



The development conundrum: The factor of political imbalance in it

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Abstract

The complex puzzle of growth is an inevitable part of the development conundrum in India. But how do we define development. It would mean improvement in the well-being of the masses and their quality of life. The minimal of well-being must include the satisfaction of the basic needs. Conversely, underdevelopment involves the denial of basic needs to the people while enhancing the material returns of the dominant groups. It deprives the majority of their survival and sustenance. India, like most countries, has been following the capitalist path of development. Over time, the state of India has shifted from a reluctant pro-capitalist state with a socialist ideology to an enthusiastic pro-capitalist state with a neo-liberal ideology.

This seminar paper strongly argues that calibrated effort is needed for benefits of development to trickle down to the poorest of the poor in India so there is no unequal development which is the case in India.

Keywords: development, growth, imbalance

1. Introduction

The real test for a successful democracy lies in its capability to overcome the obstacles to development posed by authoritarian models. Though hopes pinned on many South Asian countries have been belied, India is a powerhouse to reckon with. Democracy, development and governance are at the crossroads, caught in the contradiction of our times, some of which are new and have emerged in the midst of the older. Now the question arises what is development? Development would mean improvement in the well-being of the masses and their quality of life. The minimal level of well-being must include the satisfaction of the basic needs. It will have to happen the hard way for the most part, through the steady accumulation of skills and human capital and improvements in governance and institutions. It is never easy or painless, whatever the platitudes offered to the contrary by politicians or economic planners. Herein lays the crux of the problem.

2. Materials and Methods

The methodology of the study is deductive and interpretative and dependent on secondary reference materials. Due to some family bindings and handicaps, field research has not been possible.

3. Discussion

If development equal for all? Do the fruits of development percolate down to the lowest rung of society? For whom is the development process functioning? Is development only about growth? Despite oratorical add-ons and debates that never cease to stop, it will not outgrow the discerning eye that growth is not distribution ally neutral. Most of the benefits of the economic growth have been hogged by a tiny minority, leaving the overwhelming majority sidelined. Hunger, malnutrition, abject poverty and exploding unemployment have become the main features of the Indian economy. The

development pattern has been lopsided with only 10% of the Indians controlling over 33.6% of the national wealth.

If we follow the writings of Amartya Sen, the Nobel Laureate and the doyen of developmental economics, in his recent book "Development as Freedom", Sen. argues that "the usefulness of wealth lies in the things that it allows us to do-the substantive freedoms it helps us to achieve...an adequate conception of development must go much beyond the accumulation of wealth and the growth of gross national product and other income-related variables. Without ignoring the importance of economic growth, we must look well beyond it."

When India made "tryst with destiny", way back in 1947, the objective of India's development strategy was to establish a socialistic pattern of society through economic growth with self-reliance, social justice and alleviation of poverty. These objectives were to be achieved within a democratic political framework using the mechanism of a mixed economy where both public and private sectors co-exist. The entrepreneurial role of the state was evoked to develop the industrial sector. The objectives of industrial policy were: a high growth rate, national self-reliance, reduction of foreign dominance, building up of indigenous capacity, encouraging small scale industry bringing about balanced regional development, prevention of concentration of economic power, reduction of income inequalities and control of economy by the state. Despite such a planning process, as it will be unraveled in details in this seminar paper, India had suffered for decades from the misfortunes of 'a closed access economy' where employment was scarce, businesses were difficult to start and capitalize, and the quality of education systems varied widely. India's success in reducing endemic deprivation since Independence has been quite limited. Yet there has been a remarkable shift in the focus of development sine 1990s. Liberalization and economic incentives worked parallel to

usher in change. Structural change did make a positive contribution to growth in India after the 1990s, especially during the first decade after the 1991 reforms. The shift has been from a mere economic growth to the enhancement of human well-being. It has been recognized that economic growth has to be accompanied by an improvement in the quality of life for the development process to be sustainable. The biggest challenge is thus sustainability and the wider reach of economic growth from the point of view of the desired level of social development. It is important to understand the process and institutions of governance in India and its implications for development. It's a strange dichotomy that the Indian economy which is overall vibrant beyond measure has a segment that is getting fast left behind. This is not just about economics. It creates political tensions of a kind that early India did not see. There is distortion of policy priorities arising from inequalities of political power. There is no doubt that the late awakening and an accelerated growth rate, an aspirational middle class and an ambitious entrepreneurial class—has been replaced by India Rising, which is the slogan of the 21st century. India has also emerged as a reassuring example of freedom in a region otherwise known for less evolved civil societies. Researchers often suggest that societies characterized by high levels of political freedom are expected to exhibit significantly higher rates of economic growth than those in which civil liberties and political rights are abridged. By that logic, India should have been in a celebratory mood as far as economic growth story defies all logic. The great Indian growth story (as told by apostles of free market) is a biased text. The bubble has burst. The paradox of India's current success is rooted in what were once seen as some of its most egregious policy failures—a failure in integrating growth with development. Does that mean that democracy is bad for development? Certainly not. It's not enough to look at democracy as an elusive concept but the actual nature of governance and leadership. In India, this is key to delivery, especially with respect to growth and development. After more than six decades of Independence and state formation, India is faced with serious development challenges. Two major developmental challenges in India are maintaining rapid growth while spreading the benefits of growth more widely and improving the delivery of core public services.

