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India's Cabinet Reshuffle: Paucity of Talent, Plethora of Challenges

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Just as India was reeling from its worst power outage in recent times affecting some 22 states and millions of people, the country's Power Minister, Sushil Kumar Shinde, was appointed Home Minister on 31 July 2012. If some saw this as a baffling promotion, the equally significant event the same day was the return of P Chidambaram to the Finance Ministry from Home. Corporate Affairs Minister M Veerappa Moily was given the additional charge of Power.

Congress' Empty Cupboard

The 70-year-old Shinde's elevation as Home Minister was a surprise, not least because he had had an undistinguished tenure at the Power Ministry marred by the recent collapse of the power grid. Shinde's USP is not so much a good administrative record as loyalty to the Congress party and his electoral experience in Maharashtra where he has won five Assembly elections. Besides Shinde is one of the few prominent Dalit (as the former untouchables are now known) faces in the Congress, which makes him important for the next general elections. Appointed Chief Minister of Maharashtra in 2003, a little under two years before Assembly polls in that state, he led the Congress-Nationalist Congress Party combine to victory in a close contest. However, the

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Congress did not show much faith in Shinde's administrative acumen and post-election appointed him Governor — a post usually filled by politicians past their use-by-date and retired bureaucrats — of Andhra Pradesh.

Shinde's appointment is less about his track record and more about the dearth of talent in the Congress. Many of the more high profile and articulate ministers in the Congress have shown remarkable lack of political acumen in dealing with crisis situations such as the Anna Hazare agitation in 2011. This meant that Pranab Mukherjee, recently elected as India's President, had to play the role of government's chief troubleshooter and headed all 12 'Empowered Group of Ministers' (EGoMs) and a dozen 'Groups of Ministers' (GoMs) within the Union Cabinet.

The Congress' predicament is even more visible in its party organisation where its highest decision-making body, the Congress Working Committee, has some members that even party members might have trouble recognising. This coupled with the reluctance of the Congress to assign greater responsibilities to its younger Members of Parliament has made the party seem slow and inefficient.

The Problem At Home

Traditionally the Home Ministry has been one of the most crucial portfolios in the Union Cabinet — often seen as the No 2 position — going back to Sardar Vallabhbhai Patel's tenure in the first years of independent India and more recently L K Advani's stint when the BJP-led NDA Government was in office. In recent times the ministry has become singularly important because of terrorist attacks on Indian soil of which the 2008 Mumbai attacks is the foremost example. It is widely believed that the response of Shivraj Patil, the Home Minister during the Mumbai attacks, was far from adequate.

Chidambaram was called in to replace Patil in the wake of the Mumbai attacks. His remit was clear: ensure better coordination between the intelligence and security agencies to thwart terrorist attacks. He responded by taking a hands-on approach and holding regular meetings with the heads of intelligence agencies. Security experts have lauded Chidambaram's tenure with one of them saying: "He rapidly identified the deficiencies that had contributed to the 26/11 [Mumbai] strikes and took action to remove them. He decentralised the deployment of the National Security Guards, set up the National Investigation Agency to investigate serious cases of terrorism with a pan-Indian dimension and considerably strengthened co-ordination among the

intelligence and security agencies in collecting, analysing and assessing intelligence and taking the required follow-up action”.²

While there were no major terror incidents during Chidambaram’s tenure, his handling of the Maoist threat left a lot to be desired. The stress on a purely security response meant that the real grievances of the *Adivasi* population in Maoist-affected areas were not adequately addressed. Chidambaram was also foiled in his attempt to bring in a National Counterterrorism Centre which ran into concerted opposition from state chief ministers.

On the whole, however, Chidambaram’s handling of the Home portfolio was a decided improvement from his predecessor’s and there are fears that the unassuming Shinde might not be the right person to replace him

Financial Mess

This is Chidambaram’s third stint as Finance Minister. The challenges before him are immense. India’s growth rate slowed down to 5.3 per cent in the first quarter of 2012, the rupee has dramatically slumped in the past few months, the fiscal deficit has reached worrisome proportions and there is a drying up of foreign investment. Given his past experience, Chidambaram is the only minister, besides Prime Minister Manmohan Singh himself, in the Congress line-up who could give much-needed momentum to the Finance Ministry. Indian industry has reacted positively to the appointment.

Immediately after taking up his new position Chidambaram has shown positive intent by ordering a review of the retrospective tax changes, a controversial measure introduced in the 2012-13 Budget by his predecessor Pranab Mukherjee. Chidambaram is also drawing up a blueprint to attract more investment, both domestic as well as foreign. To show that he means business, Chidambaram has warned senior bureaucrats in the Finance Ministry that they must be willing to work long hours.

However, this time around, Chidambaram is on somewhat shaky ground. His name has been linked to the 2G spectrum scam which is believed to be India’s biggest corruption scandal; his election to the Lok Sabha (Lower House of Parliament) is also under challenge in the courts. In the past few Parliament sessions, the Opposition has shouted down Chidambaram whenever he has tried to speak. The Opposition is unlikely to relent in the ongoing monsoon session of Parliament, which will make life very difficult for India’s new Finance Minister.

² B. Raman, ‘Change of Guard in Home Ministry,’ Paper No 5143, South Asia Analysis Group. See <http://www.southasiaanalysis.org/%5Cpapers52%5Cpaper5143.html>

Conclusion

Chidambaram's induction as Finance Minister might be a case of too little, too late for the Congress-led federal government and the feeling is that it has missed the bus on big-ticket economic reforms. The government has less than two years before the next general elections (if they are held as scheduled) to show concrete results and dispel the widespread gloom that policy paralysis has set in. Chidambaram will of course have to play a vital role in this regard. At the same time, the Congress needs to carry its allies along on important policy measures, such as opening up the retail sector to FDI, something that it has been unable to do in the recent past. This might prove to be the trickiest bit, given the absence of good negotiators within the Congress and the elevation of their chief troubleshooter to the President's office.

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