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Op-Ed

DEBATE

How economically free is India?

On the right road, but not a market-driven economy

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The question begets its flip side: How politically free are we? How socially free are we? Freedom, in its very real sense, is indeed indivisible. A country is really free when it enjoys political and social freedoms alongside economic freedom. A classic example of a sovereign, independent nation, which is no longer free in the real sense is Zimbabwe, where all three ingredients of freedom have disappeared. A mad old man, whose sole purpose is survival as president, has denied his people all three freedoms. Zimbabwe serves as a ben-chmark, in an inverse sort of way, of a totally 'unfree' society.

The world, particularly the western world, has been going 'ga-ga' over communist China's 'capitalist economics'. Is this enthu-siasm justified? Personally, I do not buy the argument that free markets will ultimately lead to politically free societies. The fact remains that the people of China are not free to elect their rulers. The Chinese worker, unlike his Indian counterpart cannot, for example, call a bandh to protest against privatisation or disinvestment, because trade unions in a communist society are a communist party monopoly. The Indian people can; the Indian communist can and does so, at the drop of a hat. However imperfect the Indian system may be, we get an opportunity,at regular intervals, to choose our rulers even if we exercise that choice unwisely by electing bandicoots and criminals and sundry law-breakers .

The purpose of a rather long preamble to this short piece is to emphasise the relativity of the question posed—how economically free are we? How economically free are we today compared, to say, the 40 years preceding 1991 when a person who did not belong to the Nehru-Gandhi family was the prime minister and the present PM was his finance minister. They dared to open up the economy because we were broke and had run out of options and there wasn't anyone from 'The Family' breathing down their neck. Thanks to these two pioneers, we are much freer, economically speaking. The permit-licence-quota raj, that devilish web designed by crafty bureaucrats with the blessings of their political masters, has been largely dismantled. We now have a Montek Singh, not a Mahalanobis as deputy chairman of the Planning Commission. Despite this, he is unable to go faster in freeing the economy because the Congress-led UPA government is held under tight leash by the so-called Left (a euphemism for the communists) who decide the pace of the reforms.

This is particularly true on issues relating to disinvestment, privatisation and labour reforms. PSUs are inimical to a free economy. Left to itself, the UPA might like to proceed with giving up most of the PSUs. But this is a typical example of the adage 'the spirit is willing but the flesh is weak' because the primary concern of this government is survival and this depends on the 60 votes held by the Leftists. Even a marginal Bhel disinvestment cannot easily go through because of this hurdle. This is also why the growth rate which was much faster in the regimes of Narasimha Rao and Atal Bihari Vajpayee, has slowed down because the 'leftists' tail is wagging the UPA dog!

In most parts of the country we are no longer an economy of shortages, there are no queues outside fair price shops (in fact, fair price shops have become obsolete); the consumer has choice in the matter of a variety of consumer goods; competition has led to lower prices; banks are working overtime wooing customers. At the same time, the temptation to control rather than regulate is still there. As this goes to press, for example, the government's proposal to legislate fees chargeable by private medical colleges to curb unethical practices, rather than work out a regulatory mechanism. One could give many such examples. Despite this, we are on the right road, even if a long way before we can call ourselves a free, market-driven economy.

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