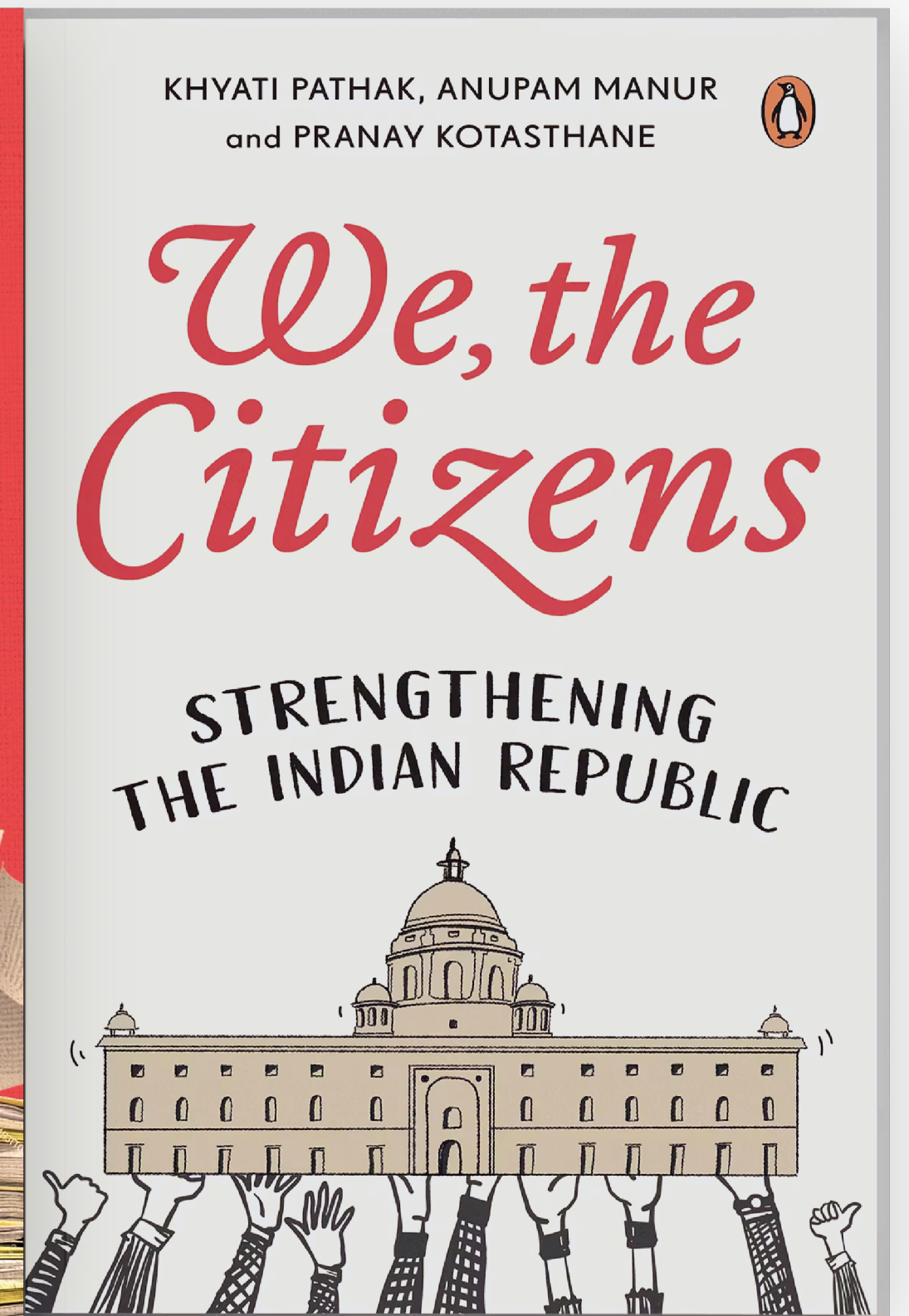
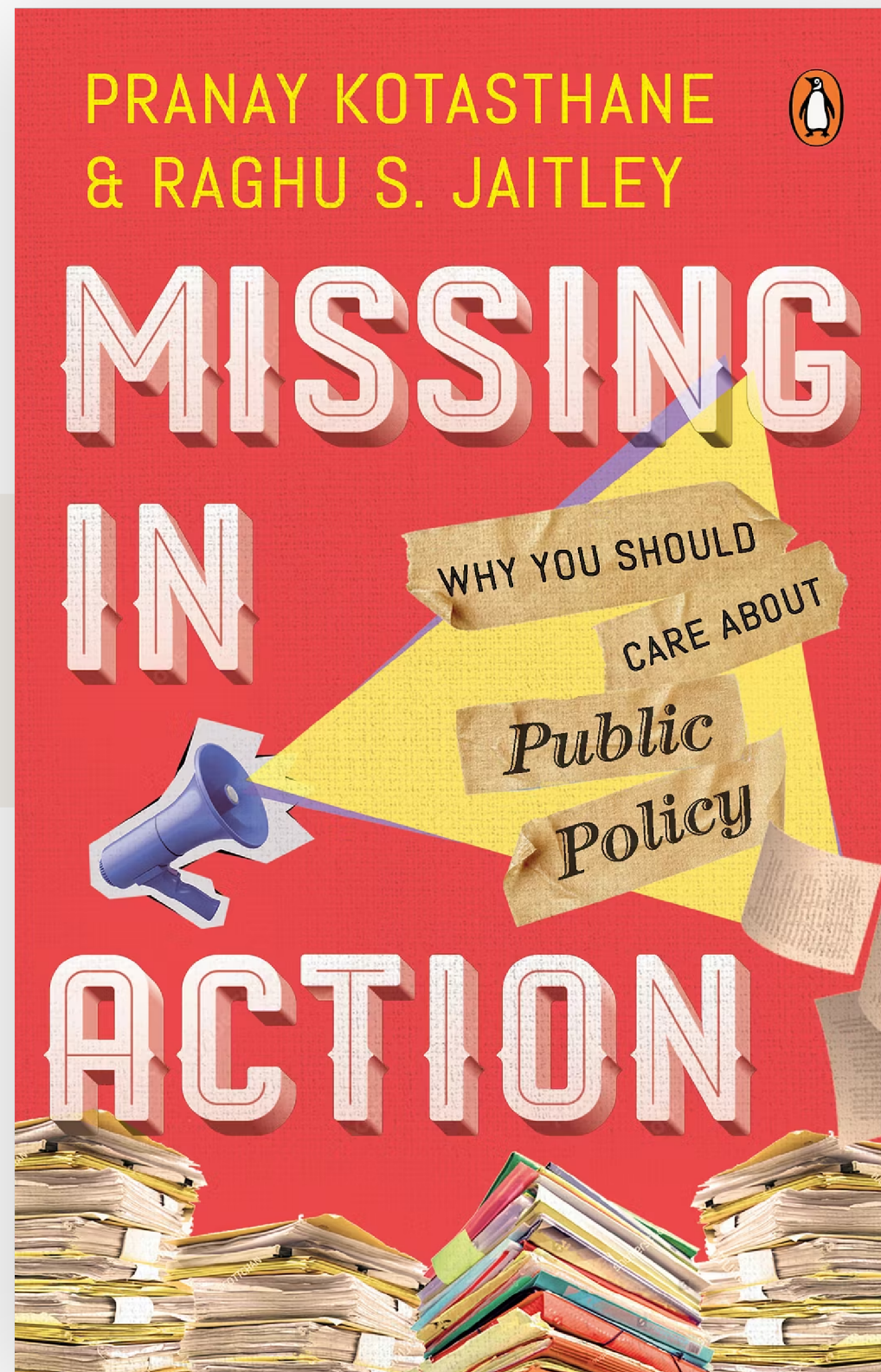


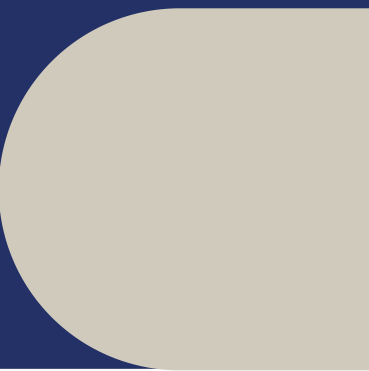
Why is the Indian State *like this only?*



Our Books



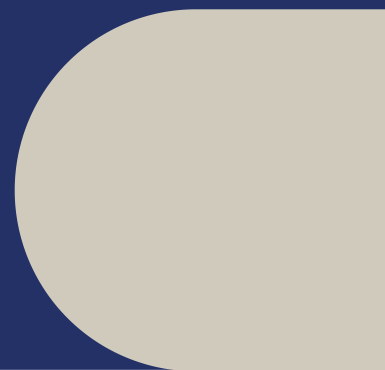
"Yeh Public Sab Nahi Jaanti Hain"



