Mr Modi, Tweets & Twirls don't add up to good governance

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THE
Prime Minister Narendra Modi is emerging as an undisputed king of lingo twirl. He once again exhibited his spinning skill while articulating his vision for reforms at the National Workshop on Manufacturing that was organized by FICCI on 29th December.

Mr. Modi said he intended to change the
"ABCD" culture of Government that he described as "Avoid. Bypass. Confuse. Delay." He intends to alter it to the ROAD to success â€“ "Responsibility. Ownership. Accountability. Discipline."

He also chanted
"Citizen-First" mantra on 25th December, which was celebrated as Good Governance Day. In his message to the nation on the occasion, he said: "Our government is committed to providing a transparent and accountable administration which works for the betterment and welfare of the common citizen."

No one should doubt Mr. Modi's good intentions. Time has, however, now come for every citizen to ask whether he can transform his wishes into horses without rocking the indifferent Indian system.

Can he resort to disruptive governance? Does he have competent colleagues, advisors and civil servants in his team who can bring innovation in governance? How long he would overlook core issues in the Centre-State relationship by resorting to tactics such as retreat with Chief Ministers on non-issue such as Planning Commission? Can he outsmart the Opposition in Parliament? Can he outwit NGOs? Can he checkmate the Judiciary that is merrily encroaching into Executive space? Can he rein in extremist and fringe forces in the Sangh Parivar?

Apart from the Opposition, many citizens are sceptical on this issue. The results of certain State Assembly polls should not put him into comfort of tweets and selfies.

Mr. Modi can only offer governance that is a shade better than UPA's if he continues to duck challenging issues. Tackling contentious issues aside, he cannot bring about radical change in governance without practicing transparency and enforcing accountability. NDA Government is at present on the same boat as was UPA on these two counts.

Before elaborating this charge, one must take note of the fact that Mr. Modi's pithy observation about ABCD culture of Government. His comment is equally applicable to the private sector. There have been many instances in which businessmen have resorted to these tactics in varied ways to protect or promote their interests.

The ABCD culture is also visible in other organs of democracy. The Executive should thus not be singled out for the performance deficit. Mr. Modi should thus wish and strive for changing the Indian work culture for which both carrot and stick are equally important. In the absence of stick, Swachh Bharat Mission has not moved beyond the photo opportunity and creating awareness modes.

Turning back to doubt about Modi Government's capability to transform wishes into credible deliverables, one cannot but bemoan the fact that this Government believes in selective transparency. It cannot substitute tweets with timely, adequate and qualitative disclosure of information excluding sensitive information.

Instead of paying lip-service to transparency, the Government must show where it stands on this count. It should opt for a swift independent audit of compliance by different Government entities with the ***suo moto*** disclosure provision of the RTI Act. It should fix responsibility for non-compliance right from Prime Minister's Office downwards.

Leave aside statutory disclosures on pro active basis, the Government is resorting to selective disclosure of information that is crucial for industrial development and for prevention of corruption.

Take the case the undisclosed policy for industrial licensing (IL) of manufacture of unmanned aerial vehicles (UAVs) for the defence sector. The non-disclosure tantamount to denial of fair playing ground to prospective manufactures of UAVs, especially the foreign ones who want to respond to 'Make in India' initiative.

An ad hoc policy on UAVs was formulated at an inter-ministerial meeting of officials on 4th June 2014. This was done to clear a pile of applications pending since 2011 due to UPA's legendary policy paralysis.

The crux of the policy is that Ministry of Home Affairs (MHA) has given up its objection to manufacture of UAVs for defence sector. And the Department of Telecommunications (DOT) has clarified its nebulous stance on interim allocation of radio-frequency spectrum for UAVs for defence applications.

The subject of manufacture and regulation of UAVs for non-defence sector was left unresolved in the meeting.

On 8th August 2014, DOT articulated its stance in a communication to Department of Industrial Policy and Promotion (DIPP), which hosts the secretariat for IL.

As put by an official,
"DOT has no objection on IL applications for manufacturing of UAVs for usage by defence forces subject to the condition that wireless operation of these UAVs are confined to within the proposed defence band and security clearance for manufacture of UAVs is granted by MHA."

As for UAVs for non-defence sectors, DOT has stated that frequencies for them need to be identified in consultation with Ministry of Defence (MOD), Director General of Civil Administration (DGCA) and Airport Authority of India (AAI). This subject would also be discussed by a committee which is currently reviewing the National Frequency Allocation Plan.

Following formulation of this transient policy, IL Committee (ILC) approved on 12th August 2014 about a dozen pending applications for UAV manufacturing for defence forces. It has cleared more such applications at subsequent meetings. Modi Government should thus get full marks for ending UPA's policy paralysis in this sunrise business. It, however, cannot escape the blame for its failure to act transparently in this area.

