This book focuses on some key areas where there is need for urgent attention of policymakers to kick-start a process which had once begun, or so it appeared, but seems to have run aground.

It was over six decades ago that we made our tryst with destiny — there could not be a more opportune time to try to redeem this pledge when the world is looking east. If we miss this opportunity for want of governance, history would never forgive us for putting our democracy in peril for it is only then a matter of time before people lose faith in the system.

The present book, which identifies lapses and makes positive suggestions for improvement, is thus as timely as it is necessary.



## INFRASTRUCTURE AT CROSSROADS

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