

# CHALLENGES OF GROWTH FOR YOUTH IN INDIA

Mr. Arun Jaitley

MP & Leader of Opposition, Rajya Sabha

*(Delivered on 12 October, 2012)*

*Presently* Finance Minister, Government of India



**I**t is my earnest request to all the students present here today that the world is becoming very harsh and this harshness almost borders on poverty. There was a time when there was enough space, even for mediocrity in society. Today, competition has become tough in all the sectors, whether industries, services, professions or management and because competition has toughened a lot, for those who emerge out of the system, mediocrity would be almost close to frustrating failures. You will not be dumb, but you will be in the crowd...I repeat that the space for mediocrity is narrowing down, its contracting and therefore you have to try to get on to the fast track and these are the four, five, six years of your life, which will determine which track you are on. It's a bad sign... but once you get on to the fast track its immaterial-what are the financial resources, what caste, what background,

what religion of your family was, your ability to reach the top will always be there. There is always space on the top, where the age of grey eminence is over. You become editors of the newspapers at the age of 30; you don't have to wait for 55 or 60 years to do that. Today, we are poised to be a fast track economy.

Barring the brief period of mid 70's-the emergency, it goes to the credit of India that we managed to keep the country secure. The reversal of that process has now been termed as reforms. The growth of the economy, at a faster rate, will it have trickle-down effects? Will the poor be benefited automatically? A number of people say 'no'. I think the truth is somewhere in the grey areas. The trickle-down effect must take place; it's not a complete answer...any area where the institutions have come up, where factories have come up, in the rural areas people get jobs, housing today its expanding beyond cities getting into rural areas. People are moving from the kind of unacceptable housing that they were living in, into better housing though a large part of India still needs it. So the slow trickle-down effects take place. Telecom, each one of us had to wait for 20 years, to get our phones, so it's trickling down now. It is taking place, but it's not the complete answer.

The economic model is now broadly becoming an acceptable model in India. You need investment in India, you need larger economic activity in

India, and you need a higher growth rate. Profit is not a bad word, if there is no profit no one will invest, people will go outside, where they reap better profit... and if they earn profit, they will pay revenue to the States-they will create jobs; if they do not earn profit, they will close down and lose jobs. If the States have greater revenue in their pockets, their pockets will become deeper. So along with the trickledown effect, the State takes money out of its own deep pockets and then starts the poverty alleviation programmes. For the type of poverty alleviation programmes, that we need in this country, you need almost a double digit growth. So there is no conflict between poverty alleviation and higher growth rate. For this you need to take the necessary steps. You equally require stakes, which empower the state financially in order to run the poverty alleviation schemes. The combination of trickle-down effect and the special privilege for weaker sections is the ideal combination, I think we are broadly moving in the direction where you need a huge amount of industrialization, and therefore the manufacturing sector must grow. One of the great factors which enabled China's growth was its manufacturing growth curve. It was 12% to 15%. Unless your growth curve goes into this direction, that where jobs and mass jobs are created. 60% of the people are in the agriculture sector and at least 20-30% of the people will leave agriculture and get into the manufacturing sector. Therefore, you leave for

the neighboring states which grow faster, and are more industrialized. Now here's where you need to banish poverty, create jobs, make India almost a land of opportunities which is extremely necessary. Now along with this, you have the problem of inequality in India. You have to respect human beings; you have to create a mechanism where standard of living and quality of life are improved. Structured employment is available only to 18% of the population, 55% are either self-employed in agriculture, or in retail and others, 30% are almost under privileged or unemployed. Therefore, you need to work on the inequalities in these areas or get into a state where you need to fight these inequalities. The developed countries in the west have not faced these kinds of challenges.

Today we have serious issues of security as far as India is concerned. Even though, I started by saying that the threats to unity and sovereignty are over, we have to think in terms of growth. We have regions which have developed aspirations and therefore there is a transformation of the central issue in Indian public life, hence unity & sovereignty have been replaced with federal desires. You actually see federalism in action. These coalition governments are part of federalism. You have regions which are complaining that we are under-developed, under employed. If you actually draw a line mid-way through India which passes through the city of Kanpur, you will find

lot of developmental activities taking place of the west of that line, but almost to the east of line the developmental activities are significantly less and that is perhaps the answer to the question. Here, the Maoist-problem is the biggest challenge. Maoists proclaim to be social reformers, they want to overthrow India's parliamentary democracy and replace it with communistic pattern of the state. They know how to make and use bombs, they attack police parties, seize arms. I recently read some of their literature and even on some of the websites-"the enemies' armoury is our armouries" says Maoist literature...so you have this whole corridor from the Nepal border right through Telangana as a safe passage. We are now hit with this question of how to fight their menace? Should we only use the military method or shall we use the alternative method? So the real truth is again somewhere in between.

