

Substitute piecemeal approach with a composite one to fuel growth

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"Put every small ticket together and you get a big-ticket reform: Nirmala Sitharaman"

. This headline for a year-end interview that the Commerce and Industry Minister gave to the Economic Times is a pithy comment on the process of Indian reforms.

Big-ticket reforms require political spine, which most parties lack even when empowered with a clear-cut mandate. We might agree that the country can do without or delay big-ticket reforms. We, however, feel pained to see the country suffering since the Independence for want of holistic reforms across all walks of life.

Successive ruling alliances have relied on piecemeal approach to reforms that are neither synergetic in effect nor holistic in impact. This is the story of reforms across almost all the sectors with several of them waiting for new policies or full implementation of government decisions for many years.

The management of reforms process is as good or as bad under the national democratic alliance (NDA) as it was under United Progressive Alliance (UPA). The other day social reformer Anna Hazare also noted that ***"There is no visible difference"*** between the two regimes.

We can drive home the issue of piecemeal reforms by looking at NDA's two latest announcements on the public sector front.

On 6th January, Cabinet Committee on Economic Affairs (CCEA) approved closure of three subsidiaries of HMT Limited. It also cleared cash assistance of Rs. 427.48 crore to these firms to enable them to offer ***"attractive"*** golden handshake to about 1000 employees, who have remained on the rolls in spite of voluntary retirement packages given over the years.

As put by an official release, ***"The movable and immovable assets of the companies will be disposed of as per the Govt. policy."***

A proper and adequate disclosure on this issue would have been welcome as HMT is sitting on huge chunks of land measuring 3035 acres. As land is the scarcest resource and a major constraint in expediting economic growth & jobs creation, the Government ought to lay clear-cut policy on productive use of public sector land.

The importance of this aspect can be appreciated by looking at the market value and vantage location of the surplus or idle land on which totally unviable public enterprises are either gasping for survival or lying closed.

In May this year, a news report quoted Anant Geete, Minister of Heavy Industries and Public Enterprises, as saying that the Government would mop up Rs 22,000 crore from sale of assets of five PSUs including three HMT subsidiaries.

Has fiscally-constrained Government, which is faced with slowdown prospects, cared to formulate a time-bound initiative to put to efficient use its idling assets?

This brings us to the need for a comprehensive policy on public sector and utilization of its assets for 'Make in India', 'Skill India and 'Digital India' programmes.

The fourteenth Finance Commission (TFC), in its report submitted in February 2015, recommended that the Government should ***"shape and develop a comprehensive public sector enterprise policy with adequate focus on the fiscal costs and benefits."*** It has in fact given a complete package of suggestions on public sector.

The Finance Ministry has conveniently overlooked this fact the other day while invoking TFC to rationalize its decision to coax public enterprises to dole out uniformly 30% dividend to the Government. The decision has been articulated as enunciation of a clear-cut dividend policy.

In its office memorandum dated 5th January, the Ministry says:

"The Fourteenth Finance Commission (FFC) had remarked that unlike operational matters in which the Board and management should have autonomy, transfer to reserves and payment of dividends is a policy matter which the Government, as owners, should decide. According to FFC, the dividends policy should cater to the requirements of the Government also, as it would in case of any prudent investor/ owner. This is especially true in times of current fiscal crunch."

It is high time the Government frames a comprehensive public sector policy taking into account package of recommendations made by FFC and earlier commissions. The Government can factor in relevant suggestions made by other official bodies.

Productive utilization of assets including cash and land in the entire Government domain is the surefire way to putting the economy on robust and sustainable growth track.

And to do this, Modi Government does not require any legislative action. It can't thus blame the Opposition as it had done so for delay in enacting GST law due to Parliament logjam. The Government must realize that it is sitting on goldmine of assets, whose utilization can unleash an impact that would be many times higher than what is hyped about GST.