

# India: A Powerless Giant... But, Who Made It That Way?

by Ramtanu Maitra

On Jan. 25, India's Harvard-trained Finance Minister, P. Chidambaram, was busy enticing foreign investors at the World Economic Forum at Davos, Switzerland, claiming that India is in the middle of an economic boom. He said that "India's growth rate is cruising along at 8.5-8.6% in the financial year 2007-08." On the same day, only a few hundred miles away, Bhagwan Dass Morwal, a respected Hindi writer, pointed out to a conference of Indian writers organized by the Premio Grinzane Cavour, a prestigious Italian literary prize: "Today if you see Indian villages and the rural areas, you will not believe [what you see]." He said that "education and primary healthcare facilities have all been abolished," adding that "the situation is going from bad to worse."

Summarily dismissing Chidambaram's lies, Morwal told the audience: "I feel we are talking about 'Shining India' [the slogan of the ruling coalition—ed.] but that's just the propaganda of the Indian government and the ruling parties."

## Go, See for Yourself

What Morwal was referring to becomes evident if one takes a tour through India's hinterlands. In rural India, where the majority of Indians live and die, "Shining India" did very little. It is estimated that almost 450 million Indians make do without regular electrical power, and more live without having access to safe drinking water.

In spite of this desperate situation, which calls for all-out attention, news came out from New Delhi on Feb. 7, announcing that India's Ministry of Power is preparing for a downward revision in the country's targets for new power-generation for the 2007-11 period of the 11th Five-Year plan. During the first nine months of the plan in 2007-08, it was reported that only 6,485 megawatts (MW) of additional power was commissioned, against a target of 13,152 MW. The total additional power targetted for the current plan is 78,577 MW, which would still leave India short of providing electrical power on a regular basis for its population.

But, at the rate this government is implementing projects, the actual amount of additional power during the plan period could be less than 50,000 MW. That means, little will be added to the rural agricultural lands, where darkness

prevails, and nothing shines.

It is a shame that despite adequate competent manpower and plenty of foreign-exchange reserves, India is going back into the age of darkness. During the last four years of the Manmohan Singh-led coalition government—the United Progressive Alliance (UPA)—India's infrastructure has gotten worse, and its agricultural and small-and-medium scale industries have been further weakened. The evidence of that lies in the statistics, which have recorded an increasing number of suicides by farmers during the Manmohan Singh-led "success" period.

## Washington Consensus in Power

The reason things have gotten worse is that Indian economic policies are under the control of a triumvirate, representing the Washington Consensus. Prime Minister Manmohan Singh and his cohort, Montek Singh Ahluwalia, are both creations of the IMF-World Bank, and like the Harvard-trained Finance Minister, Chidambaram, consider economics to be equated with money. This triumvirate has no concept of building a national economy, and, in the Indian context, are overtly anti-poor.

Singh, who was India's Finance Minister between 1991 and 1996, and was featured on the cover of *Time* magazine one of those years, had sabotaged India's power program then, and is doing it now. According to figures included in the Eighth Plan document, during the preceeding 1985-90 Seventh Plan, which was presided over by the slain Indian Premier Rajiv Gandhi, the country added about 21,000 MW of generating capacity. That was the amount the plan had promised.

By contrast, during the Eighth Plan (1992-97), the generation capacity added was a mere 16,000 MW as against a target of 30,000 MW. That is a shortfall of 14,000 MW, or about 46% of the total, in a country crying out for power. It is no surprise that he is doing it again, now that he is at the helm.

The Prime Minister needs to explain why this state of affairs must continue and why the hundreds of millions of Indians have to forgo a future for their children because of lack of electrical power. A few years ago, Singh was telling Indians that he expected foreigners to invest in India's in-

frastructure. Whether it was a plain ruse, or it was his simple-minded belief, it is difficult to fathom. But the bottom line is that that investment in power infrastructure did not happen.

There was no reason why it should have happened that way. Infrastructure-building provides an opportunity for the poor and underprivileged to get out of the rut they are in, and become productive. It is their productive power, and not only the productive power of a handful of privileged people who live in the cities and earn a pay package that enables them to educate, feed, and take care of their respective families, that makes a nation strong. If he understood the essence of nation-building, Singh would have seized the opportunity to build power plants, and not wait for foreign investors to save the day. It is evident that he has no clue about the essence of economic development.