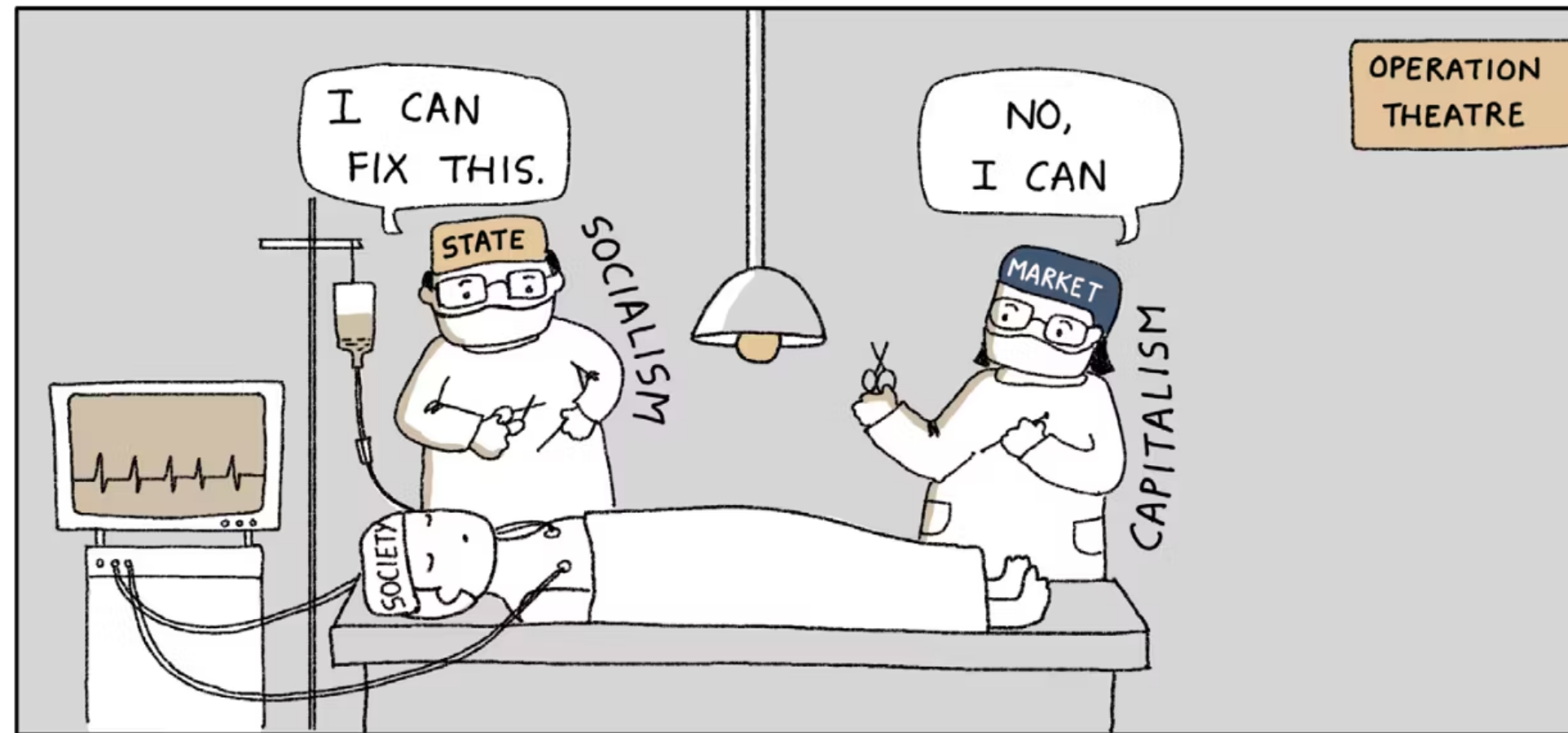
Assumption #1 Winning more
Olympic Medals should be a
responsibility of the Indian
State

OR


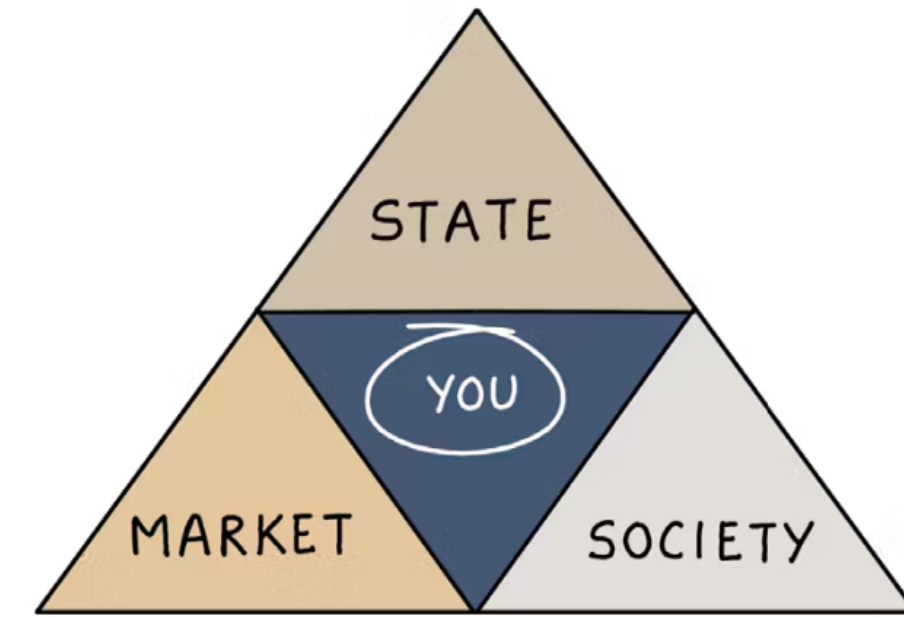
Indian languages are being
displaced by English; the
Indian State must protect them.




Societies are themselves a vehicle of change



THIS DICHOTOMY ASSUMES THAT THE SOLUTIONS TO OUR PROBLEMS LAY EITHER WITH THE STATE OR THE MARKET.



THE STATE AND THE MARKET ARE NOT THE ONLY CHANGEMAKERS, SOCIETY IS ALSO A PARTNER IN MAKING CHANGE HAPPEN. IN FACT, IT IS MOST SUITED TO SOLVE PROBLEMS THAT REQUIRE BEHAVIOURAL CHANGE.



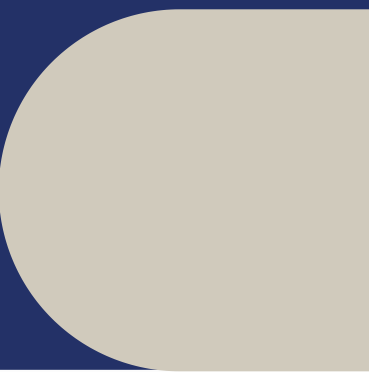
SO, YOU THINK THAT INDIAN SOCIETY CAN SELF-CORRECT?



WHY NOT?

Assumption #2 India's main
problem is its overpopulation.

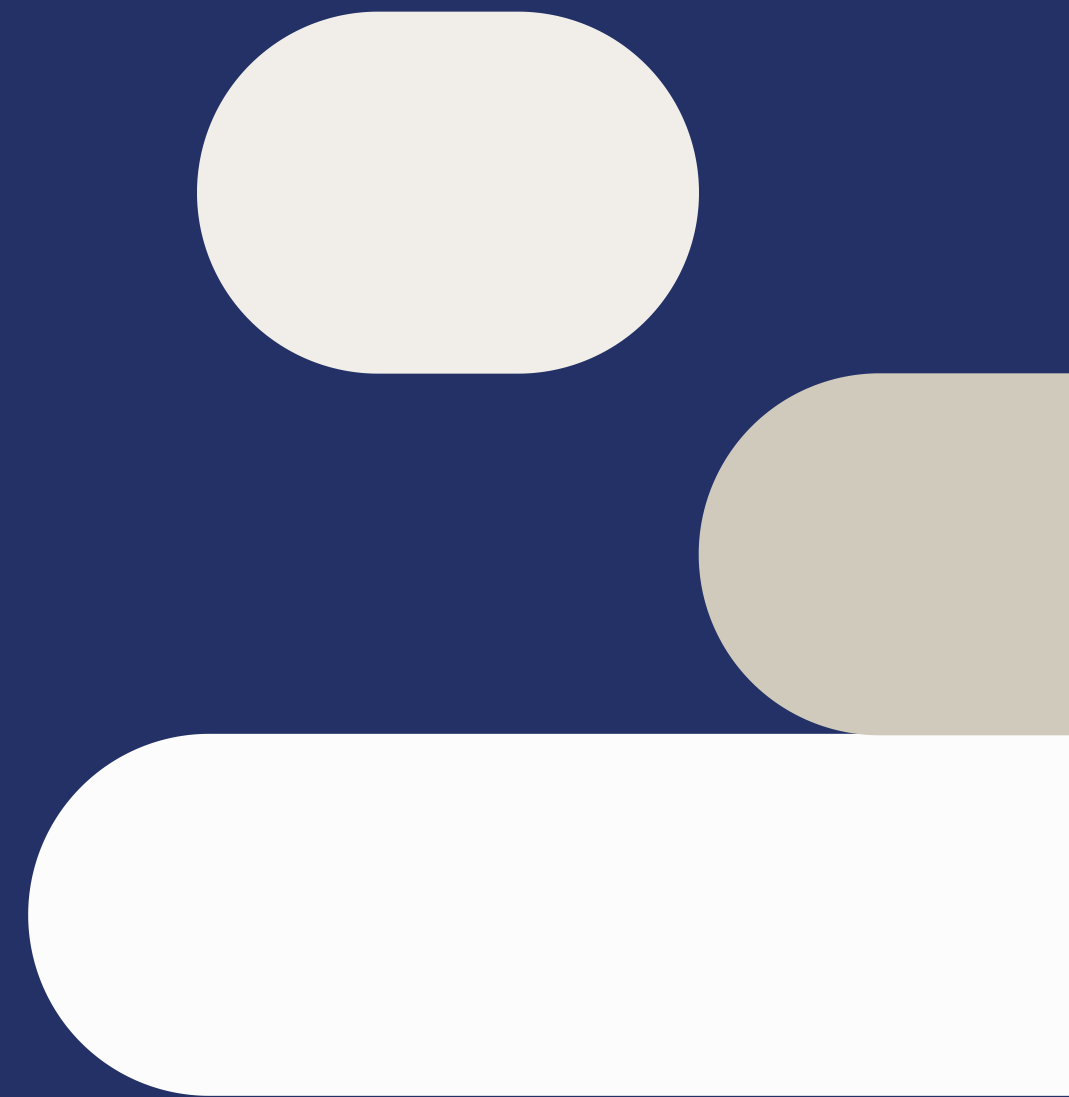
*<Every government's
favourite>*



"Undergovernance, Not Overpopulation"