The names of companies that received UAV licences or permissions to produce other defence gear are not put in public domain, leave aside disclosing the stipulations incorporated in the licences. The minutes of ILC are kept under wraps. This is not good governance.

And this is not an isolated instance of non-disclosure. Take the case of decision taken by Cabinet Committee on Economic Affairs (CCEA)for restarting three naphtha-based urea plants that stopped operation immediately after expiry of subsidy entitlement on 1st October 2014. The proposed 100 day permission to produce is tied too many knots.

This initiative failed transparency test as CCEA decision, taken on 10th December, was not made public in normal course. It disclosed this only as a reply to a pertinent question in Lok Sabha on 16th December.

This and CCEA's earlier decision taken on 24th August for subsidy extension by three months from 30th June to 30th September, constitute a master stroke under the ABCD culture.

The short-tenure policy initiatives are totally irrational knowing well the fact the closed plants would take at least one year to change over to gas from naphtha due to delay in supply of piped gas. It is the Government's responsibility to arrange supply of gas to the existing plants.

As put by Mangalore Chemicals & Fertilizers Limited (MCFL) in its annual report for 2013-14
, "Your Company is fully ready to receive and run its plants on natural gas as soon as the same is made available at Mangalore, to comply with the GOI directive."

UPA Government had ordered feedstock change-over as it is substantially cheaper to produce urea from gas than from naphtha.

According to the Reply to Lok Sabha question,
"CCEA has approved that the operation of the plants be allowed on only for a period of 100 days from the date of notifications. The Committee further directed that a proposal for alternative arrangements be finalised for its consideration, before the expiry of the aforesaid period."

The Government would implement this decision after the three States, where the plants are located, agree to waive the local taxes on naphtha.

The subsidy for the three plants will be determined notionally on the basis of weighted average delivered cost of spot market-purchased imported natural gas to recently converted plants after deducting state taxes (VAT, Entry tax) on naphtha/fuel oil or the cost of urea output from naphtha/FO after deducting state taxes on naphtha/FO, whichever is lower.

Such 100-day policy capsules are bad omen for 'Make in India' Initiative. So is the Government's ABCD strategy to discourage additional production of urea by certain gas-based plants.

In a reply to a question in Parliament on 16th December, the Government stated: "The Government has drawn action plan for incentivizing the additional production of urea beyond-reassessed capacity by existing indigenous urea units by amending the existing provisions of New Investment Policy â€“ 2008 and Modified New Pricing Scheme-III."

The action plan has not been notified as yet. Two urea units have recently suspended production for want of the policy announcement. The country is thus set to forgo an estimated urea production of 2 million tonnes in 2014-15. This is in addition to 700,000 tonnes of urea output loss due to closure of three naphtha-based plants. Add to this production loss of another 700,000 tonnes of urea due to partial operation of yet another plant due to inadequate supply of gas.

In addition to this, one plant, which converted from naphtha to gas, is lying closed for almost one year due to high price of imported gas. An upcoming greenfield urea plant faces uncertain future due to anticipated delay in supply of requisite volume of coal bed methane (CBM). It has thus applied for permission for partial use of naphtha, which the Government is unlikely to allow.

The Government does not have to worry about plant closures and job losses as it can ramp up urea imports as was done by UPA during the last few years.

The problem of gas shortage is of the Government's own making. It is a reflection of huge regulatory and policy mess-up on the exploration and production front. The ABCD story is similar across other natural resources â€“ hydel power, coal, iron ore and bauxite. The three minerals are being imported even though the country has massive reserves.

Except for the Supreme Court-mandated auction of coal blocks, Modi Government has not yet put in place a 'ROAD' vision to clear ABCD mess in the mining sector, which is the building block for manufacturing sector.

ABCD malaise exists elsewhere too. Despite all the noise about expediting multiple environmental clearances, Modi Government has not issued a single environmental clearance to 551 applicants that submitted their documents after 4th July 2014! And it has issued permission to undertake environment impact studies only on a dozen projects (1st stage nod) out of820 proposals submitted since 4th July.

The situation is worse in the case of forest clearances (FCs), whereas official information about wildlife clearances and genetic engineering approvals is not available in public domain.Of the 817 FC applications including many for permission to acquire a few square metres of forest land filed after 15th July, only two have been granted first-stage approval!

The message here is that Modi Government is not geared to handle a deluge of project proposals to transform 'Make in India' slogan into a reality.

If this situation persists, the citizens are bound to give credence to jibes that have lately hit headlines in newspapers.

Here is a sample: 'Narendra Modi promised jobs, gave brooms' says Rahul Gandhi. 'Modi Government a running treadmill standing at same place' says Kamal Nath.