

INDIA @ 65....
GOVERNANCE DEFICIT DERAILS THE
FREEDOM RUN



THE DEFICIT SAGA...

The background of the slide features a stylized illustration. On the left, a man in a dark suit and red tie stands with his hand on his hip, pointing towards a large, white grid chart mounted on a stand. The chart displays a red line graph that rises and then falls. On the right, a man in a white shirt and grey trousers holds a large, glowing magnifying glass. The scene is set against a light orange and yellow gradient background with a green hill at the bottom.

FISCAL DEFICIT

ETHICAL DEFICIT

INTEGRITY DEFICIT

TRUST DEFICIT

And the Mother of All

GOVERNANCE DEFICIT

Corruption – Do we care?

- Corruption has become the most discussed word in recent times - on TV debates, news papers and drawing room conversations
- However it has not deterred the corrupt nor has it reduced corruption
- Because, we ignore the corrupt around us
- The big question is - **Do we realise that corruption is one of the prime reasons for all the evils around us?**
- Real change is to move the issue further from Ram Lila Maidan & Jantar Mantar and the evening debates - to the way we behave, the manner we react to events around us and the way we transact



More Laws ??

Aren't they enough?

- Governance is not about enacting more legislations and formulating regulations
- We have enough of laws - some archaic and antiquated as one may put, should be scrapped or made relevant
- It is more of implementing the legislations & regulations in its true spirit
- Any number of legislation being framed or regulators appointed, would not usher Good Governance, if there is an all encompassing disregard in following and implementing them



India at 65

Governance in freeze

- We have well defined rights but lack in well prescribed duties, so that one can be held accountable when breached
- Those who govern us:
 - Do not have specific duties or responsibilities (duties are vague and more like broad vision statements)
 - Do not have constitutional obligation cast on them
 - To protect the revenue derived from the taxes we pay
 - To defend us from internal & external threats
 - To serve us & provide the basic necessities
- We do not have a legal benchmark, listing the punishment when they fail to deliver the above

India at 65

How free is Indian Enterprise?



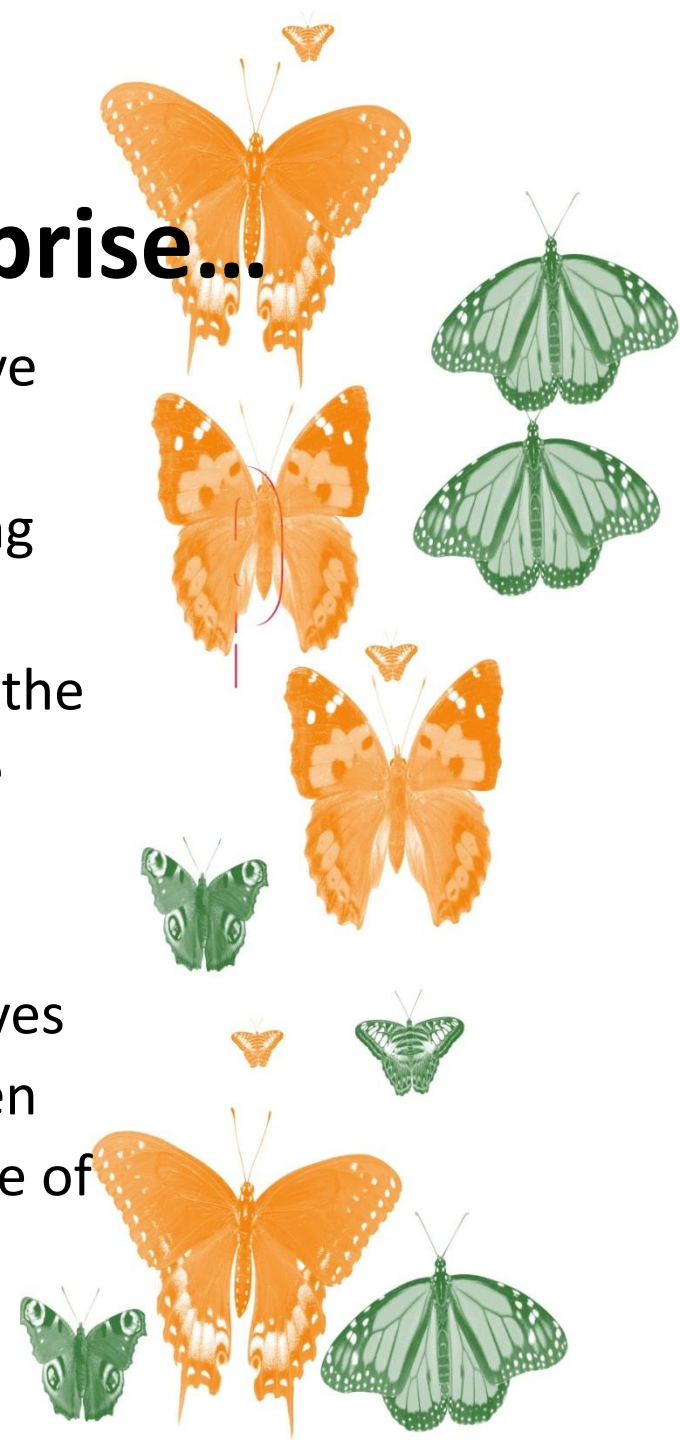
- A manufacturing unit needs to comply with nearly 70 laws & regulations
- Even to comply with the multiple laws & regulations one has to fill forms each of around 20-30 pages and undertake multiple visits to various government offices
- File as many as 100 returns in a year and face multiple inspections
- More the touch-points & complication, corruption flourishes and its tentacles sharpens