- Kerala's population density is higher than UP (2011 census)
- Top 10 cities occupy 0.2% of national land mass (Das, 2019)
- "Even if all of India's population had a dwelling of 1000 square feet per family of 4, this requires only 0.76% of India's land area, assuming a low FSI of 1." (Sane and Shah, 2008)

Assumption #3: The Indian
State is overstuffed and
lethargic



It's too big and too small

THE POPULAR PERCEPTION IS THAT THE INDIAN STATE IS OVERSTAFFED WITH INEFFICIENT GOVERNMENT EMPLOYEES.



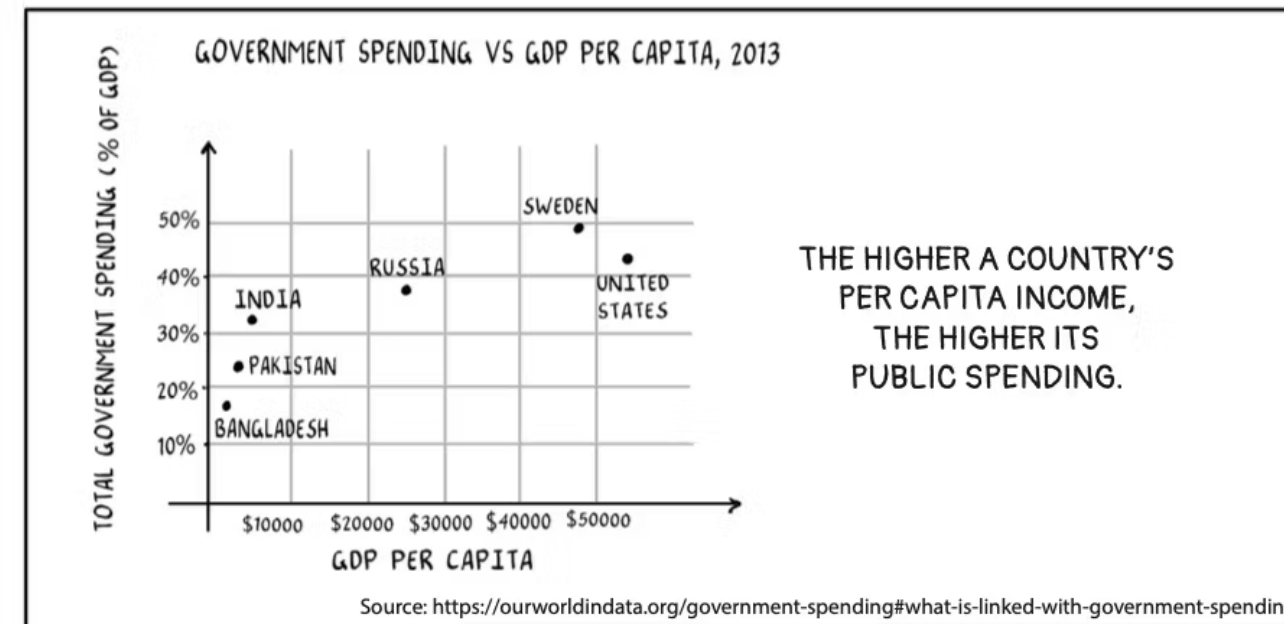
THE REALITY IS THAT KEY GOVERNMENT DEPARTMENTS ARE GROSSLY UNDERSTAFFED.



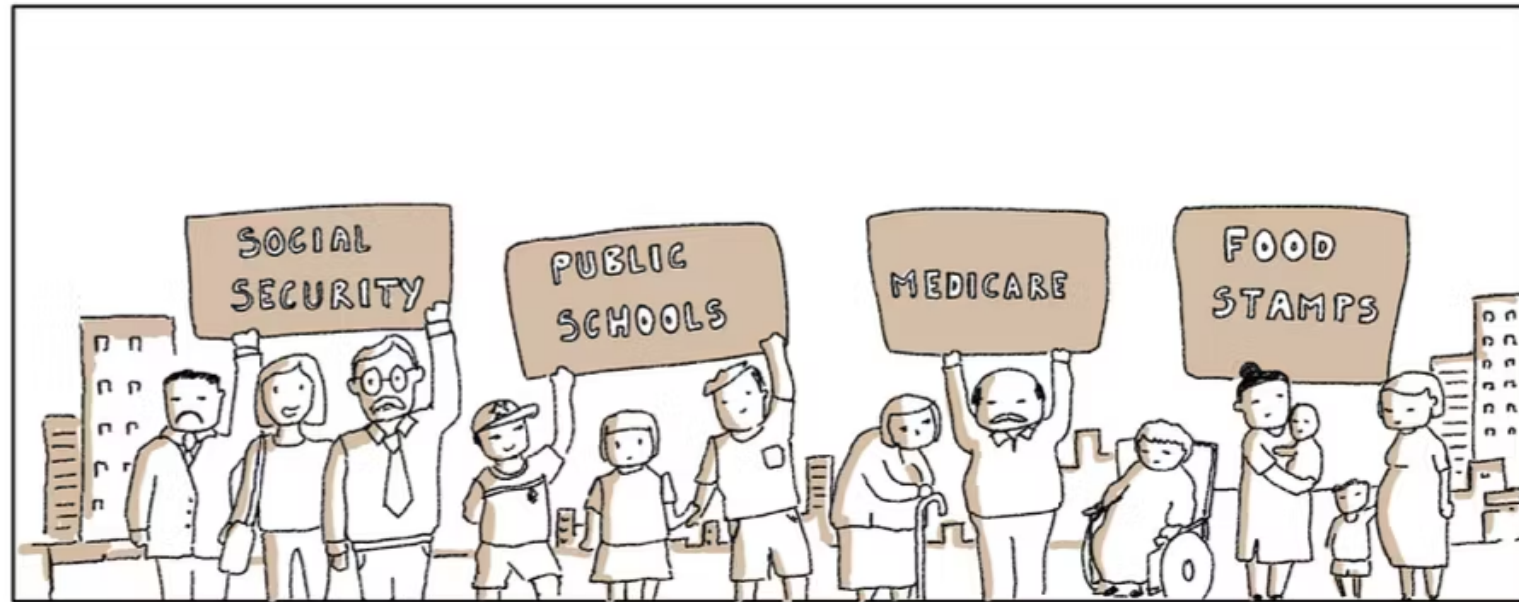
* Source: As per MHA in Rajyasabha, March 2021. <https://www.mha.gov.in/MHA1/Par2017/pdfs/par2021-pdfs/rs-24032021/3266.pdf>

WHILE THE UNITED NATIONS RECOMMENDS 222 POLICE PER LAKH PERSONS, INDIA'S ACTUAL POLICE STRENGTH IS JUST 155.78 POLICE PER LAKH PERSONS.*

IT IS ALSO RELATIVELY SMALL WHEN MEASURED BY PUBLIC EXPENDITURE.



