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The road to governance 2.0

The Government needs to throw policy paralysis out of the window. Here's how

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For over a decade, Indian governance was at the mercy of compulsions and pressures emanating from coalition politics. If the fragile global economy and deteriorating domestic macro indicators were not bad enough, the governance machinery progressively came to a halt.

Amidst this backdrop, the 2014 election result clearly reflects the sentiments and aspirations of the Indian electorate – pushing for economic growth and shunning poor governance.

The resounding mandate and majority won by the BJP-led NDA government has raised the expectations of all economic stakeholders — the people, corporates and investors alike. It's a mandate to transform the economy and reform the Government's approach to problem solving.

Managing these expectations will, however, be as onerous a task as delivering on them.

Streamlined approach

A nation is in some sense akin to a very large corporation, and therefore, best management practices can be suitably adopted in running a government as well. I list key governance practices, which I believe will be adopted by the Government to translate the Prime Minister's vision into strategy.

Diversity of views but unity of command: The previous government relied significantly on Group of Ministers and high-powered committees, which protracted decision making. However, given the clear majority and single leadership centre (CEO style), it is expected that decision making will be efficient at the top level. This is even as inputs will be taken from not just the ministers and bureaucrats but also from trade chambers, think tanks and the common people, as indicated on the updated PMO website. This will restore the sanctity of the Prime Minister/cabinet as a single accountable unit.

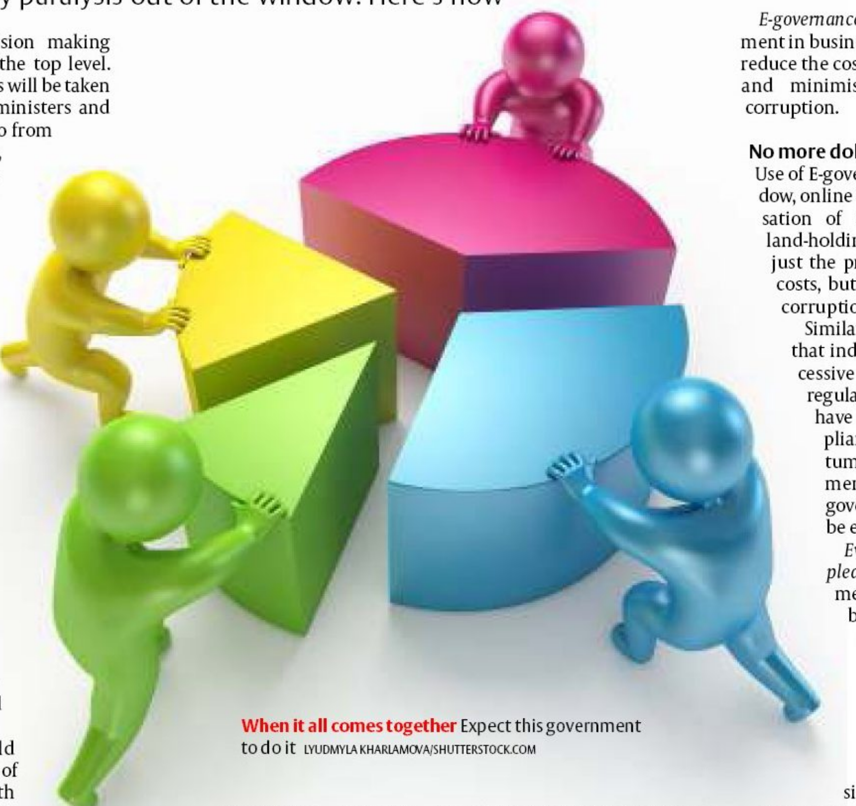
PMO = Project Management Office: While there are hundreds of requirements across various sectors, ensure that short, medium, long-term priorities are clearly identified and agreed upon.

PMO must act as a troubleshooter, to help coordinate and remove roadblocks.

Further, it should ensure fast tracking of approvals along with a periodic review mechanism. For instance, the Cabinet Committee on Investments has salvaged 150 projects worth ₹6 lakh crore in the last year and a half, but only some of these projects have contributed to economic activity so far. The PMO needs to clearly define its key responsibility areas (KRAs) to ensure target oriented decision making.

Silo-less organisation driven by meritocracy: With a lean Cabinet owing to an efficient clusterisation of related ministries such as coal and power, finance and corporate affairs , and the role envisaged by an active PMO, it can be expected that decisions will not get stuck due to conflicting views of various ministries.

Further, meritocracy should be encouraged, wherein ministries which perform should get higher allocations. Nepotism of any form and shape should be avoided.



When it all comes together Expect this government to do it LYUDMYLA KHARLAMOVA/SHUTTERSTOCK.COM

Financial and investor strategy: There is significant capital waiting for investment in India's growth story. Investor groups across geographies are keen to invest in varied sunrise sectors.

For example, Japanese investors are keen on Infrastructure, US and EU-based investors are interested in consumer-driven sectors like FMCG/retail as also in areas like defence, and PE/VC funds keen on innovation-driven start ups.

Investors in West Asia, South East Asia would be keen on investing in aviation, banking and the financial sector.

The finance minister, along with key ministers and supported by the external affairs ministry, should conduct periodic road shows to attract and retain global investors.

The whole is less than the sum of its parts: In the past two years, despite overall GDP growth rate remaining sub 5-per cent, regional growth pockets remained intact with many states such as Gujarat, Tamil Nadu and Madhya Pradesh growing at 9-10 per cent.

It is critical to therefore tap into the potential of each state and identify best practices. Additionally, the policy of the Centre should be flexible enough to be adopted at the state level. GST is one such area where implementation will be fast and effective if state-level inputs are suitably accommodated.

E-governance: Overall improvement in business regulation must reduce the cost of doing business and minimise the scope for corruption.

No more doles

Use of E-governance, single window, online auctions and digitisation of records, including land-holding, will reduce not just the processing time and costs, but will also weed out corruption at various levels.

Similarly, it is important that industry is freed of excessive obligations and regulations – all of these have high costs of compliance. Indeed, the dictum of 'less government, more governance' needs to be enforced.

Everyone cannot be pleased: The Government will have to be both, bold and rational – bold to make politically confident moves; and rational to defend unpopular yet warranted economic decisions.

In less than two months' time, the Union Budget will showcase the direction of the new Government's policy. It must pledge to implement election commitments and also set in motion policies that will enable reduction in price pressures, creation of jobs, higher outlay for education and health, along with creation of assets. At the same time, the Government must display fiscal prudence with a focus on 'quality' of expenditure over 'quantity'.

The nation is not looking for the doles and rights-based systems anymore; rather, economic empowerment is the new political order.

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