

# No more square pegs in round holes – a perspective on the Cabinet expansion

By Dr Suraj Kumar & Manash Neog

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Prime Minister Narendra Modi expanded and reshuffled his Cabinet on Sunday. In addition to the administrative rationale of expansion (more people to share work-load, greater organisational acumen and infusion of fresh talent), the policy drivers need to be highlighted - pertaining to the imperative of jump-starting the reform process that had been stalled during the twilight years of the United Progressive Alliance (UPA) regime. It also relates to keeping the promises made in the BJP manifesto.

The expansion has (for now) cleared the fog of speculation and put in place the team that would now work with Prime Minister Modi to fulfill the promise of reform, rejuvenation and revival of the economy. The spike in foreign investment proposals and top-end executive hire is expectation-driven and needs to be matched by action on the ground. The decline in global oil prices, the US economy upswing and the flattening of the slump in major European countries – these make a heady brew for an India success story, provided that the promise of policy is translated into performance on the ground by the National Democratic Alliance (NDA) regime.

Accordingly, we can look at the major new appointments – in Defence, Railways, Health and Rural Development – four ministries that together account for more than 30 per cent of central government budgetary spend. The fit between the new ministers' profile and the priorities/ challenges of the particular ministry would play a role in the reforming the sectors and overall meeting the promise of good governance by the NDA regime.

The Defence Ministry holds nearly 12 per cent of the budget, and is in charge of the most strategic decisions regarding the security of the realm from threats external (and internal where the army is tasked with anti-insurgency). Given the high level of sensitivity and visibility for its decisions on purchases, operations and security, the Defence Ministry requires of its leader qualities of forward thinking, decisiveness, focus and integrity – a combination much missed in the previous regime. Manohar Parrikar's credentials are impeccable on all these four fronts. He has a technocratic background and can understand complex technical and managerial issues in a very short time. Parrikar is also a veteran of state politics – and has retained his image as an honest politician who is able to get things done. With this background, expectations are high from him to deliver on issues of weapons and systems modernisation and a leverage of foreign direct investment (FDI) in Defence to inject new technology, investment and innovative ideas – and make the Defence sector a driver not only of security but also generate jobs on a larger scale.

Reform of the railways is a top priority of the Modi Government – and we require massive doses of fresh investment, technology and human capital to expand and modernise the now creaky railway network. The infusion of fresh capital requires a strong skill-set in finance and the reform agenda requires experience in change management and consensus building. Suresh Prabhu is a highly qualified CA and was the steward of India's power sector reform, during his tenure as Power Minister in the Vajpayee government. He has both the expertise and the experience much needed in the Railways Ministry – combined with a reputation for integrity and wisdom that makes him a beacon for putting railway reform on the fast track.

India's Ministry of Health & Family Welfare confronts the challenge of reducing the burden of disease – mortality and morbidity – that is currently the largest in the world. The Global Commission on Health macroeconomics estimated the productivity loss by ill-health at nearly 5 per cent of GDP – for a multi-trillion dollar economy like India that would mean a loss (national income foregone) in excess of USD 50 billion a year – more than the annual flow of FDI in most years. The challenge for the Ministry would be to first ratchet up public expenditure on health to the norm of 3 per cent of GDP – and then ensure that the expenditure is not frittered by leakage and inefficiencies, mostly at the state and local levels. In JP Nadda, Modi has brought in a man who is known for his

organisational and negotiating skills and also has served as Health Minister in Himachal Pradesh. Nadda would not only need to advocate for higher allocations – especially for the National Health Assurance Scheme and the Health for All initiative for affordable medicine – but also carry with him state health ministers and secretaries to monitor the effectiveness of government expenditure.

The Ministry of Rural Development is in charge of massive programmes like MGNREGS (at USD 8 billion the largest employer of last resort programme in the world) and its minister also now spearheads flagship Swachchh Bharat programme which aims to ensure sanitation for all by 2019. Leakages and poor utilisation of funds – a district gets more than USD 200 million annually and spends less than 15 per cent of the funds) – are rife in rural development, as pointed out by successive evaluations by government agencies and non-governmental organisations. The job of minister for such a ministry requires an understanding of the rural perspective and grassroots reality as also appreciation of policy and monitoring tweaks that required. In Birendra Singh we have a grassroots politician from an agricultural state who can reform the large schemes and also inject the rural discourse to popularise the programmes among the masses.

Overall, the reshuffle suggests a Government on the move and serious about putting the right man in the right job. A big push on tax, land and labor reform is expected now – but would need the buy-in of State Governments. The reform agenda would be an art of the possible.

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