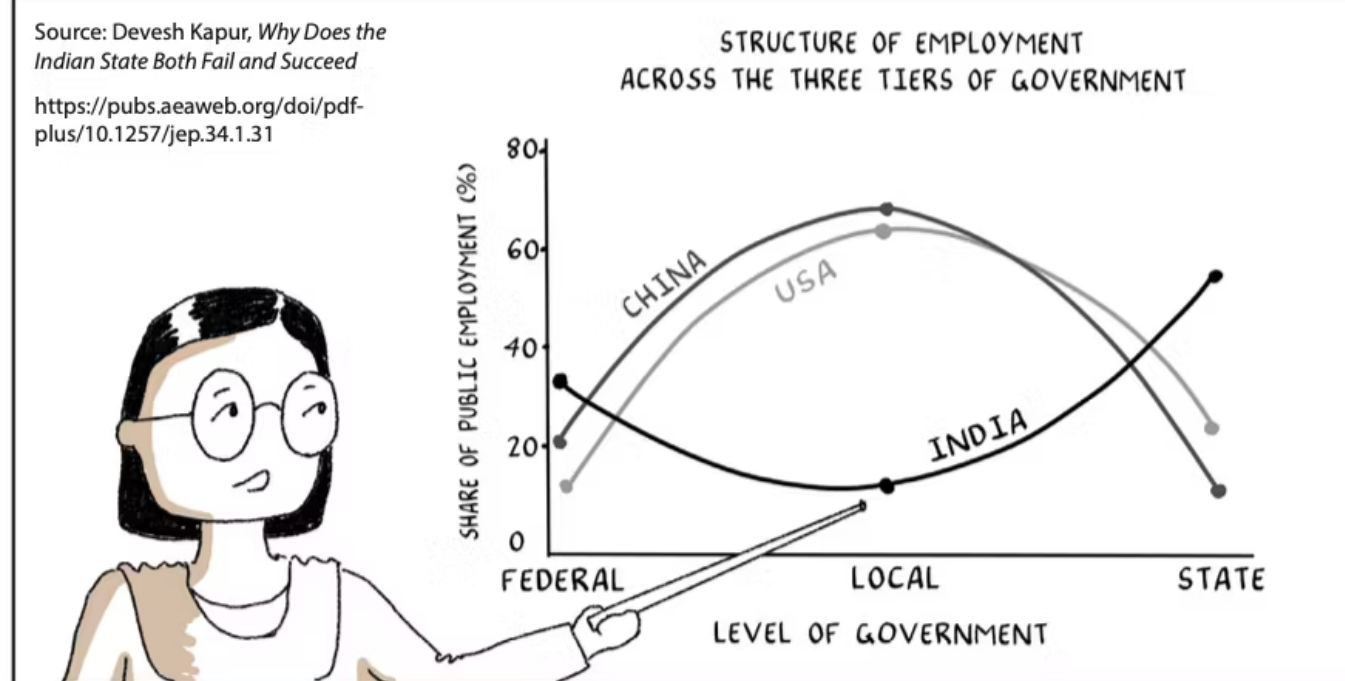
THE STATE IS NOT ABSENT, BUT ACTUALLY PLAYS A BIGGER ROLE IN FEWER AREAS AND DOES THEM WELL.



ON THE OTHER HAND, THE INDIAN STATE, WHICH HAS LESSER INCOME AND HENCE LESSER MONEY TO SPEND, IS ALSO THINLY SPREAD OUT ACROSS SUNDRY DEPARTMENTS AND A LONG LIST OF PUBLIC-SECTOR UNITS (PSUs).



IT IS ALSO VERY TOP-HEAVY. IT HAS MORE EMPLOYEES AT THE CENTRE AND THE STATE LEVELS, BUT IS GROSSLY UNDERSTAFFED AT THE LOCAL LEVEL.



THIS ABSENCE OF STATE CAPACITY AT THE LOCAL GOVERNMENT LEVEL IS ALL TOO APPARENT TO US.



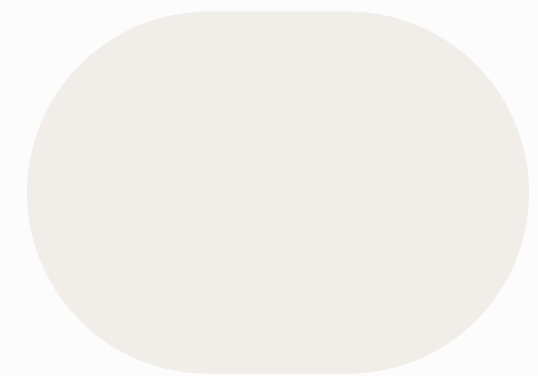
The Indian State is Omniabsent

Small in terms of expenditure (comparatively)

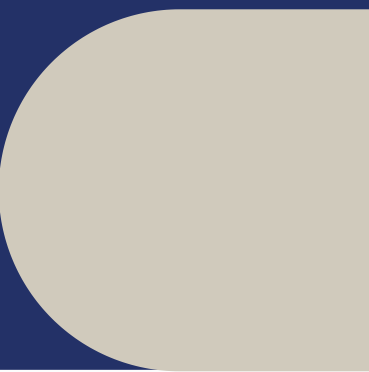
Small in terms of capacity

Small in terms of the number of people

Big in terms of its ambition and the load on it



Assumption #3a: India is more
decentralised than China

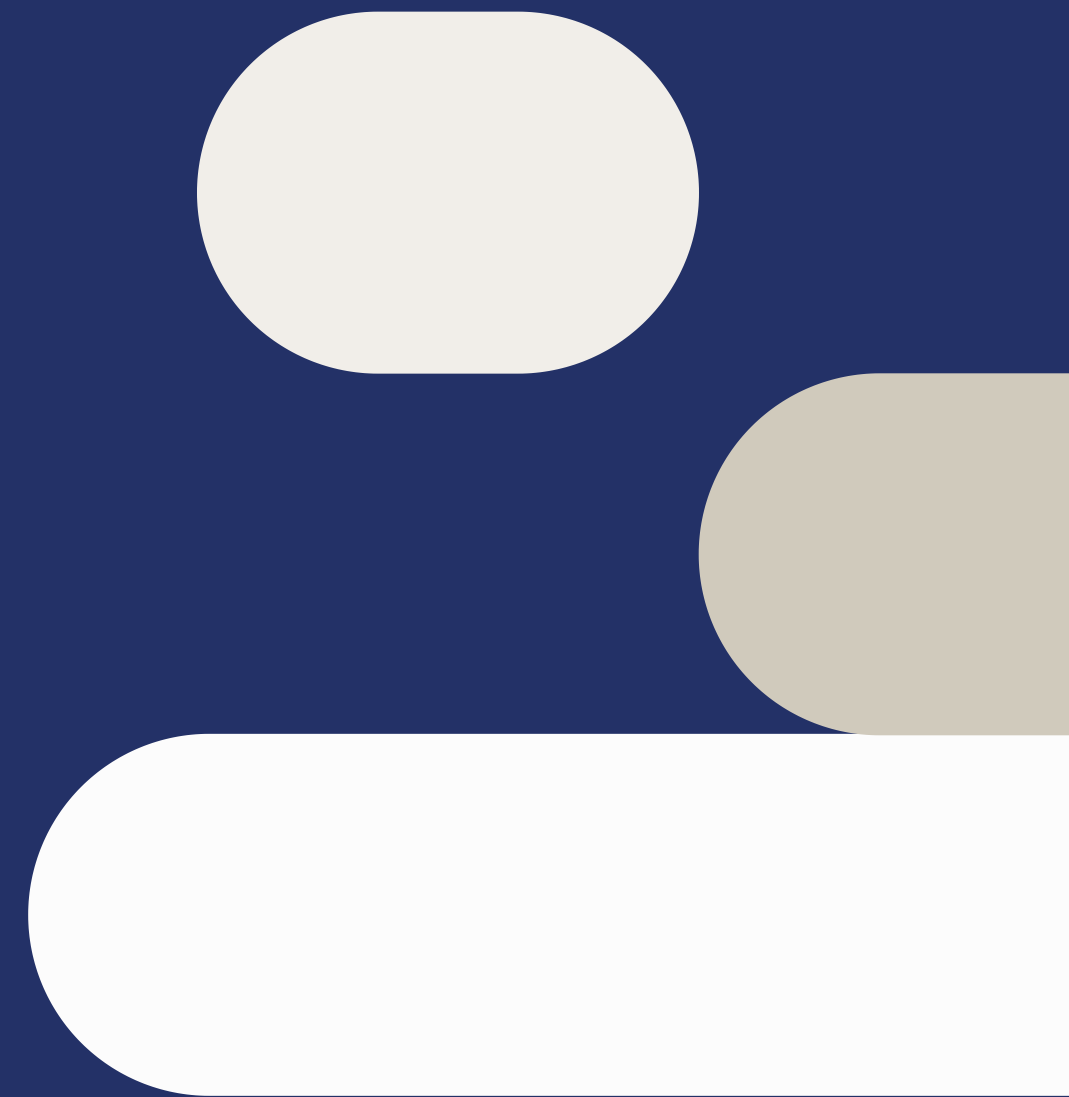


India is not competing with China, but with its 300+ cities

- Bureaucratic decentralisation
- Subsidiarity (expenditure 51% vs 3%)
- Competition