India at 65....

Unshackle the Indian Enterprise...

- Policy making being changed with retrospective effect
- Recent trend of rules and regulations becoming regressive
- Clearances given in the past being reversed in the name of environment protection and inclusive policies
- Investor confidence at its ebb
- A country where about 70% of population lives below \$2 a day, preservation of wild life is given more priority than feeding the millions – a case of misplaced priority or is there more to it - harassment leading to greater corruption??



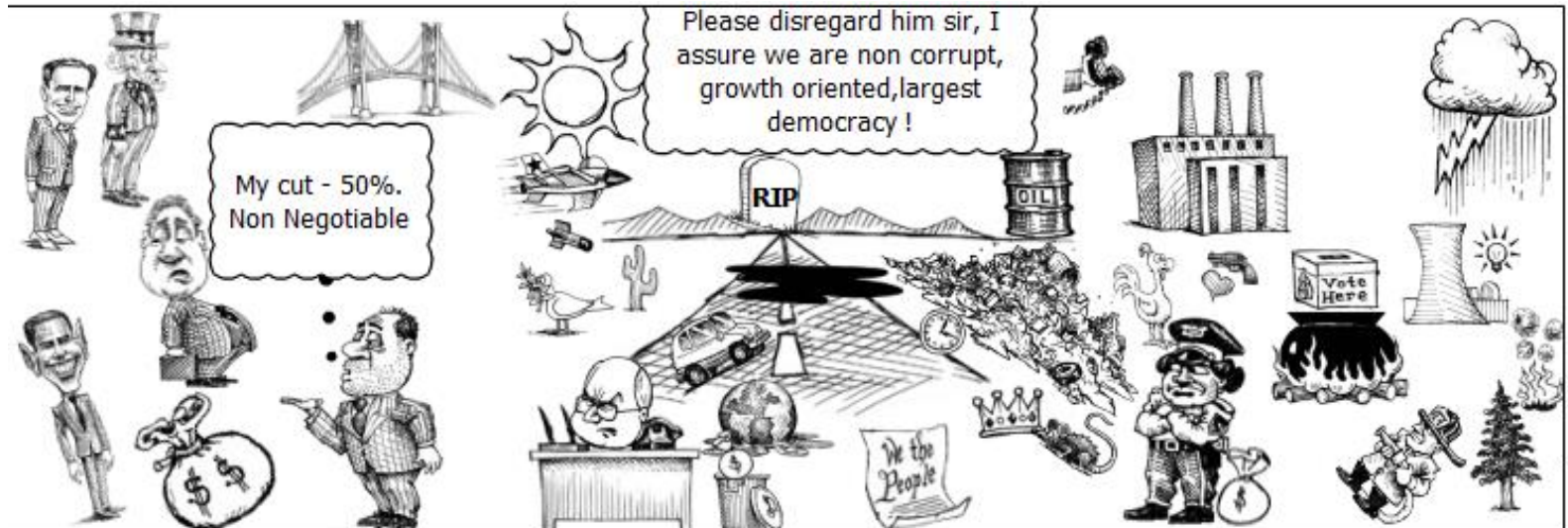
India @ 65

Corruption in Unison



Non-compliable provisions in most revenue legislations.....

- Lead to all being defaulters - differing only in scale
- Big evaders can afford to buy the system out
- While genuine ones are unable to match the payout of tax evaders to keep the officials happy
- Leading to even the genuine ones turning evaders in the longer term



India @ 65

Growth at Incubator battles Corruption

- Land, Natural Resources, Airwaves, are all imperative in today's business – having complete government control over them makes honest business impossible
- When an economy grows, some sectors are likely to grow faster – slight manipulation in regulatory or licensing rules in these sectors result in windfall gain for a handful
- Mutually enhancing collusion – a syndrome that is inflicting detrimental blow on our economy which is at the initial throes of development





India @ 65

Inspector Raj still in full swing...