### **Undermining India's Nuclear Program**

Secondly, for the last three years, Prime Minister Singh, and his coterie, were playing up the U.S.-India nuclear deal as the manna from heaven that would fall on Indian soil to solve all of its power problems. One may ask why the Indian nuclear power sector, which should have been put in motion to solve India's long-term problems, was not given a boost? Was it because foreign nuclear reactor suppliers, and the countries that they represent, had told the Indian Premier to act that way?

India's nuclear program is unique in many ways, whether the Washington Consensus admits it, or not. India has developed small nuclear reactors indigenously. These reactors are excellent for building clusters to provide rural agro-industrial power and water requirements. Small reactors require smaller infrastructure to make them function optimally. Smaller reactors require smaller capital outlay, and as a result, with a given budget, more reactors can be built which can then be spread around to provide an improvement of the nation's vital power and water sectors. The power generated by these reactors is small enough to be consumed at the source, or in the outlying villages. The heat generated by waste water can be used to desalinate saline and brackish water for agricultural, industrial, commercial, and domestic uses.

As the agro-industrial, commercial, and domestic activities increase over time, more of these small reactors need to be added to make the cluster larger. Nowhere in the world, except in India, have such small reactors been developed. Why, then, were these reactors not proudly given the place they deserve? Manmohan Singh must answer: Why was their construction not put on a war footing to help India's rural sector?

It is time for the Indian population to tell the triumvirate that money generated from various activities does little unless it is used to enhance the productive power of labor. For instance, a visit to India's cities, and their immediate sub-

urbs, will prove how the hard-earned money is being squandered by a super-inflated real estate bubble. The price of real estate in the vicinity of Delhi, Mumbai, Bangalore, and other cities, can be afforded by only a handful of Indians. Foreign investors, loaded with petro-dollars, are pouring money into land speculation, instead of investments that would help India's deprived millions. Those Indians who are already wealthy are borrowing heavily from the government to buy properties, jacking up the prices even further. Some of these Indians are wealthy enough to buy real estate in the United States, because real estate there, following the collapse of the housing market bubble, is cheaper than that of Indian real estate in the vicinity of cities, the only places where some form of infrastructure exists.

Where do the poor figure in all this? How could they get even a drop from the so-called trickle-down effect of this real estate bubble? They get nothing, except the negative part of higher prices for everything they buy.

But, the failure to provide infrastructure to the hundreds of millions of agricultural and small-and-medium scale industrial workers, could spell an immense danger to the nation. Already, a vast swathe of land from the border of Nepal and Bihar in the north, and to the borders of Tamil Nadu in the south, running through Madhya Pradesh, Orissa, Andhra Pradesh, and Karnataka, is now under the control of murderous Maoists. This swathe of land is also almost bereft of infrastructure; its population includes millions who are desperately poor, and who are getting increasingly angry and militant.

But anger has spread beyond the Maoists and now involves the innocent poor. Recently, three people were killed and at least two dozen others were injured by police in Kahalgaon town in Bhagalpur district in Bihar. They fired while people were protesting against electricity outages, according to district administration officials.

The incident involved hundreds of angry local people, who were protesting outside the National Thermal Power Corp. (NTPC) plant in Kahalgaon against acute power shortages. They were demanding electricity supplies from the local NTPC plant.

In Punjab, India's agricultural heartland, state chief minister Parkash Singh Badal, on the Jan. 26 Republic Day, asked people to bear with power cuts, as all northern Indian states were facing electricity shortages: "We are getting about 6,000 MWs of electricity, while we need about 11,000 MWs. So we are facing a shortage of about 5,000 MWs."

The failure to provide infrastructure in the hinterlands with the purpose of improving the living standards of their populations and their succeeding generations, so they become part of a productive labor force, is much worse than being anti-poor. It is tantamount to being anti-national, because the opportunity to make the country stronger and powerful is being frittered away for the purpose of making money, and doing little else.