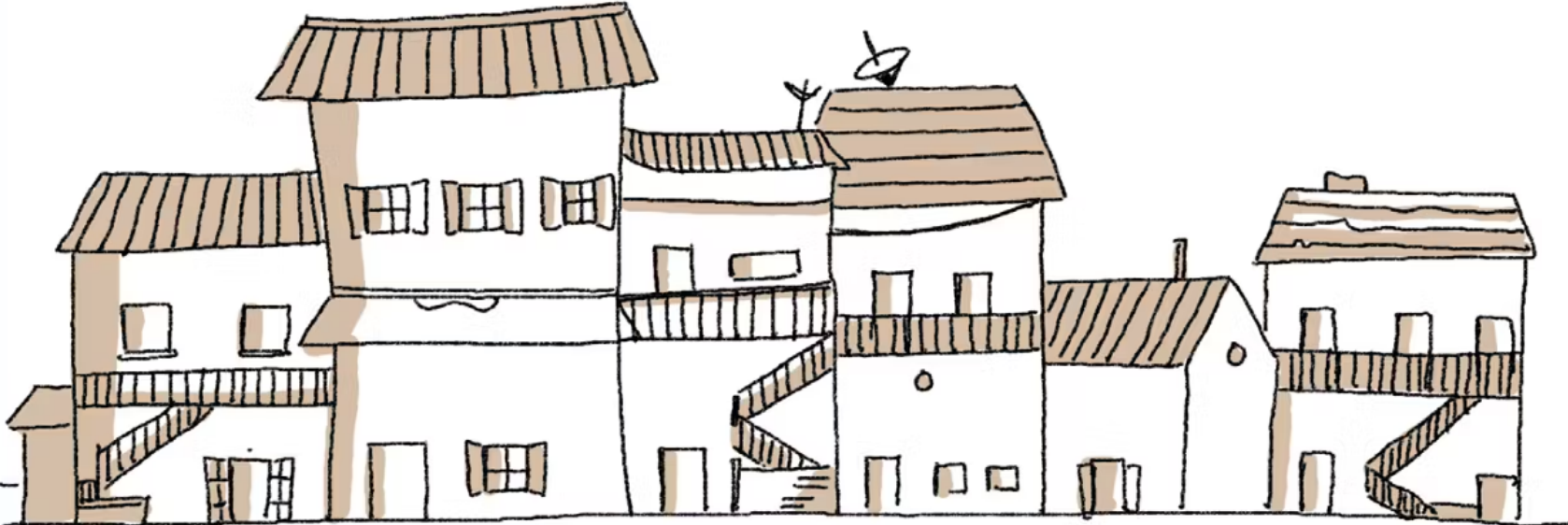
Assumption #4: When the prices of goods increase too much, the government should intervene!



Price controls do not work

MARKET DISTORTION

WE CAN STILL SEE THE AFTER-EFFECTS OF THE BOMBAY RENT ACT OF 1947 IN THE FORM OF DILAPIDATED HOUSING.



WHEN HOMEOWNERS CANNOT INCREASE RENT, THERE IS NO INCENTIVE TO MAINTAIN THE PROPERTY. OVER TIME, THIS REDUCES THE AMOUNT OF HOUSING AVAILABLE.

GOVERNMENT ACTIONS THAT CREATE MARKET DISTORTIONS ARE BOUND TO FAIL IN THE LONG TERM.

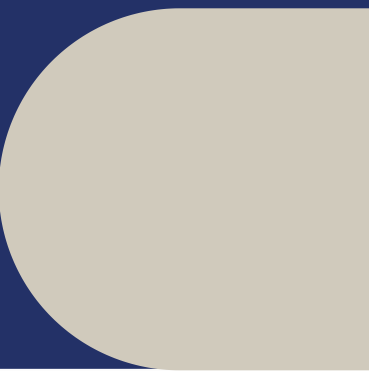
Price Fixing has long-lasting and harmful unintended consequences

... or why the MSP is related to the Delhi Smog

... or why *Mohan Joshi Haazir Ho* (1984) got the lesson wrong



Assumption #5: A policy
should aim to kill many birds
with one stone.



One Policy, Many Goals

-: TINBERGEN RULE :-
AT LEAST n INDEPENDENT POLICY INSTRUMENTS
ARE REQUIRED TO SUCCESSFULLY ACHIEVE
 n INDEPENDENT POLICY TARGETS.

... or why our Tax System is so Complex
... compulsory philanthropy
... Or why the traffic police struggles

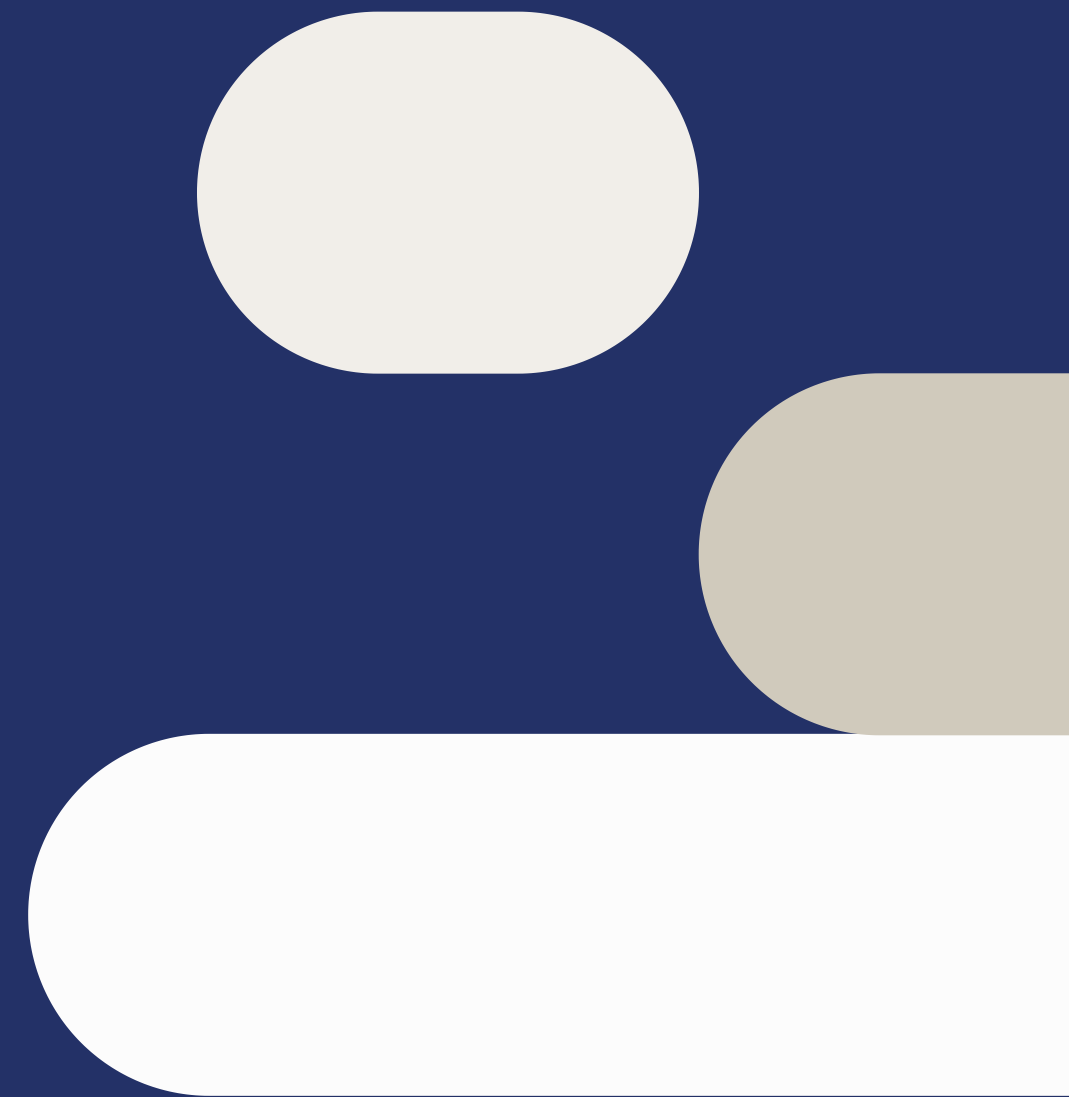
7. ONE POLICY, MANY GOALS

ANOTHER APPROACH THAT GOVERNMENTS OFTEN FOLLOW IS TO INTRODUCE ONE POLICY TO MEET MANY DIFFERENT OBJECTIVES.



THIS APPROACH MAY WORK IN MOVIES, BUT IN REALITY WE OFTEN END UP WITH A POLICY THAT FULFILS NONE OF THE INTENDED OBJECTIVES.

Assumption #6: India imports
too much from other countries



Trade leads to specialisation, and creates wealth

PEOPLE TRADE ONLY WHEN THEY ARE BENEFITTING FROM IT.



THE HAIRDRESSER VALUES THE Rs 200 MORE THAN THE TIME SPENT ON A HAIRCUT, WHILE THE CUSTOMER VALUES A SWANKY HAIRCUT MORE THAN Rs 200.