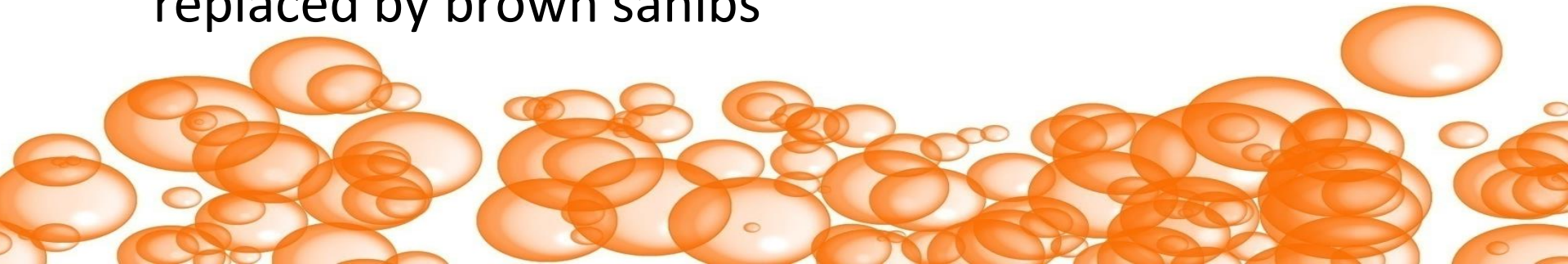
- License raj may be over but some of its vestiges rule - IT, Excise, Police, X, Y, inspectors force their way
- As the debate of discretion and allocation rages
- Tension between parliamentary supremacy and the rule of law remains unsolved
- Investments, similar to Politics is getting regionalized – even big business houses feel the heat of state level politics



India @ 65

Raid Raj mentality reigns

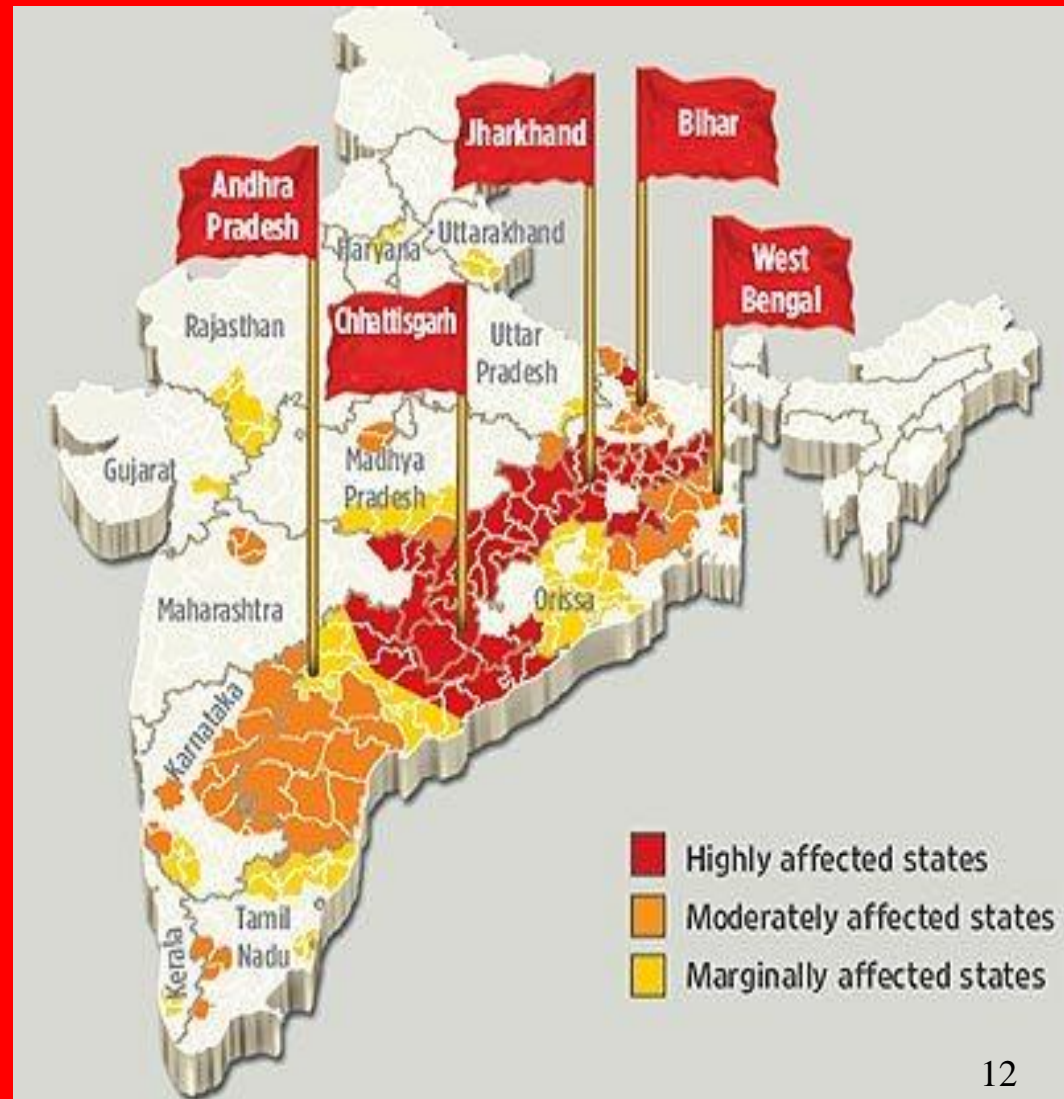
- During the pre-independence era, the police used to raid households at odd hours in search of freedom fighters and harass them at the slightest pretext
- Today Enforcement agencies bulldoze their way, harass the common man taking recourse to some impractical laws and walk out with their pockets full....
- The backdrop has only changed – white masters replaced by brown sahibs