It's very easy to say that go in for development activities but then to build a school or a welfare care center, the road is very important. The collector of the PWD (Public Works Department) can only enter in these areas, and you cannot physically enter, as long as land mines are there. No contractor will work in an environment of extortions and there is a need to take violence out of the system. You need the police and military to mind over the state. You also need to spend a huge part of resources on maintaining order in these regions. It is the

combination of both, that will enable and make us ready to reach a situation where we can fight this menace standing in the way of development.

The Kashmir issue-are you aware that how much it has cost us in the last 65 years? I don't want to go into the details of the issue... Pakistan has never reconciled with Kashmir being a part of India. It directed wars which they lost, again they tried proxy wars through terror across borders which again they lost and now they have realized the might of the Indian State to fight both terror and terrorism. Now they are trying other techniques like the stone-throwing movement. You have a crowd of 5000 people attacking a picket of 5 policemen or military men with 5 stones each, this is as good as using a machine gun and then you say, you were only throwing stones. I think India's answer lies in eliminating the separatist groups and winning over the people of the nation. We must create a secure environment in the state. When I visited Kashmir valley as a part of several parliamentary delegations, the best response came from students of the Kashmir University. One young lady got up and told the Home Minister, I was sitting next to him, "Well, I have no difficulty; I am completely an Indian, but when I go to my college I don't want to be harassed by separatist groups." So the separatists always want a Kashmir which is always burning, that's their play. In a peaceful Kashmir they will be like fish out of water. They only become Friday evening speakers at religious

functions. That's what happened in the past, that's what is happening these days. There is no improvement in the situation and I think these are all areas which have cost us in terms of national development, unity, and integrity.

There is a second area also and that area is very judicious to me. I do remember when people ask me, where do you think the biggest threat to Indian democracy comes from—Does it come from the security threats to India from outside forces or from cross border terrorism? Does it come from lack of economic development and frustration caused by poverty? I say 'yes' strong enough, these are challenges but we can fight them. It takes some time to build nations and I think if we follow the correct economic model in years to come, we can substantially reduce our poverty. But I think the main threat will always come from an environment of cynicism (even the Prime Minister, Dr. Manmohan Singh, two days ago commented on it) which starts building up and you see the people start getting disillusioned with the system and then some elements of negativism build up. I responded to that through an article yesterday where I wrote—the correct question to be asked is why is negativism building up? And the answer is—it's only when, we in government fail them. If you provide good and quality governance, there is a big enthusiasm, but if people see inadequate governance in our country then there is disillusionment and that links to

your second subject of accountability. Now comes a question—Is this the right system? Here people start questioning the relevance of the system and its possible sustainability. This is what the Indian governance and those involved in the polity of India have to realize.

Let me tell you a challenge, the challenge is that the power of politics is immense, there are no substitutes for politics—politics influences the life of a citizen; politics determines policy; politics finds its representation in parliament and state legislatures and beyond doubt the power of politics is huge. In view of this power of politics, the stature of quality of men who man this polity, must bear nexus to the power... and I think that if the people were to get some sense of cynicism, where we find the stature of those who man doesn't measure to the job and the responsibility, that is where we come to the question that how we can fix this?

Dr. Amit Gupta, Chairman, JIMS raised a question at the beginning of the programme, that there is a recent issue of allocation of natural resources. Now the big debate is, how we allocate such natural resources—do we do it by discretion? Do we do it by a transparent process? In India where we have discretion, you will have more abuse of power than use of power, therefore one straightaway answer is—please eliminate discretion, go back to the system of merit, go back to the system of objective criteria, where we are ruled by the rules



and not by people. The Supreme Court came with a reference opinion here and returned a very mature verdict where the Supreme Court said “if you are allocating natural resources meant for commercial purpose, the wealth of the citizens, wealth of the people, the wealth of the state gets transferred into private hands and this is meant for commercial exploitation, so the spectrum is not meant for charity, it is meant for commercial exploitation, therefore if it is meant for commercial exploitation, there has to be a transparent and competent view.” Hence, those who pay the maximum to the state are those who benefit utmost by this transparent process.

The problem arises when you don't transfer the wealth of the state to a private system, but you charge what is the market price. The market value is determined by the market itself, it cannot be determined by someone sitting in the Mantralaya or the Secretariat. The simple rule is, if a natural resource is meant for commercial exploitation and the resource of the state is being transferred to a person or companies for commercial use, then for the maximum profit of the state, maximize the value in the bidding by a transparent process but there can be exceptions. Natural resources are needed for livelihood, water and air cannot be auctioned so that's an exception, as it's a natural resource and it can't be auctioned. The spectrum in the air can be auctioned, the gas below the water in the sea can be auctioned, the petroleum,

the crude oil can be auctioned and the only other exception they say is that if something is intended to be given for social or welfare purpose, then the social or welfare guidelines or protocols need to be well defined.