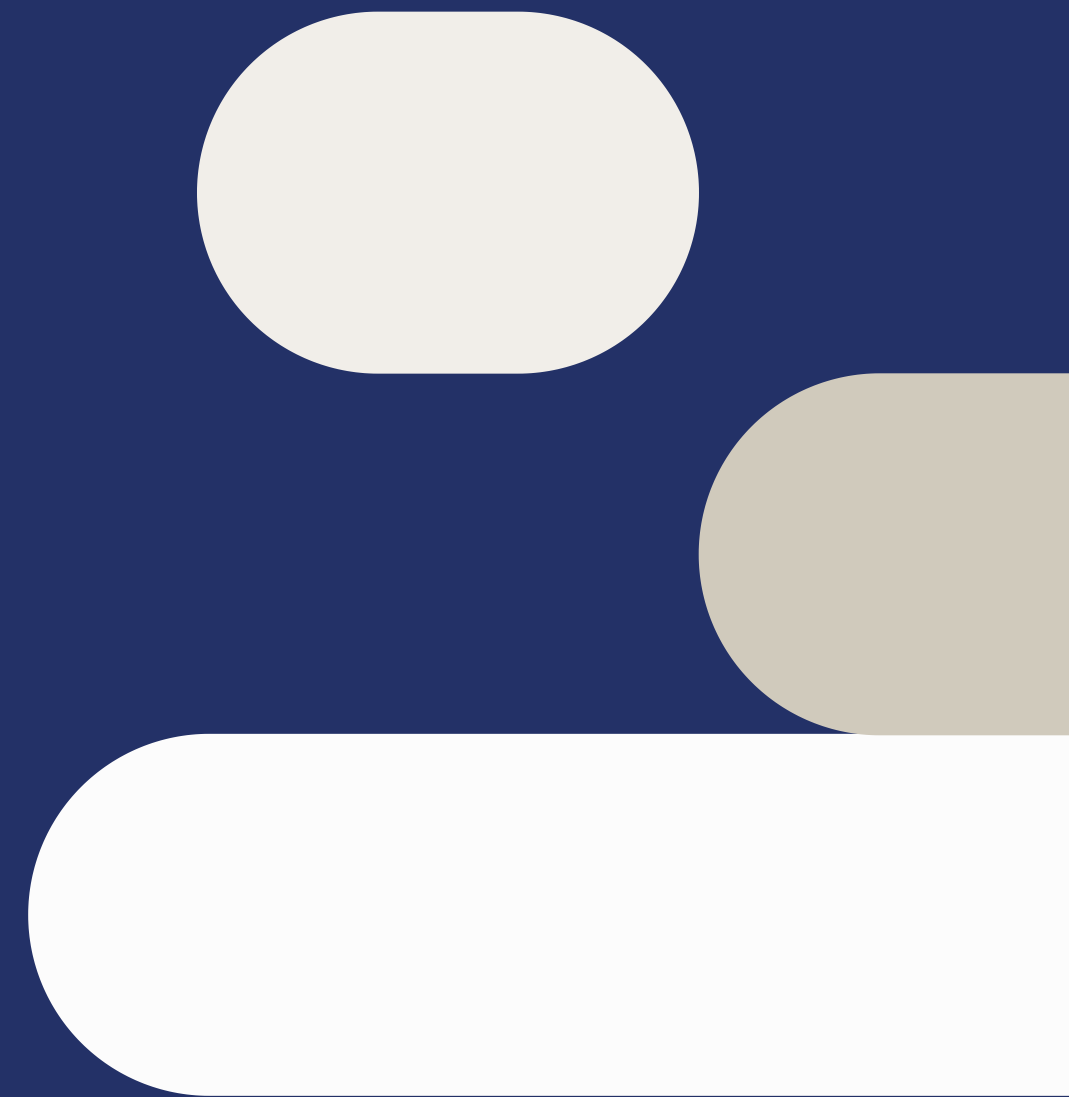
TRADE ALSO LEADS TO SPECIALIZATION.



TRADE CREATES PROSPERITY AS RESOURCES MOVE FROM A PLACE OF LOWER VALUE USE TO HIGHER VALUE USE.



Assumption #7: The government should ban harmful products.



Bans have harmful consequences

CONSIDER THE LIQUOR PROHIBITION IN BIHAR.



FIRST, DEATHS DUE TO CONSUMPTION OF SPURIOUS ALCOHOL BECAME COMMON.



SECOND, PROHIBITION 'CONVICTS' FILLED UP THE TRIAL COURTS AND HIGH COURT.



IF WE DENY BAIL, THEN JAILS WILL BE CROWDED.

WE ARE GETTING OVERWHELMED WITH SUCH PETTY CASES. DO SOMETHING ABOUT THIS.



FINALLY, THE BIHAR GOVERNMENT HAD TO RECONSIDER THE PUNISHMENT UNDER THE ACT. NOW, FIRST TIME OFFENDERS WILL BE FINED INSTEAD OF JAILED.

THIS AMENDMENT WILL SOLVE A SMALL PROBLEM FOR THE COURTS, BUT WOES WILL CONTINUE FOR THE PEOPLE.



THIS IS BOUND TO ENCOURAGE CORRUPTION. NOW, INSTEAD OF CATCHING CRIMINALS, THE POLICE HAS MORE INCENTIVES TO BE INTERESTED IN DRUNKARDS.



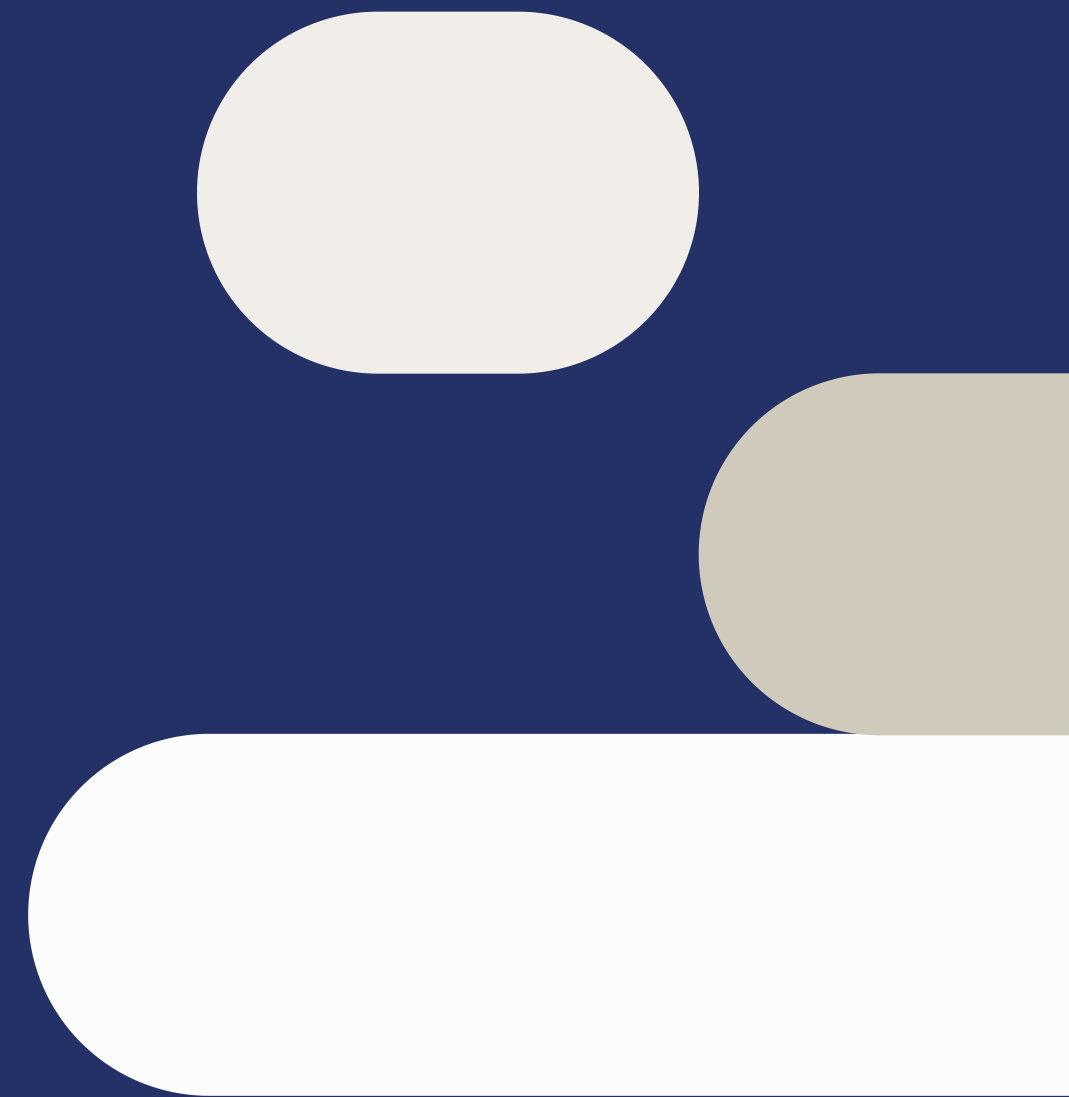
ALL THIS IS NOT FREE OF COST. IT IS FUNDED BY PEOPLE'S MONEY.



'WHY SHOULD THE GENERAL PUBLIC BE MADE TO PAY THE COST OF PROHIBITION WHEN THE OTHER WANTS OF THE PUBLIC SUCH AS EDUCATION, HOUSING AND HEALTH ARE CRYING FOR REMEDY?... WHO HAS GREATER PRIORITY, THE DRUNKARD OR THE HUNGRY?'

