**[Economic governance wins in India](http://tribune.com.pk/story/712627/economic-governance-wins-in-india/)**

Assump­tion of office by a libera­l, pro-busine­ss, honest leader would ignite intere­st of Wester­n countr­ies in India.

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The landslide victory of the BJP and the terrible beating of the Congress party in the recent Indian elections are likely to elicit different interpretations. Most observers and analysts, however, believe that the single most factor responsible for this startling outcome was the [candidature of Mr Narendera Modi](http://tribune.com.pk/story/712177/change-in-india/) as the prime minister. His track record as the chief minister of Gujarat as a decisive economic reformer, a doer, and result-oriented leader is widely acclaimed and acknowledged even by his worst enemies and critics. The Indian business community, irrespective of differences within it, was unanimous in endorsing him as the most suitable candidate. The fact that he was a controversial figure for the handling of the 2002 riots in which hundreds of Muslims suffered atrocities, immolation, mutilation, etc. became a non-issue. It appears that caste, religion and traditional voting patterns did not matter this time.

As someone who hails from a modest background, he epitomised for young Indians the notion that one can rise socially in life by dint of hard work, integrity and without the help of patrons and political connections. The game-changer was the common perception that Modi was an honest man and ran a clean and efficient administration in Gujarat. Not only that he was personally honest but he did not tolerate corruption in the bureaucracy or his political party. Mr Manmohan Singh, no doubt, enjoyed a stellar reputation for his integrity but he did not do anything to stop his cabinet members and party colleagues from indulging in various scams and scandals. The Congress party suffered such a devastating defeat because of poor governance, lack of accountability, high degree of tolerance by the top leadership for malfeasance and blatant acts of personal aggrandisement by party influentials.

The same bureaucracy that has paralysed decision-making, remains unresponsive to the needs of the common citizens and is generally resistant to change in other states, behaved quite differently in Gujarat. Extortionary bribes, red tape, apathy and indifference were much less pronounced compared to other Indian states. As a strong leader, Mr Modi was both respected and feared because he did not indulge in any of the malpractices and did not hesitate in taking stern action against those found guilty of infractions. Political interference in appointments, postings and transfers, award of contracts, grant of concessions, etc. was minimal. Of course, he was not perfect by any means as personal likes and dislikes played a part in the choices Mr Modi made in key appointments but by and large, the civil servants in Gujarat acquitted themselves well.



It is yet to be tested whether he would be able to [replicate the Gujrat model of governance](http://tribune.com.pk/story/576507/modis-one-man-rule/) to the whole of India. As the state governments are relatively more powerful and carry the responsibilities for delivery of most public services, the influence of Mr Modi will remain peripheral and not central. Tamil Nadu, Uttar Pradesh, West Bengal have very strong chief ministers who are all opposed to Mr Modi. It is not obvious whether he would be able to carry them along and succeed in bringing about any significant changes in their governance structure, systems and practices. This constraint upon his ability to turn things around and the very high expectations that the Indian electorate has from his personality will remain a major challenge of his incumbency.

Notwithstanding this challenge, the BJP’s majority standing in the Lok Sabha without the pressures of coalition partners can be profitably used to enact structural reforms in controversial subjects such as land acquisition, labour laws, taxation and reforms of multiple schemes of transfers and subsidies. These measures will fortify the ‘feel-good factor’ among the Indian businessmen, which will lead to an upturn in their capital investment creating a spillover effect on foreign investors also. Western countries have been a bit disappointed that their favourite country India has not been doing as well in the last few years and was lagging behind China. The assumption of office by a liberal, pro-business, honest leader at the helm of affairs would once again ignite the interest of these countries and their businessmen in India. Large foreign direct investment flows and competent handling of these inflows by the Reserve Bank of India under the able leadership of Raghuram Rajan should put India on the trajectory of growth a mountain up to eight to nine per cent per annum. This is the minimum threshold for generating productive jobs for one million new entrants to the labour force every month. The choice of finance minister would also speak volumes about the policy implementation and macroeconomic management capabilities of the incoming government. Economic fundamentals in terms of savings and investment rate, external indebtedness, foreign exchange reserves, stable exchange rate, food grain production, export growth rates remain robust. Fiscal imbalances, inflation and a large current account deficit remain areas of concern. Political muscle will be exercised by Mr Modi in taking some tough but unpopular decisions as he would take full advantage of the heavy mandate he has received from the electorate. Many analysts believe that he would move quickly and rejuvenate the stalled infrastructure projects in power and highways that have caused grief to industrialists in expanding production. Quick decision-making and removal of bureaucratic hurdles would pave the way for this rejuvenation.

For Pakistan, expansion of economic activity in India can be a source of gain, provided we give a very positive signal to Mr Modi and engage the new government in dialogue and grant Non Discriminatory Market Access to India expeditiously by phasing out the negative list. This action, long overdue, has been postponed twice — once in December 2013 and the second time in February 2014. It will not be in our long-term interests to keep this issue hanging as we will be [shut out of a booming market next door](http://tribune.com.pk/story/710880/the-real-threat-from-namo/). Prime Minister Nawaz Sharif has publicly and openly shown his serious and sincere commitment to bringing this issue to its logical culmination. Past confrontations and recriminations have not helped either of the two countries. Good economic governance in both the countries and normalisation of bilateral economic relations are likely to make a difference.