The Raid Raj (Red Raj)

Sadly though...

The Raid Raj has led to the proliferation of the Red Raj that has affected the nation at large and is one of the most burning issues of today



The Raid Culture: An International Perspective

- There are no tax raids in developed nations like Australia, US or UK
- Taxpayers are not treated like terrorists/drug peddlers.
- Govt's assumption on voluntary payment of right amount of taxes is appreciable and result oriented
- Hence, the tax compliance level is much higher as compared to us
- **Successful because of the fact that there is certainty of strict punishment for the defaulters unlike a freeway for those with pockets full of black money.**


India @ 65

Rule of law replaced by rule of men

We do not see convictions

- Guilt is proved by raids
- The person is put in jail and released in a few days without any trial
- There is no compensation- but the loss of reputation is irreparable
- Fear of Raids much greater than Raids itself





India @ 65

All's (not) Well

- Fear of India moving to a new Hindu growth rate of 5-6% much less than the 9-10% “Chindia” dream
- Corruption is morally abhorrent and evokes popular revulsion
- Hurts the Nation economically as policy paralysis precipitates
- Fear of any supposed wrongdoing leading to bureaucratic inaction
- The Aam Admi suffers as welfare of poor is only possible from revenue generated through overall economic growth
 - Fewer jobs & more unemployment
 - Strain on welfare projects

India @ 65

We need to....

- Be more assertive – by quietly acquiescing, we become party to corruption
- Must make our views heard
- Must support those who stand and try to fight corruption
- Individually oppose corruption wherever we find it



India @ 65

The call is for...

- More transparency & lesser touch points with government agencies
- Simplification and digitalization
- More of e-governance, online filling of forms, applications & returns
- Less of multiple-level interfaces and
- **TRUST**

The problem is in attitude and a belief that –
one in business must be doing some wrong



Extortionary & Collusive Corruption

Extortionary

- The common man and the poor most hit
- Forced primarily by government bodies and enforcement agencies
- Citizen has no choice - ends up losing time/money /opportunities if denies the bribe
- Less talked about and not highlighted by media since sum involved in individual cases is much less though adds up to a humungous total

Collusive

- Paid to public authority to fleece the general public
- Eg. Government Contracts, tenders, projects, etc
- Loser is the general public as cost of public service goes up and efficiency goes down
- All big scams that we hear about are of this type
- Does not affect the common man in his day to day life

WHILE COLLUSIVE CORRUPTION IS LIKE DIABETES THAT CAN ONLY BE CONTAINED AND CANNOT BE ELIMINATED;

EXTORTIONARY CORRUPTION IS A BANE TO UNDERDEVELOPED NATIONS & CEASES TO EXIST AS IT TRAVERSES A PATH OF GROWTH TO DEVELOPED....

We had to shell out 'pranami' for telephone connection, gas connection or for certain consumer durables like a scooter or even a car until few years back- UNKNOWN TO POST '91 GENERATION

The Enforcement Agencies...

- Need to be Empowered
- Independence in operation
- Trained & Paid Well
- So that they may act accordingly to enjoy the faith of the local populace
- Need to enthuse more trust in us, the common men, and become more approachable
- Police reforms – Key to bring back the faith in the men in uniform who give their lives to save us