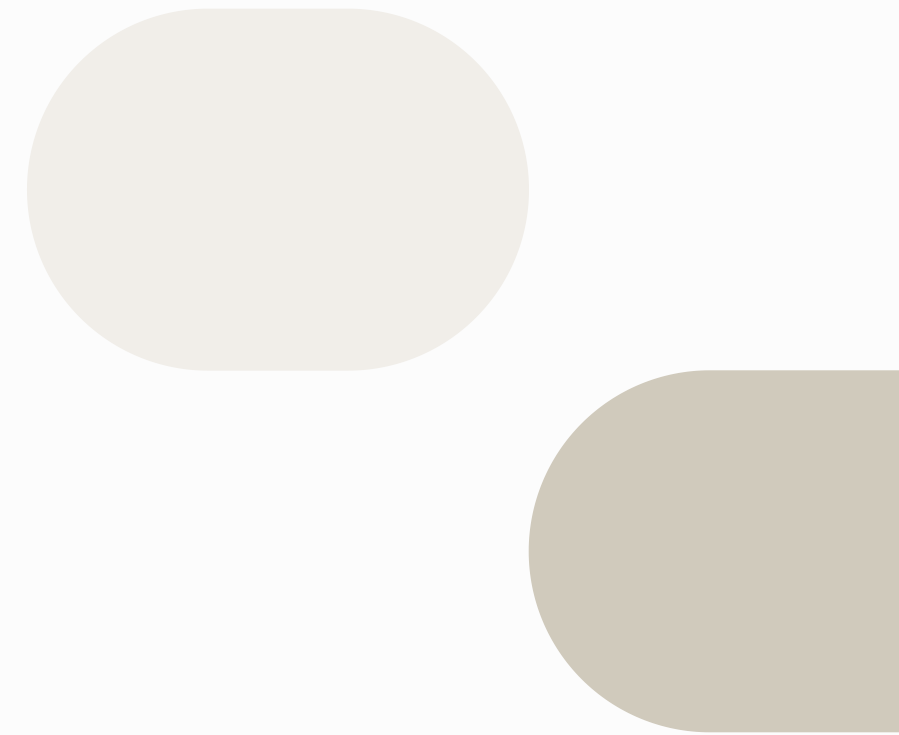
—Dr B.R. AMBEDKAR

Assumption #8: Government
should protect businesses and
sectors

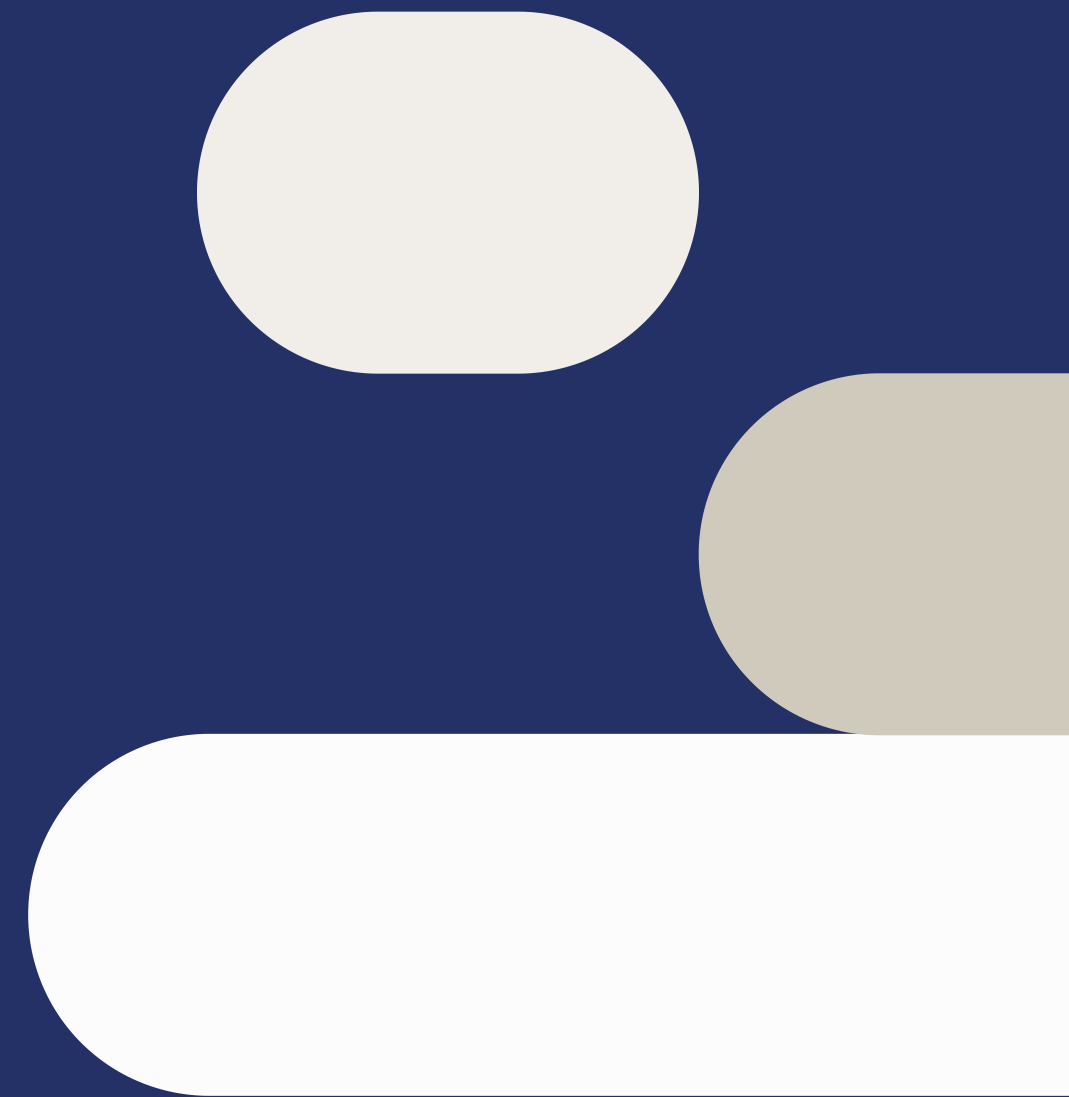


Pro-business policies are easy
and seductive. But they also
have long-lasting and harmful
unintended consequences

... or why we missed the electronics manufacturing bus in the 80s



Assumption #9: Equality of incomes rather than economic growth should come first



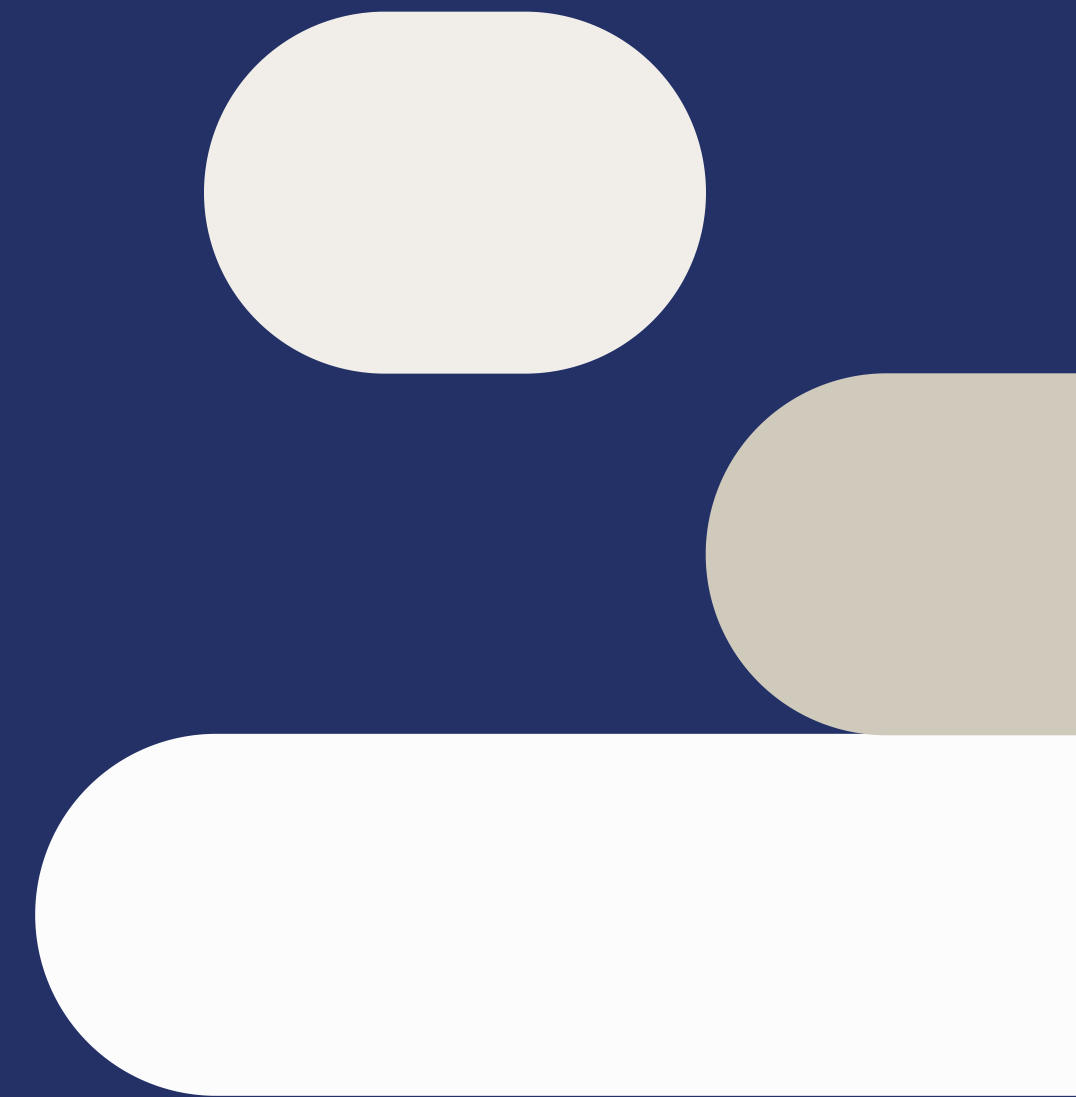
Economic Growth and GDP Matter a Lot

"National development is empirically necessary and sufficient for high levels of human wellbeing. Measures of three elements of national development: productive economy, capable administration, and responsive state, explain (essentially) all of the cross-national variation in the Social Progress Index (SPI), an omnibus indicator built from 58 non-economic indicators of human wellbeing. —