In your own professional institutions, you have to pay the institutional rates. One of the judges raised a very interesting comment, he said they can be given cheaply provided they are linked to the charges that they are charged, so if the hospital is charging a huge amount, then perhaps it is not entitled to get land at the cheaper rate, they must pay what you charge for the operations so you must pay state for the land. My only fear in breaching this rule of bidding and market value is linked to my first premise that you still need to improve the quality of the people in governance, we need to improve their integrity level, their accountability level and in a country like India, if you give the discretion to the state, to deviate from the rule of competitive bidding, in all likelihood on case to case basis like I said I was writing an article 'transform yourself into a suitcase' and that goes for all parties and that is what is required to be prevented in society like India.

In the last two decades, nature and character of political parties in India has had a direct relationship to the issue of accountability. We have seen the American System where the principal political parties have a democratic system within the party, where you elect and decide who your

leader will be for the post of the President and if somebody is lagging behind, they just come up and do better performance next time, hence they follow the survival of the fittest rule and that's what all democracies practice.

In England, I remember about two years ago, when David Cameron's party took over office in London, I was there. I spoke to some Labour Party people and asked them what are they doing? They said that "after six months of losing the election, we all locked ourselves up and are in the process of coming to terms, it will take us six more months to return". Now what happened unfortunately in India in the last two decades, there are only few structured parties and I blame all of us sitting here. The left parties are structured parties, my party to a large extent is a structured party, most other political parties have transformed, they are either controlled by a family, or by a person, and this person is normally charismatic, he has a support of a caste or a community, he eliminates all opposition within the party and the succession is on the basis of what happens within the party.

If you will look at the map of India there are two principal parties in the Kashmir Valley, Punjab, Haryana, Uttar Pradesh, you go to Maharashtra, you go to Andhra Pradesh, you go to Tamil Nadu so barring a few cases left, you can count them on your five fingers. So on one hand you have a party led by charismatic people, they have a community support, on the other hand there is a family, and all

accounts remain within the family, the succession remains within the family. Unfortunately the Indian mindset has to change, they have to get out of this feudal society and the real strength of Indian democracy will emerge when merit replaces this. This is what I told you in the beginning and that's what I am reiterating now. The legendary family we had in the 60s & the 70s have been overruled. Who would have heard of these Bangalore IT companies 20 years ago? Today we are a young populace country and we are a country seeking large human resources and we have to improve the quality of our politics.

Now the other danger is that—today even corruption allegations are taking place. The state of Uttar Pradesh is the leading example; the two big parties in the state of UP, both face allegations of corruption, one replaces the other and continues to be the other state party, they hold the balance of power in the center and you find this pinching quality of governance in UP. Bihar managed to emerge slightly out of this because you have seen slight changes in its rising. In a very important speech from a very eminent judge who said “democracy lies in the heart of every citizen when it dies, no constitution dies here” and therefore the people of India have to realize how wrong is this feudal psyche... and unless we introduce the merit of American polity in Indian polity the norms of accountability will remain basic.

Now let's talk about the need for mechanism within a society, a transparent political party mechanism like in the United States but then how Indian polity will sustain itself is a question? I always knew the answer, there is always the conspiracy of silence, and we don't share the answer with people, if that's the plight of the world's largest democracy, then let's not have a seminar on accountability but let's implement it. When I was the law minister, I introduced two changes in law, first that the corporate and individual can make donations by cheque and for that they will get an income tax rebate, so we tried to insert the voice at each level.

Now comes the question-is it the right system? The people start questioning the relevance of the system and its political sustainability. This is what the Indian governance is and those involved in the polity of India have to realize. Let me tell you a challenge, the challenge is the power of polity which is immense, there is no substitute for us as politics influences the life of a citizen, politics determines policy, politics find its representation in parliament and state legislatures. The power of politics is huge; it determines the direction on action, so there is a logical expectation that in view of this power of politics, the stature and quality of man, who mans this polity must bear nexus to the power bearing. I think that this is where people get a sense of cynicism—when we find, the stature of these men doesn't measure and match to the jobs

and responsibilities, this is when we come to the question-how do we fix political scenario?

In the end, I would just like to re-emphasize and conclude by saying that time has come to accept accountability and responsibility, and this is what the Indian democracy is all about and those involved in the polity have to realize.

Thank You!