India's growth story is full of shortcomings and breakdowns. Due to a large-scale economic liberalization in 1991, India has had a nice long run of reforms but when times are good, people tend to assume that it is everlasting. Sadly, the reality isn't so complaint. The paradox is that while the state in India has been powerful (and often heavy-handed) in its regulatory and interventionist role, it will not be described as what the political economy literature calls a 'strong state.' The latter essentially refers to a state that can credibly commit to, for example, a long-term policy and not deviate from it under short-term populist pressures. One of the biggest shortcomings of our political system is policy paralysis which is rooted in political paralysis. Laws are often tabled in Parliament and they get pushed from session to session, despite their urgency. There is rampant lack of clarity and leadership from the major political parties. The main opposition party, the Bharatiya Janata Party (BJP), recently announced Narendra Modi as

their prime ministerial candidate. The party currently in power, Congress, in the form of the government of Prime Minister Manmohan Singh, does not have a clear successor PM-candidate. Parties are preoccupied with their own internal affairs and not attending to the business of governing a state of affairs that surely deters serious longer-term investors. There is a rampant lack of clarity and leadership from major political parties. Several pending legislations in parliament has slowed down reforms that are crucial to development, and the rampant corruption that manifested in civilian unrest have all been indicative of the inefficiency in our political structure.

Yet this is not to say that democracy has failed is as a system. Then how did India make the transition from an economic laggard to one of the fastest growing economies in the world? The story of the Indian economy's fall from grace is the new cliché. The picture is not all bleak. For the past three decades, the Indian economy has grown impressively, at an average annual rate of 6.4%. From 2002 to 2011, when the average rate was 7.7%, India seemed unstoppable. Growing at 8.8% between 2003 and 2007, India transformed itself to one of the fastest growing economies in the world, after China. The World Bank—The International Monetary Fund Annual Meeting in Singapore in 2006 was dedicated to the rise of China and India. India continued to grow more rapidly (6.1% in 2008/2009) than all the major Asian economies, except China, in the aftermath of the global financial crisis. Despite global slowdown and policy paralysis which have hit Gross Domestic Product (GDP) growth, the economic report card says India is the most attractive emerging Market as Reserve Bank of India measures. Current account deficit has moderated to an eight year low of 0.9% in the December quarter of 2013 expected to be below \$ 45 billion. Rupee has gained against dollar due to steps taken by RBI and foreign fund inflows. But India's self-confidence has been shaken. Growth slowed to 4.4% a year. The specter of a potential crisis, brought on by rising inflation and crippling budget deficits, looms. We are not doing well on any of the three goals we have set ourselves: faster growth, more inclusive growth, more sustainable growth.

4. Results

The Politics behind the imbalance

Indians are prone to hide behind protectionist walls as the story of development is one of dealing with powerful vested interests. Democratic pressures have gone in other directions rather than rectifying the major injustices that characterize contemporary India. Maintaining and increasing the pace of economic growth will have to be only a part of a larger commitment. Reforms have not had a desired impact on substantial parts of the economy. The agricultural sector, which feeds the majority of the people, has been growing slowly. Even though there has been some success in the area of literacy and poverty alleviation, India lags behind China to a considerable extent in these areas. Economic power continues to be in favour of the upper income brackets in the rural and urban areas. In the 1980s economist Gary Fields, who specializes in poverty, described India as a "miserably poor country." Though India transformed it from a basket case into a powerful engine of growth, poverty continues to plague it. The Indian agriculture faces a dilemma. There are farmer

suicides in states like Andhra Pradesh, Kerala and Karnataka have been reported. There has also been a major slowdown in the growth of real agricultural wages in the post-reform period. India's poor wealth distribution, government regulations, mountains of bureaucratic red tape, caste-based politics and urban/rural disparity cannot escape criticism or analysis. Actually Indian economy is resting on shaky foundations. There are two major things that can hold back an economy. One is the hard infrastructure and the other is the soft one. In an exciting cauldron of new emergent economy, there is messy politics. We are split not only on political party lines but also divided in our ideologies of development. Plethora of development programmes with grand agenda, whooping allocation and euphoria had more often failed to make significant headway in almost any front. There is an impression that there is vested interest in perpetuating poverty and other forms of afflictions as impoverishment affords the opportunity to play patronage politics. In this acidic atmosphere who will be the real game-changer? Parties will clamour for the handsome electoral dividends and more so in this election season as there is greater pay-offs. Key policies await approval as rudderless and exhausted political parties get poll-ready to battle it out at the national arena. For example, FDI in railways and important tax laws are in hold. Elections mean delaying of reforms. This is not to say that democracy has failed in India. But we need to change the structure of our discourse instead fault-finding and finger-pointing. India is an economy and society of contrasts and extremes where a statement about its progress and the opposite are equally true. India is heterogeneous with multi-party system of governance. There is clearly a trade-off between credibility and accountability in state affairs. Policies are deviated from the needs and demands of common people and the leadership is impervious to them. Even well-intentioned state directed development projects do not involve the people at the ground level. The latter are treated as objects of the development process. They often end up as conduits of largesse for elite groups or pawns in the hands of politicians.

5. Conclusion

India's centre of governance lies in the parliament in the capital city of New Delhi. However power seems to lie everywhere but in the centre. The parliament gets gridlocked for change and the ruling coalition loses out to the regional parties when it comes to taking important decisions for the country. The political paralysis works in tandem with political imbalance. There are efforts to spur economic growth but the focus is clearly on politics of entitlement. Bureaucracy receives mixed signals and confused bureaucracy is worse than confused politicians as they are the executing arm behind the brains. Contemporary India does not suffer from a lack of protests but it is important to gauge if such protests reflect the voices of the underprivileged or usurped by the elites. It is time for the economy to return to politics. National parties are now off the block in the race for 2014. The political dust that has been raised will settle down soon. Economic factors will definitely play larger role now. There is much debate in the academic circles about the model of growth India needs. The subject must be brought in election debates. Economics and politics cannot be two warring couples in perpetual disarray.

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