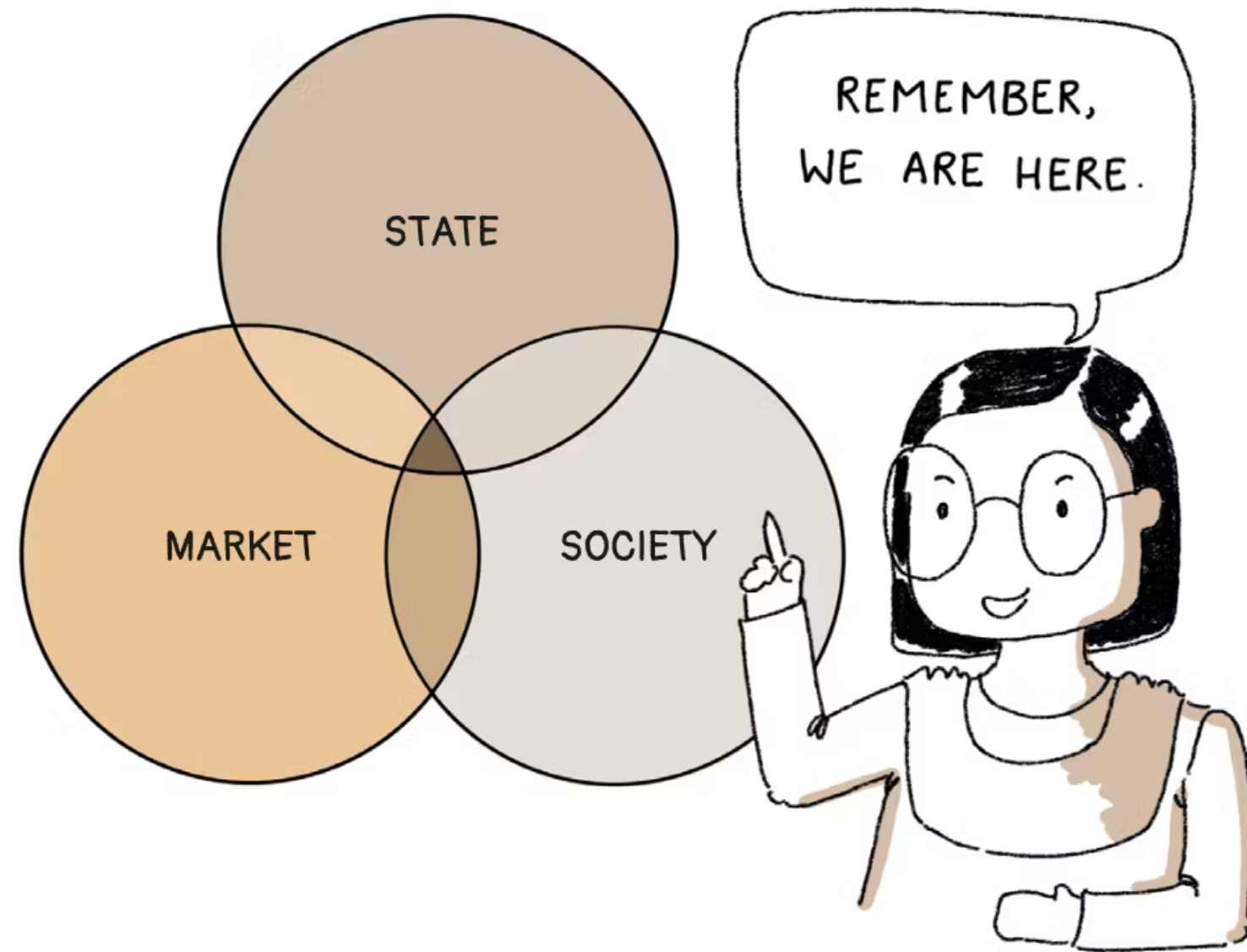
National development delivers: And how! And how? (Lant Pritchett)

Most of the world's inequality is between countries, not within countries (Max Roser). So inequality reduction is overwhelmingly a national task. And you cannot do redistribution if your income levels are low as the size of the economic pie is too small.

Assumption #10: Nothing will
Change *Kuch Nahi Hoga*



The trifecta: Samaaj, Sarkaar & Bazaar

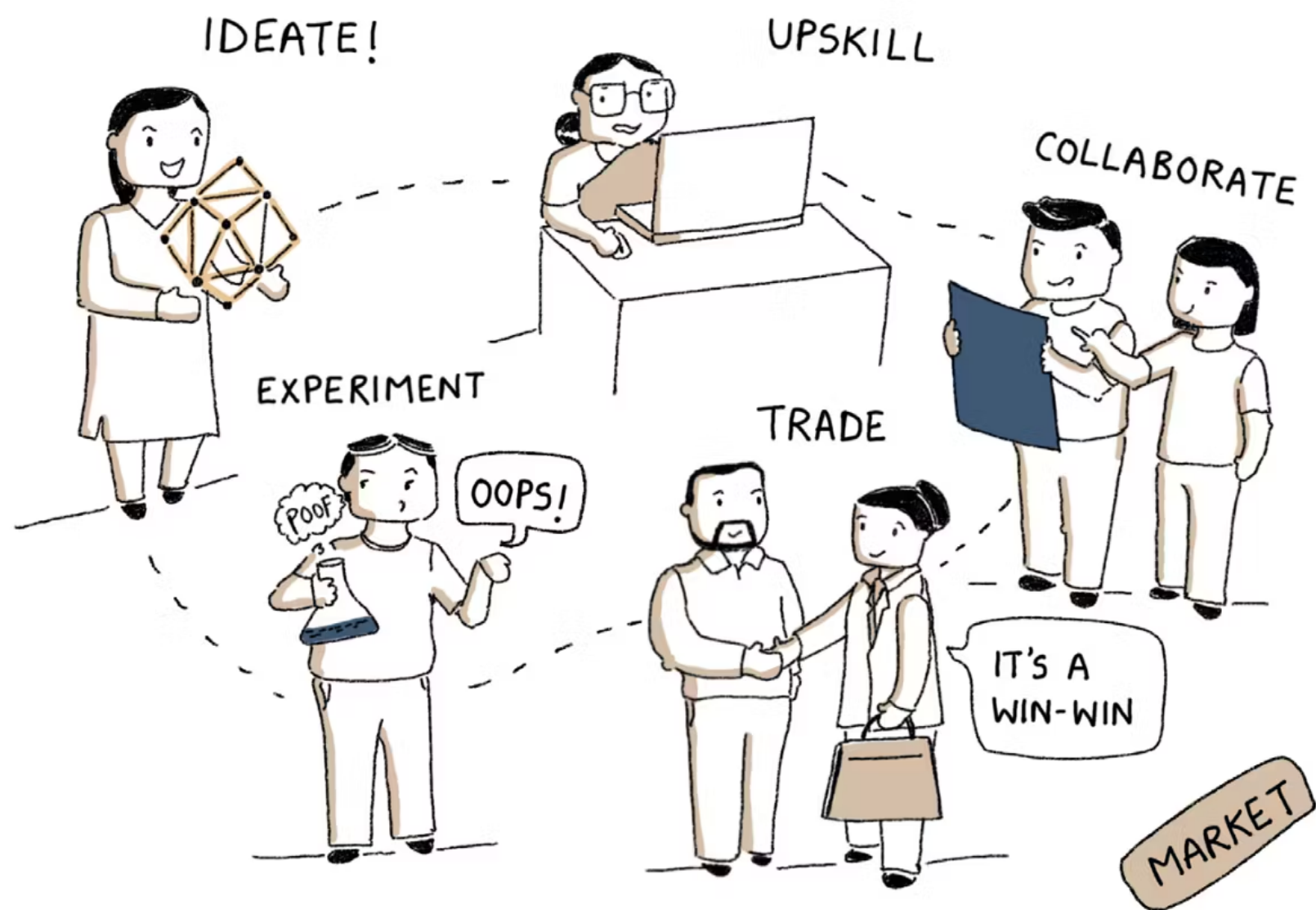


WE LIVE AT THE INTERSECTION OF THE STATE, MARKET AND SOCIETY.
SO, WE MUST ENGAGE WITH ALL THREE OF THEM.

FIRSTLY, WE MUST DEMAND THAT THE STATE DELIVERS IN AREAS WHERE IT IS UNSUBSTITUTABLE SUCH AS PROVIDING SECURITY, PROTECTING FUNDAMENTAL RIGHTS AND UPHOLDING THE RULE OF LAW.



SECONDLY, AS INDIVIDUALS, WE MUST COLLABORATE AND PARTICIPATE WITH ALL OUR ENERGY IN THE GLOBAL MARKETPLACE.



THIRDLY, WE MUST STEP OUT OF OUR IMMEDIATE SILOS AND BUILD COMMUNITIES THAT BRING TOGETHER PEOPLE FROM ALL WALKS OF LIFE.



IF WE WANT TO CREATE A MORE EQUAL, FREE AND PROSPEROUS INDIA, THERE IS NO ALTERNATIVE TO RUNNING THIS SISYPHEAN MARATHON.

The Indian Republic was an audacious dream

